City Council
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EUGENE CITY COUNCIL AGENDA

December 9, 2024

5:30 p.m. CITY COUNCIL WORK SESSION

City Council Monday work sessions are held in hybrid format using in person and virtual meeting technology. Information about online or other options for access and participation will be available at https://www.eugene-or.gov/3360/Webcasts-and-Meeting-Materials

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Meeting of December 9, 2024;
Her Honor Mayor Lucy Vinis Presiding

Councilors

Matt Keating, President	Randy Groves, Vice President
Emily Semple	Lyndsie Leech
Alan Zelenka	Jennifer Yeh
Greg Evans	Mike Clark

5:30 p.m. CITY COUNCIL WORK SESSION

1. **WORK SESSION: Update on Building Decarbonization Strategies**

2. **WORK SESSION: Climate & Sustainability Revenue Options**

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EUGENE CITY COUNCIL
AGENDA ITEM SUMMARY

Work Session: Update on Building Decarbonization Strategies

Meeting Date: December 9, 2024 | Agenda Item Number: 1
Department: Public Works | Staff Contact: Danielle Klinkebiel
www.eugene-or.gov | Contact Telephone Number: 541-731-0527

ISSUE STATEMENT
The purpose of this work session is to share an update on implementing the strategies for building decarbonization that were identified through community engagement. This is an informational item; no Council action is requested.

BACKGROUND
The City is undertaking many projects to achieve the City's climate goals and to implement the Climate Action Plan 2.0 (CAP2.0). Homes and buildings are the second largest source of greenhouse gas emissions that are contributing to climate change, which is why City Council established a goal to decarbonize existing buildings by 2045.

In 2024, following City Council direction, staff engaged over 800 community members and close to 100 different businesses and organizations to better understand their challenges and opportunities for reducing emissions from buildings. This engagement resulted in identifying six broad themes and 16 different strategies for building decarbonization that have broad alignment across the community. Priorities included expanding incentives, providing education, centering equity and ensuring reliability/affordability. A final report was presented to City Council on July 10, 2024 and is included as Attachment F. These themes and strategies directly relate to actions established in the CAP2.0; and priorities of the Housing Implementation Pipeline (HIP) as shown in Attachment C.

Staff have been able to identify pathways forward to implement the strategies that were defined through engagement. Since July 2024, staff have:

- Met with internal divisions and external partners with a potential role in implementation.
- Better defined the actual projects or policies that could be implemented.
- Established a screening matrix to assess the projects, including defining the timeline, cost, partners, outcomes, and sequencing. See Attachment B.
- Used the analysis to develop priorities for 2025.

Priority Projects
Priority projects are listed in Attachment A. Projects are prioritized if the requisite partnerships and resources are ready to go; if it has a reasonably quick timeline for completion; or because it represents a foundational first step of a bigger project with a large potential impact.

The following are priority projects where the City can lead. Moving these seven projects forward are staff's recommended priorities for 2025. The first three support decarbonizing residential buildings. The last four support decarbonizing commercial buildings. All the projects relate to a building decarbonization strategy identified through engagement and existing CAP2.0 actions, as indicated in the parentheticals below.

Residential Building Decarbonization

1. **Expand home energy auditing:** A home energy score provides a homeowner with useful information about opportunities to improve energy efficiency. The City has a voluntary program in partnership with Eugene Water and Electric Board (EWEB) and University of Oregon (UO). Staff will do more specific engagement at the beginning of 2025 to better understand public opinion to require a home energy score at time of sale and lease. Four Oregon cities have a mandatory Home Energy Score program, including Portland, Milwaukie, Hillsboro and Bend. ***(Strategy 9, CAP2.0 Action B3)***

2. **Develop a communications strategy**: Engagement earlier this year highlighted the need for a more coordinated communications strategy. This strategy will prioritize residential households since a majority of the rebates and tax credits made possible through the Inflation Reduction Act support upgrades in residential homes. A variety of channels will be explored to most effectively reach the general public, disadvantaged households and contractors. The City will work with partners to amplify messaging and leverage resources. ***(Strategy 4, 5, 10, CAP2.0 Action E10)***

3. **Create revenue for incentives**: As heard through public engagement and as discussed with Council in July, revenue is needed to expand funding for incentives and to create stable funding for climate work. Finance staff will present to City Council the climate-related revenue sources that were identified by the revenue advisors (i.e. climate impact fee, natural gas supplier tax increase and franchise fee) following this presentation on December 9, 2024. ***(Strategy 3, CAP2.0 Action B2)***

Commercial Building Decarbonization

4. **Foster sector-specific learning among businesses:** Staff will design opportunities for specific business sectors to educate them about incentives and resources for decarbonization. Staff are beginning with the food and beverage manufacturing industry and will identify future sectors based on energy efficiency potential and cost-effectiveness. ***(Strategy 6)***

5. **Research new green building public benefit requirements**: The City's housing production and preservation incentive programs have existing green building public benefit requirements for energy efficiency. Staff are researching possible new requirements specific to decarbonization, such as requiring buildings be all-electric (with specific exemptions) or electric-ready. Lessons learned could be applied to the City's housing production and preservation programs. ***(Strategy 2, CAP2.0 Additional Strategy 5)***

6. **Assist building owners with navigating the state's new Building Performance Standards:** The state's new Building Performance Standards (BPS) will require buildings over a certain size to meet specific energy efficiency standards. Oregon Department of Energy (ODOE) intends to establish the BPS program and rules by the end of the year, with rules becoming effective January 1, 2025. Understanding what technical support ODOE will provide will help staff plan for additional local assistance. ***(Strategy 7, CAP2.0 Action B5)***

7. **Continue to decarbonize City buildings and facilities:** The City continues to make energy upgrades in its own facilities with improvements in energy efficiency and investments in renewable energy. The City Hall remodel included many energy efficiency improvements. Roosevelt Yard and the Airport recently received grants to plan and install solar and storage energy systems. For more information about recently awarded grants related to climate, see Attachment D, which is a memo that was sent to City Council in early December. ***(Strategy 8, CAP2.0 B6, B7)***

<u>The following are projects currently being led by external partners.</u> Implementation of these projects will have major implications for advancing the City's climate and decarbonization goals. Therefore, the City is focused on tracking progress and identifying any opportunities to eliminate barriers or provide additional support.

- Beyond Toxics is applying for a grant to expand an electrification support service program that guides low-income households towards making clean energy upgrades. Staff are working closely with Beyond Toxics to develop the grant proposal. ***(Strategy 1, CAP2.0 Action B2, B12)***

- Lane County received a nearly $20 million federal grant from the Environmental Protection Agency (EPA) to develop a regional network of resilience hubs. The grant will fund energy upgrades to buildings that function as emergency shelters, a public health reserve corps, and family and community services. Lane County will be convening local partners, including the City, to implement the grant in early 2025. ***(Strategy 15, CAP2.0 Action R2, R7, R17, R20 E12, E29, E30)***

- BRING and the Chamber of Commerce are exploring ways to recognize and convene businesses for sustainability efforts. Staff are remaining aware of any opportunities to partner on messaging and assist with developing programming. ***(Strategy 8)***

- ODOE is developing an online, incentive tracking tool to help residents understand eligibility for rebates, loans and tax credits at the local, state and federal level. Staff are closely tracking when this launches and how it can benefit local residents. ***(Strategy 1, CAP2.0 Action B2, B12)***

- ODOE received a $86 million Solar for All grant from the EPA, which will expand access to solar and may provide new opportunities for a non-utility owned community solar project. Staff will continue to explore opportunities and understand barriers for uptake of solar across the community. ***(Strategy 15, CAP2.0 Action B23)***

- Eugene Water and Electric Board (EWEB) has three relevant projects underway. EWEB is renegotiating its next 17-year contract with Bonneville Power Administration. Next, EWEB is conducting an Energy Resource Study to forecast future energy demand and model the lowest cost ways to meet that demand. Finally, EWEB's Demand Response Potential Assessment is a study to identify the best opportunities for local investments in energy efficiency. EWEB has been engaging local partners, including the City. Staff are tracking their work to better understand local implications. ***(Theme 4, CAP2.0 Action B2, B8, B9, B10, B12)***

- NW Natural is beginning a pilot project in Vancouver, Washington to create a geothermal energy network. Staff will closely track this project to learn lessons about how the project proceeds and applications that may make sense in Eugene. ***(Strategy 16, CAP2.0 Additional Strategy 8)***

State and Local Climate Policy Tracking
Staff have been monitoring climate policy developments at state and local levels, focusing on strategies to reduce fossil fuel use, expand renewable energy systems, and address regulatory challenges. Efforts to establish emissions standards for buildings and appliances are central to reducing greenhouse gases and harmful pollutants like nitrogen oxides (NOx). Thermal energy networks are also emerging as scalable, low-carbon solutions that provide efficient heating and cooling across multiple buildings. Simultaneously, the rise of state preemption laws restricting local autonomy underscores growing conflicts over jurisdictional control of climate and energy policies. These trends illustrate both the opportunities and tensions inherent in transitioning to a sustainable energy future, as policymakers navigate technological, legal, and economic complexities to achieve ambitious climate goals. Attachment E provides additional information.

RELATED CITY POLICIES
This item supports the following strategic goals in the City of Eugene Strategic Plan:

- Advance climate action and community resilience to natural and human-caused disasters.
- Improve support for local businesses and the business environment.
- Improve community awareness and understanding of priority topics.
- Strengthen relationships with the whole community, with emphasis on the inclusion of the most marginalized groups.

CAP 2.0. The Climate Action Plan 2.0 captures the actions the Eugene community is prepared to implement to address climate risks, as well as community ideas for what else is needed to create an equitable and livable community for everyone. The building decarbonization strategies directly relate to actions identified in the CAP2.0, as indicated above in the parentheticals.

Housing Implementation Pipeline (HIP). The HIP is the 5-year internal work plan to coordinate current and future resources, goals, and priorities with a systems-thinking approach to housing across the full spectrum from people experiencing homelessness to overall housing supply. See Attachment C for list of HIP priorities that relate to the building decarbonization work.

Eugene Springfield Multi-Jurisdictional Emergency Operations Plan. An all-hazards plan that outlines how the cities of Eugene and Springfield will prepare for and respond to emergencies. The Plan describes how the cities' emergency management systems are organized and provides a framework for collaboration and coordination during emergencies and major disasters.

Multi-jurisdictional Natural Hazards Mitigation Plan. The long-term natural hazards mitigation strategy for the Cities of Eugene and Springfield as well as for Eugene Water & Electric Board, Rainbow Water District, and Springfield Utility Board.

PREVIOUS COUNCIL DIRECTION

July 20, 2022 Work Session

City Council discussed the findings of the report, "City of Eugene Community Decarbonization by 2045 for Existing Residential, Commercial, and Industrial Buildings Energy Use" completed by a consulting firm, Good Company, on behalf of the City.

July 25, 2022 Work Session

City Council discussed details of prohibiting fossil fuel infrastructure in new construction. The work sessions resulted in the following motions:

> Councilor Syrett, seconded by Councilor Keating, moved to direct the City Manager to schedule a work session in the Fall to discuss prohibiting natural gas and other fossil fuel infrastructure in all new commercial buildings including as part of that work session a potential waiver process for buildings or uses that may not have feasible access to electric-only options, including a discussion of applicability to certain building types.
> *Passed 7:1* (Opposed by Councilor Clark)
>
> Councilor Syrett, seconded by Councilor Keating, moved to direct the City Manager to bring back a revision to the Climate Action Plan that formalizes as a City goal the electrification of residential and, as feasible, commercial buildings by 2035 and industrial buildings by 2050.
> *Passed 6:2* (Opposed by Councilors Clark and Groves)
>
> Councilor Syrett, seconded by Councilor Keating, moved to direct the City Manager to return to Council in the Fall with a proposal for engaging the community in developing a plan for the transition of buildings to be decarbonized that has at its foundation social, environmental, and economic equity with the emphasis on engagement of historically marginalized communities and their representatives.
> *Passed 6:2* (Opposed by Councilors Clark and Groves)
>
> Councilor Zelenka, seconded by Councilor Keating, moved that prior to the drafting of an electrification ordinance the City Manager engage the business community with an outreach process to discuss and solicit their input.
> *Passed 7:0*

October 26, 2022 Work Sessions

City Council discussed the findings of the report, "City of Eugene Community Decarbonization by 2045 for Existing Residential, Commercial, and Industrial Buildings Energy Use" completed by a consulting firm, Good Company, on behalf of the City.

February 6, 2023 Special Meeting

City Council passed an ordinance prohibiting fossil fuel infrastructure in new low-rise residential buildings.

Councilor Semple, seconded by Councilor Keating moved to adopt an ordinance prohibiting fossil fuel infrastructure in new low-rise residential buildings and adding section 6.695 and 6.696 to the Eugene code, 1971 as set forth in attachment B but updating the 2022 date in the signature blocks to 2023

Passed 5:3 (Opposed by Councilors Clark, Groves and Evans)

July 10, 2023 Work Session

City Council voted to repeal the ordinance prohibiting fossil fuel infrastructure in new low-rise residential buildings because of a ruling by the 9th U.S. Circuit Court decision striking down a similar ordinance in Berkeley, CA. City Council then passed the following motion:

> Councilor Leech, seconded by Councilor Keating, moved to direct the City Manager to return to Council before July 2024, for a discussion regarding ways in which the City can reduce the use of fossil fuels in new construction, including the feasibility of fossil fuel reduction strategies that have been adopted in other jurisdictions.
> *Passed 7:1* (Opposed by Councilor Clark)
>
> Councilor Zelenka, seconded by Councilor Evans, moved to direct the City Manager to, as soon as possible after the summer break, to return with a Work Session to discuss how to proceed on near term climate actions that aligns with new and existing federal and state programs, funding, and incentives; that focuses on strategic areas that reduce significant amounts of GHG emissions; and includes community engagement.
> *Passed 8:0*

July 10, 2024 Work Session

City Council discussed the results of engagement on building decarbonization.

July 17, 2024 Work Session

City Council discussed new construction decarbonization and fossil fuel reduction strategies.

> Councilor Yeh, seconded by Councilor Zelenka, moved to direct the City Manager to return to Council prior to the end of 2024 for a discussion of the potential revenue sources that were identified by the revenue advisors for funding decarbonization and GHG emission reduction efforts with an emphasis on serving low-income households, BIPOC and other disadvantaged households.
> *Passed 7:0*
>
> Councilor Leech, seconded by Councilor Zelenka, moved to direct the City Manager to return to Council prior to the end of 2024 to discuss a potential pathway forward and

potential consequences for implementing the strategies presented by staff to decarbonize homes and buildings in Eugene and monitoring regulatory actions being taken by other jurisdictions for possible local adoption.
Passed 7:0

COUNCIL OPTIONS
Informational only.

CITY MANAGER'S RECOMMENDATION
None.

SUGGESTED MOTION
None.

ATTACHMENTS
A. Priority Projects
B. Project Screening Matrix
C. Related Priorities in the Housing Implementation Pipeline (HIP)
D. Climate Funding Memo
E. Regulatory Actions in Other Jurisdictions
F. Final Report: Results of Engagement and Potential Strategies for Building Decarbonization

FOR MORE INFORMATION
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Telephone: 541-731-0527
Staff E-Mail: dklinkebiel@eugene-or.gov

The projects in this table have been selected as top priorities. It includes a description of the project, the lead partner and a description of initial steps to occur in the near future. The projects were selected as priorities based on a screening matrix that assessed timelines, partner readiness, costs, and impacts (see Attachment B).

Decarbonization Focus	Related Decarb. Strategy and CAP2.0 Actions	Project	Lead Partner	Timing and Description of Initial Project Work.
Residential	Strategy 9 CAP2.0 Action B3	Explore potential policy to require home energy score at time of sale and lease.	COE (Sust. Progr.)	2025, Q1: Engage community members
	Strategy 4 CAP2.0 Action E10	Develop a communications campaign to increase public education about energy efficiency and electrification.	COE (Sust. Progr.)	2025 Q1: Create a communications strategy 2025 Q2 +3: Refine messaging + tools
	Strategy 3 CAP2.0 Action B2	Discuss potential revenue sources to support decarbonization efforts for disadvantaged households (ie. climate impact fee, carbon tax, natural gas supplier tax increase).	COE (Finance Team)	Dec 11, 2024: Present revenue sources identified by the revenue advisors to City Council
	Strategy 1 CAP2.0 Action B2, B12	Develop an electrification support service program that prioritizes specific subsectors (ie. low income households, homes with oil heat...)	Beyond Toxics	2024 Q4: Applying for a grant
	Strategy 1 CAP2.0 Action B2, B12	Create an online incentive navigator tool that includes utility, state and federal incentives.	ODOE	2025 Q1: ODOE launches navigator tool
	Strategy 4 CAP2.0 Action E10	Organize workshops for residents to expand awareness of existing tools, including incentives, home energy score, and low-cost/DIY upgrades.	Fossil Free Eugene Coalition	Ongoing: Deliver workshops
	Strategy 15 CAP2.0 Action R2, R7, R17, R20 E12, E29, E30	Develop a regional network of resilience hubs that includes upgrading buildings, expanding family and community services, and developing a public health reserve corps.	Lane County	2024 Q4: Finalize contract with EPA.
Commercial	Strategy 6	Organize workshops with specific business sectors to educate them about incentives and resources for decarbonization. Begin with food and beverage manufacturing industry.	COE (Sust. Progr.) Eugene Made	2025 Q1: Host workshop
	Strategy 2 CAP2.0 Additional Strategy 5	Research possible new green building public benefit requirements, such as electric-ready or all electric. Consider for inclusion in the City's housing production and preservation programs.	COE (Community Development)	2025: Research and develop pilot project
	Strategy 7 CAP2.0 Action B5	Explore how to provide technical assistance for businesses in navigating the state's new building performance standards.	COE (Sust. Progr.), ODOE	2024 Q4: ODOE finalizes BPS rules. 2025 Q1+2: Increase awareness among biz about
	Strategy 8	Recognize and convene businesses for sustainability efforts.	Bring Chamber of Commerce	2025 Q1: Bring launches Rethink Biz Certification 3.0, Celebration of Biz Event
	Strategy 8 CAP2.0 Action B6, B7, B10, B17, B18, B21, B22	Continue to decarbonize government buildings and public institutions.	COE (Facilities, Airport, Roosevelt Yard)	2024: Energy efficiency upgrades in City Hall 2025: Implement grants to plan and build solar at Airport and RY Ongoing: Refrigerant replacement projects.
Energy Supply	Theme 4 CAP2.0 Action B2, B8, B9, B10, B12	Negotiate new contract with Bonneville Power Administration, complete Energy Resource Study and Demand Side Potential Assessment.	EWEB	All 3 projects will be complete by summer 2025
	Strategy12 CAP2.0 Action B23	Continue to explore opportunities and understand barriers for uptake of solar across the community.	CBOs, COE (Airport, Yard), EWEB, ODOE	2024 Q4: EWEB systems upgrade go live. 2025: ODOE developes rules for Solar for All program
	13 CAP2.0 Additional Strategy 8	Track development of geothermal energy networks in other municipalities to understand local opportunities.	NW Natural	2025: Meet quarterly to track project development

Attachment B: Project Screening Matrix

This table represents a list of possible projects to move forward based on engagement with the community, and conversations with internal teams and external agencies. For each project, the matrix identifies the partners, the timeline, the potential climate and equity impacts, the estimated cost, and relevant factors that the project depends on. This anslysis helped to identify the priority projects (see Attachment A).

LEGEND						
Partners	Timeline	Equity Impact				Dependencies
						Description of the factors the project depends on.

Residential Building Decarbonization

Theme	Related	Project	New or Existing	Partners	Timeline	Climate	Equity	Estimated Budget	Source of	Dependencies
Expand incentives	1	Develop an online incentive navigator tool that includes utility, state and federal incentives.	E	ODOE Rewiring America EWEB					Existing budget	Technology Partnership
	1	Develop an electrification support service program that prioritizes specific subsectors (ie. low-income households, homes with oil heat...)	E	Beyond Toxics EWEB LRAPA					Grant	Financial Partnership
	2	Continue supporting energy efficiency projects with current housing production and preservation funds.	N, E	COE					Existing budget	
	3	Discuss potential revenue sources to support decarbonization of disadvantaged households (ie. climate impact fee, carbon tax, natural gas supplier tax increase).	N, E	COE					May require additional capacity	Political Logistics
Provide education, assistance and support	4, 5	Develop a communications campaign to increase public education about energy efficiency and electrification.	E	COE CBOs EWEB					Start with existing budget	
	5	Develop resources and materials for contractors and other workforce partners, such as workshops, virtual webinars, web resources, collateral, outreach, and technical assistance.	E	COE EWEB					Start with existing budget	
	4	Organize workshops for residents to expand awareness of existing tools, including incentives, home energy score, and low-cost/DIY upgrades.	E	CBOs					Start with existing budget	
	4	Launch an online tool to engage community groups towards simple, every day actions that make an impact.	E	COE CBOs					Start with existing budget	
Ensure equitable distribution of benefits	10	Create a "energy saving" kit to loan out through the library that includes tools to detect energy waste and DIY supplies.	E	COE					Small grant or existing budget	Logistics
	9	Explore potential policy to require home energy score at time of sale and lease.	E	COE		Unclear	Unclear		Existing budget	Political
Improve community resilience to extreme weather	15	Develop a regional network of resilience hubs that includes upgrading buildings, expanding family and community services, and developing a public health reserve corps.	E	Lane County					Received $20 million grant	Partnership Logistics
	16	Expand awareness of clean and reliable backup energy options.	N, E	Sustainability Commission					Existing staff	

Commercial Building Decarbonization

Theme		Project		Partners	Timeline		Equity Impact	Estimated		Dependencies
Expand incentives	2	Continue providing business loan programs to support investments in energy efficiency + electrification.	E	COE	?			Unclear		

	2	Create incentives and small grants to support energy upgrades in small businesses.	E	COE Bring						Partnership Logistics
	2	Research possible new green building public benefit requirements, such as electric-ready or all electric. Consider for inclusion in the City's housing production and preservation programs.	N	COE EWEB					Existing budget	Logistics Partnership
Provide education, assistance and support	6	Coordinate networking opportunities to foster peer-to-peer learning among businesses.	E	Chamber of Commerce, Bring COE				Unclear		Partnership
	6	Organize workshops with specific business sectors to educate them about incentives and resources for decarbonization. Begin with food and beverage manufacturing industry.	E	COE Eugene Made EWEB					Existing staff	Partnership
	7	Explore how to provide technical assistance for businesses in navigating the state's new building performance standards.	E	ODOE COE				?		Logistics Legislative
	8	Recognize businesses for sustainability efforts through a variety of channels and through consistent messaging with partners.	E	COE Bring Chamber of Commerce				Unclear		Partnership Logistics
	8	Continue to decarbonize government buildings and public institutions.	E	COE Government Partners					Budget + Grants	Funding

Energy Supply Decarbonization

Theme	Related Strategy	Project	New or Existing Building	Partners	Timeline	Climate Impact	Equity Impact	Estimated Budget	Source of Fundin	Dependencies
Ensure clean, reliable and affordable energy	12	Continue to explore opportunities and understand barriers for uptake of solar across the community.	E	CBOs COE (Airport, Yard) EWEB					$86 million Solar for All	Financial Partnership Technological Market
	13	Explore possibility of building a geothermal energy network.	N, E	NW Natural			Unclear		Utilities	Legislative
	Theme 4	Negotiate new contract with Bonneville Power Administration, complete Energy Resource Study and Demand Side Potential Assessment.	N, E	EWEB						Market Data Technological
	13	Better understand current local uses of geothermal energy and track development of geothermal energy networks and policy in other municipalities.	E	Homes for Good St. Vincent De Paul NW Natural						
	3	Understand interest in joint energy planning between gas and electric utilities. Understand the implications of policy decisions on the energy system.	N, E	NW Natural EWEB			Unclear	Unclear		Partnership

Attachment C: Related Priorities in the Housing Implementation Pipeline (HIP)

Priorities of the Housing Implementation Pipeline	Related Building Decarbonization Strategies
Housing preservation	1. Create an incentive navigator service. 4. Launch an education and awareness campaign. 5. Develop strategies to engage contractors, builders, and designers. 11. Prioritize transitioning homes from oil heat to electric heat pumps.
Housing production	2. Identify mechanisms to incentivize decarbonization within City programs and processes. 5. Develop strategies to engage contractors, builders, and designers. 9. Expand tools that support decarbonization in rental properties.
Housing support services	10. Expand distribution of low-cost items for energy efficiency improvements. 14. Expand distribution of portable air conditioners and air purifiers. 15. Expand community-based resilience hubs. 16. Ensure backup energy for vulnerable individuals.
Infrastructure planning and prioritization	12. Explore opportunities for community solar. 13. Explore opportunities for geothermal energy networks.

Eugene Public Works Administration

Memorandum

Date: December 5, 2024

To: Mayor and City Council

From: Danielle Klinkebiel, Climate Policy Analyst

Subject: Recent Successes on Climate Funding and Practices for Purchasing Offsets

This memo provides a high-level overview of the City's successes thus far in pursuing federal and state climate funding. The memo also provides information about the City's practices related to purchasing carbon offsets.

Federal and State Climate Funding:

Recent federal and state laws including the Bipartisan Infrastructure Law (BIL), the Inflation Reduction Act (IRA) and Oregon's Climate Resilience package have created new opportunities to expedite implementation of the City's Climate Action Plan 2.0 (CAP2.0).

The City has developed a plan to pursue and leverage these new opportunities that includes the following key strategies:

1. **Grant tracking**: Staff completed a comprehensive crosswalk between the goals outlined in CAP2.0 and available state and federal opportunities. Staff continue to assess emerging opportunities for alignment with our stated priorities and objectives.
2. **Grant pursuit**: Implementation of CAP2.0 is occurring across many different City departments and work groups. Work groups are actively pursuing grants that overlap with their scope of work.
3. **Partnership development**: Regional coordination is a strong priority for many of the grants. The City works with external partners to pursue joint funding and provide support.
4. **Public outreach**: Staff are developing a communication campaign to raise awareness about the IRA funds that will be made available through rebates and tax credits.

Below are several highlights of grants that have been awarded. This is not a comprehensive list—staff are developing a climate funding tracking tool and plan to share more information with City Council as part of the annual CAP2.0 update.

- The City was awarded $212,540 through the Energy Efficiency and Conservation Block Grant Program. This grant funded fuel switching and energy efficiency projects in multiple City buildings, including the new City Hall.

- The City was awarded $1,000,000 through the ODOE Community Renewable Energy Grant Program to install a solar PV system and an energy storage system at the Roosevelt Yard.

- The Eugene Airport (a City facility) was awarded two grants totaling $200,000 through the ODOE Community Renewable Energy Grant Program to fund a planning project for electric vehicle charging infrastructure powered by a solar array, and a planning project to provide clean backup power for critical facilities through a solar power plant and battery storage.

- The Eugene Airport was awarded $5,000,000 through the Federal Aviation Administration's Airport Terminal Program to fund terminal and connector bridge expansion, including upgrades to increase energy efficiency.

Regional successes are also a win for the City. Below are grants led by regional or statewide partners that will benefit the Eugene community.

- Earth Advantage, in partnership with ODOE, the City of Eugene and four other Oregon cities, was awarded $2,846,154 through the US Department of Energy, Resilient, Efficient Codes Implementation Grant to help advance building performance standards across the state. The City was awarded $241,110 through this partnership.

- Lane County and United Way were awarded $19,555,386 through the Environmental Protection Agency's (EPA) Community Change Grant to fund the development of a network of resilience hubs. A portion of the funds will go to the Bethel School District for the development of a resilience hub at Fairfield Elementary School.

- Oregon Department of Environmental Quality (ODEQ) was awarded $197,181,796 statewide through the Climate Pollution Reduction Grant to fund programs that reduce greenhouse gas emissions. The City convened local partners to support and inform this application based on regional needs, and our region will benefit from these funds.

- ODOE was awarded $86,600,000 through the Solar for All program to support renewable energy adoption for low-income Oregonians.

The City and its partners continue to pursue funding opportunities. Below are highlights of grants that are in process.

- Public Works Engineering is applying for funding through the US DOT Charging and Fueling Infrastructure Grant Program to expand publicly accessible EV charging infrastructure across Eugene and Lane County. This grant was denied in the first round and is being resubmitted with changes based on feedback.

- Public Works Engineering is applying for funding through the US Department of Transportation (DOT) Low Carbon Transportation Materials Grant Program to support a low embodied carbon concrete pilot project.

- Parks and Open Space is applying for funding through an EPA Community Change Grant and through an Oregon Department of Forestry Urban and Community Forestry Grant to expand tree planting and tree maintenance efforts.

- Public Works Administration and Beyond Toxics are applying for funding through the EPA's Environmental Justice Thriving Communities Grant Program to expand a clean energy pilot project in the Bethel neighborhood.

Purchasing Offsets to Comply with the Climate Recovery Ordinance (CRO)

As outlined in the Climate Recovery Ordinance (CRO), the City established a goal for City operations to be carbon-neutral by 2020. The City is employing various strategies to meet that goal. These strategies include transitioning to alternative fuels, implementing energy-efficient initiatives and fuel switching in City-owned structures, and shifting the light-duty fleet to electric vehicles. To offset the City's remaining emissions, the City purchases carbon offsets.

When purchasing offsets, staff consider several factors, including cost, local impact, quality and verifiability, year of offset creation, and project transparency. There are currently no local project options that meet the other criteria. Consequently, staff have prioritized projects that are regional, with a preference for those within Oregon, followed by the broader Pacific Northwest.

Looking ahead, the City will continue to prioritize investments in its operations and infrastructure to reduce fossil fuel use and energy consumption. Staff will continue to monitor the development of local offset projects. There may be opportunities in the future to work with EWEB on exploring local offset projects. There also may be potential for a local offset project related to refrigerants, given the emergence of recent Environmental Protection Agency (EPA) regulations that will restrict the use of refrigerant classes with the highest global warming potential.

Attachment E: Regulatory Actions in Other Jurisdictions

Attachment E highlights the ongoing status of programs and policies being considered and adopted at the state and local government levels that relate to municipalities' ability to reduce fossil fuel use in new construction, accelerate the transition to sustainable energy, and meet local climate goals. This update summarizes a range of strategies and approaches that various jurisdictions are implementing or considering.

Local Government Climate Policy Update
Cities continue to consider and implement a range of program and policy options in new residential buildings as part of broader efforts to advance building electrification and decarbonization goals.

Building Emissions Standards
Governments are implementing and exploring emissions standards to curb greenhouse gases and harmful pollutants from new construction and existing buildings. These policies often target specific sources, such as appliances, and aim to accelerate the transition to cleaner energy.

Ashland, OR
The City of Ashland continues to explore policies to reduce methane gas use in new residential construction. Earlier this year, the City's Climate and Environment Policy Advisory Committee recommended that City Council consider a suite of policy tools including: a low NOx ordinance for appliances in new residential buildings; a pollution fee based on the emissions of a new home over 15 years, and a restriction of fossil fuel infrastructure in the right-of-way restriction for non-served areas after the City's current gas franchise agreement expires. In June, Ashland City Council directed its staff to undertake additional research and legal analysis of an appliance emissions standard for NOx for furnaces and water heaters. Staff were also directed to look into the viability of a pollution charge based on CO2 emissions for new residential construction. City staff continue to undertake this research and consider options, but the City has not yet moved forward with specific policy recommendations.

Bend, OR
The Bend City Council recently passed a resolution requiring all new City buildings and major remodels to not use fossil fuels, with limited exceptions. The City has also been undertaking an analysis of policy and regulatory options to reduce fossil fuel use in new construction similar to what Eugene city staff undertook earlier this year, including looking at building emissions standards, educational campaigns and incentives to reduce fossil fuel use in new construction. In November, the City's Environment and Climate Committee recommended a broader set of electrification policies to the Bend City Council, including appliance emissions standards, introducing a pollution fee to fund retrofits for low-income households, and electrification transition through community education, trade partnerships, and potential incentive programs. A work session on the City's policy analysis and Committee recommendations is scheduled for December.

Los Altos Hills, CA
Los Altos Hills passed an ordinance in February 2024 establishing a zero NOx emissions requirement for new construction and existing structures undergoing significant renovation. It requires these buildings to use zero NOx equipment, with exceptions for indoor cooking and emergency backup power.

New York City, NY
In New York, Local Law 154, passed in December 2021, aims to reduce greenhouse gas emissions from buildings by eliminating fossil fuel use in new construction. The City Department of Buildings began implementing the law in January 2024. LL154 prohibits the combustion of fuels that emit more than 25 kg of CO_2 per million BTUs, with specific exemptions for facilities like laboratories, hospitals, and commercial kitchens. The law is currently facing a legal challenge - in December 2023, trade associations and a union filed a lawsuit in the federal district court contesting the regulation – but implementation is proceeding.

The initial phase requires that all new buildings under seven stories, including one- and two-family homes, meet specific CO_2 emissions standards starting January 1, 2024. By December 2025, these requirements will extend to affordable housing projects of similar size. Full compliance for all new buildings, including those seven stories and taller, is required by July 2027.

Ann Arbor, MI
In November 2024, Ann Arbor voters approved the creation of a Sustainable Energy Utility (SEU) to supplement the City's existing grid with local renewable energy. The SEU concept aims to provide locally generated clean energy through solar, battery storage, and energy efficiency upgrades. Operating independently from the local energy utility, the SEU will focus on boosting resilience and affordability while complementing the current grid operated by DTE Energy. This community-based approach contrasts with a traditional utility approach by emphasizing local clean energy solutions. Planning is underway, with 600 customers registered and a goal of assembling 20 MW of demand. Installations of projects on homes, schools, and other buildings are expected to begin within the next 2 years.

Geothermal Network Pilot Projects

Cities continue to explore networked geothermal systems as a way to provide efficient, low-carbon heating and cooling to multiple buildings simultaneously. These district-scale solutions compliment efforts to reduce fossil fuel use in individual buildings.

Framingham, MA
The Eversource networked geothermal pilot in Framingham, MA, began operations in June 2024. The system serves approximately 135 residential and commercial customers, offering geothermal heating and cooling as a low-carbon alternative to traditional energy sources. Participants had a system installed at no upfront cost, paying a fixed monthly fee for access, with the potential to reduce overall energy costs. The pilot, which will span two heating and cooling seasons, has been designed to assess the technology's viability, with Eversource collecting customer feedback to refine the system and evaluate its potential for broader deployment.

New Haven, CT
In New Haven, a proposal for a geothermal system at the city's main train station received an EPA grant in 2024 and aims to provide clean, renewable heating and cooling to reduce carbon emissions, improve air quality, and increase energy efficiency of buildings on the system. This collaborative project involves the City, the Housing Authority of New Haven, and the New Haven Parking Authority. The geothermal system will serve not only the central train station but also to provide sustainable heating and cooling to nearby developments, potentially supplying up to 1,000 affordable housing units. The project is expected to serve as a model for integrating clean energy into existing urban infrastructure and addressing climate and equity goals.

State Government Climate Policy Update

While cities are pursuing strategies to reduce fossil fuel use in new buildings, state-level policies continue to play an important role in affecting local efforts to reduce fossil fuel use new buildings and meet local climate goals.

California Low and Zero NOx Standards for Appliances
In California, regulations to reduce nitrogen oxide (NOx) emissions from building appliances have been established through the California Air Resources Board (CARB), the Bay Area Air Quality Management District (BAAQMD) and South Coast Air Quality Management District (South Coast AQMD). These regulations aim to improve air quality by setting strict standards for NOx emissions from various residential and commercial appliances, including water heaters, furnaces, and boilers.

> **CARB:** CARB is developing statewide standards that will require all new space and water heating appliances sold in California to be zero-NOx by 2030. This aligns with the state's broader goal of achieving carbon neutrality by 2045, significantly reducing both greenhouse gas and NOx emissions from buildings. The standards will phase in gradually, with CARB holding discussions and

ongoing public workshops to address issues related to grid readiness and affordability.

BAAQMD: In March 2023, BAAQMD adopted amendments to District Rules 9-4 and 9-6, which specifically target NOx emissions from appliances. These rules set stringent limits for residential and commercial gas appliances, requiring compliance with ultra-low NOx standards—where appliances must emit no more than 14 nanograms of NOx per joule of heat output—by 2027. By 2029, all new water heaters and furnaces must be zero-Nox. The region's first compliance milestone for new residential and commercial gas furnaces and water heaters to meet ultra-low NOx standards started in January 2024, with additional requirements phased in up to 2029.

South Coast AQMD: South Coast AQMD approved Rule 1146.2 in June 2024, requiring new and existing buildings to transition to zero-NOx residential and commercial building water heaters, including larger water heaters, small commercial water heaters, methane gas-fired pool heaters, boilers, and process heaters. This rule aims to reduce NOx emissions by approximately 5.6 tons per day, providing the second-largest reduction of NOx emissions in a decade for the district. Compliance will begin on January 1, 2026, following a phased schedule that leads to full compliance by January 1, 2033. The rule includes provisions for a rebate program to assist with the transition, particularly focusing on overburdened communities.

Thermal Energy Networks (TENs)

States continue to promote the development of TENs as an alternative way to reduce greenhouse gas emissions and provide efficient heating and cooling solutions by connecting buildings to shared thermal energy sources. These systems can utilize various heat sources, including geothermal energy, waste heat from industrial processes, or centralized heat pumps, offering a flexible and less carbon intensive approach to building heating and cooling. A number of states have passed legislation that allows utilities to own, manage, and recover costs associated with thermal energy networks, if approved by the state's utility commission. And the regulatory landscape is evolving. A few states, for example Vermont, have passed legislation allowing municipalities to form thermal energy utilities without state utility commission approval or regulation.

Washington

In Washington State, the passage of House Bill 2131 in early 2024 marked an initial step towards integrating Thermal Energy Networks (TENs) into the state's energy landscape. The bill authorizes gas and electric utilities to own and operate TENs, allowing them to distribute clean thermal energy—such as geothermal heat—through underground infrastructure. This shift enables utilities to fulfill their obligation to serve (the legal requirement for utility companies to provide service to customers who request it) by using TENs instead of methane gas or electricity, with oversight from the state Utilities and Transportation Commission.

The legislation also establishes a pilot program to test these networks in diverse contexts, prioritizing projects that deliver benefits to disadvantaged communities, improving energy efficiency, and enhance public health. To support these efforts, $25 million in grant funding has been allocated to help utilities offset initial development costs and encourage collaboration. However, the recent voter approval of Initiative 2066 (detailed below) potentially complicates these pilots. The initiative mandates that utilities continue to provide methane gas service to any requesting customer, which may shape how TENs are deployed and scaled in Washington, creating potential tension between methane gas access and the state pursuing its clean energy objectives.

State Preemption of Local Home Rule Authorities

State preemption of local home rule authorities is becoming an increasingly significant issue as states pass laws restricting local governments' ability to enact climate and energy policies. These state-level preemption laws prevent municipalities from implementing rules that could limit or ban the use of methane gas and other fossil fuels, challenging local autonomy in making community-based environmental and energy decisions.

State preemption laws present significant obstacles by limiting local governments' authority to regulate fossil fuels or incentivize renewable energy solutions. Additionally, many states with preemption laws have also introduced measures that deter the adoption of renewable energy, including higher fees on solar installations or increased regulatory hurdles for renewable energy projects.

Nebraska

In April 2024, Nebraska became the 26th state to pass a gas-ban preemption law, preventing local governments from implementing ordinances that restrict access to any fossil fuel source, including methane gas and propane, reflecting a growing trend in certain states to limit local authority over environmental and energy decisions.

Oregon

The State of Oregon has also seen preemption legislation introduced. Oregon Senate Bill 647, introduced in January 2023, sought to block local governments from restricting the use of methane gas in both new and existing residential and commercial buildings. However, SB 647 did not advance out of committee. Efforts to revive it during the 2023 session were unsuccessful, and the bill officially stalled in June 2023. Staff will continue to track whether a similar local pre-emption type bill is introduced during the 2025 legislative session.

Washington
Initiative 2066, which passed in November 2024, would prohibit cities, towns, counties, building code officials, and regional air pollution control agencies from "prohibiting, penalizing, or discouraging" gas use in buildings. It would also remove language from Washington statute that directs code officials to fulfill a goal of constructing "zero fossil-fuel greenhouse gas emission" buildings by 2031. The initiative could limit not just prohibitive measures against methane gas but also any incentives for cleaner energy alternatives. This means the language could be interpreted to prevent actions that either limit fossil fuels or encourage non fossil fuel alternatives, effectively restricting local efforts to support electrification or discourage methane gas through incentives. There are expected legal challenges regarding whether this ballot initiative violated state ballot rules. However, Initiative 2066 is considered potentially more restrictive than other state preemption efforts because it could prevent not only restrictions on fossil fuels but also policies that encourage or incentivize a transition to cleaner energy services.

Eugene Sustainability

Final Report:

Results of Engagement and Strategies for Building Decarbonization

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Executive Summary

The Eugene City Council adopted the Climate Recovery Ordinance (CRO) and approved the Climate Action Plan 2.0 to establish goals and create an action plan for reducing greenhouse gas emissions which are contributing to climate change. Homes and buildings are the second largest source of greenhouse gas emissions that are contributing to climate change (see Figure 1), which is why City Council directed staff to engage the community to create a plan for decarbonizing buildings.

Within a six-month timeframe, staff engaged over 800 community members through a variety of small group meetings, community events, one-on-one interviews and an online survey. Staff prioritized engaging historically marginalized communities and business sectors, but also engaged the public, sustainability-related groups, and our local energy providers. Staff were successful in bringing diverse and representative voices to the table.

Through many conversations, staff gained a better understanding of the challenges and opportunities for decarbonizing residential, commercial and industrial buildings. Our engagement resulted in identifying six broad themes that are responsive to community input that can help us meet our decarbonization goals. These include the following:

1. Expand incentives for decarbonization
2. Provide education, assistance and support
3. Ensure clean, reliable and affordable energy
4. Ensure equitable distribution of decarbonization benefits
5. Improve community resilience to climate change
6. Continue meaningful engagement with stakeholders

Within these themes, staff have identified 16 strategies that have support across a wide swath of stakeholders. While some strategies are poised to move forward, others are still ideas that are not yet fully formed. All of them still require further development which may include identifying partners, expanding community support, pursuing additional resources, and determining outcomes.

Strategies to Decarbonize Homes and Buildings in Eugene

This section focuses on the six themes and 16 strategies that emerged as top priorities from engagement. Staff are viewing these as being the City's actionable, next steps in meeting our community's decarbonization goals.

All of the strategies will have their own timeline for further development to identify partners, expand community support, pursue additional resources, and determine outcomes. While some strategies are already in the beginning stages of development, others are still ideas that have yet to be developed. For many strategies, the City may act as a support partner in helping to advance and support the work of others.

Strategies linked to a specific CAP2.0 action are marked accordingly.

I. Expand incentives for decarbonization

Across all stakeholder groups there is support for incentivizing decarbonization. There is a need to expand awareness about existing incentive programs, a need for more support in navigating them, and a need to identify additional incentive mechanisms.

Strategies

1. **Create an incentive navigator service**: There are many existing incentives through utilities, state and federal entities—this makes it challenging and time consuming to know which incentives you may qualify for. Create a one-stop shop for all the existing incentives as well as set up a navigator service to help guide people through the incentive process. Staff are currently exploring ways to set up an incentive navigator service. *(CAP2.0 Action B12, B15, Additional Strategy 5)*

2. **Identify incentive mechanisms within City programs and processes**: Identify opportunities within City process and programs to incentivize cleaner, more efficient energy usage in existing buildings and in new buildings. This could be through the City's existing loan programs, grant programs, permitting processes and more. *(CAP2.0 Additional Strategy 5)*

3. **Identify mechanisms to disincentivize fossil fuels**: Explore ways to put a price on carbon to disincentivize natural gas use over time, such as through a climate impact fee or a franchise fee. These are being explored by the revenue committee as potential ways to generate additional funding for climate work and incentives. *(CAP2.0 Additional Strategy 2)*

II. Provide education, assistance and support

There is a need for more education and guidance regarding how to decarbonize residential and commercial buildings. There is also a need for more assistance by commercial sectors in navigating recent state and federal regulations and exploring emerging technologies.

Strategies

4. **Launch an education and awareness campaign:** Develop a communications strategy for public education about the what/why/how of making home energy upgrades that can reduce emissions, while also improving health, safety and comfort. A variety of channels can be explored to most effectively reach community members. *(Public education is a guiding principle of CAP2.0, CAP 2.0 Action E10)*

5. **Develop strategies to engage builders, designers and workforce partners**: Developers, contractors, electricians, architects, and HVAC installers are often the experts that guide homeowners towards certain appliance choices. Develop strategies to raise their awareness about the incentives that exist as well as the climate impacts of different choices. Potential strategies could be to develop communications material that could be delivered both in print or in person through workshops or meetings.

6. **Foster peer-to-peer and sector-specific learning among businesses**: Foster opportunities for businesses to share knowledge and resources with each other. Establish sector-specific cohorts that allow for more in-depth guidance and implementation of energy upgrades. There is an opportunity to leverage and build off the sector-based work that is already taking place in Lane County.

7. **Provide technical assistance for businesses to comply with new state and federal regulations**: Oregon recently passed new building performance standards that will require commercial buildings over a certain size to audit their energy usage and eventually reach certain energy performance standards. Recent federal regulations require new refrigerant management practices. Connect businesses to technical experts who can guide them in understanding the requirements and implementing changes in the most cost-effective way. *(CAP2.0 Action B5)*

8. **Recognize business leadership on climate:** Many businesses are already taking aggressive steps to reduce their emissions. There are opportunities to reward successes and amplify these stories to help showcase to others possible ways to transition to cleaner, more efficient energy usage.

III. Ensure equitable distribution of decarbonization benefits

There is broad consensus that decarbonization can provide many benefits, including improved air quality, improved health, improved comfort during extreme weather, and reduced costs. Extra effort is needed to make sure these benefits are distributed equitably and that decarbonization doesn't cause unintended consequences, such as exacerbating social and economic inequities, increasing housing and energy costs, impacting workforce and wages, or harming locally owned businesses.

Strategies

9. **Expand tools that support decarbonization in rental properties**: Work with landlords to increase awareness about energy auditing so they can understand the energy performance of their property and prioritize upgrades. The University of Oregon currently provides this service on a voluntary basis, for free to landlords, renters and low-income homeowners, and a new federal tax credit is available to everyone else. Conduct further engagement to explore the possibility of requiring a home energy audit at time of lease. Explore financing mechanisms so landlords can make upgrades without increasing the cost of rent. *(CAP2.0 Action B3, B11, B20)*

10. **Expand distribution of low-cost items for energy efficiency improvements:** Expand awareness and distribution of low-cost and no-cost giveaway items for energy efficiency improvements, such as LED lightbulbs, weather stripping, draft stoppers, caulk, and window insulation kits. Grant funding could potentially support a local weatherization assistance corps to help community members install the equipment. The City and its partners could provide free items and resources to tenants at move-in. *(CAP2.0 Action B2)*

11. **Prioritize transitioning homes from oil heat to electric heat pumps:** There are roughly 500 homes in Eugene that still use oil for heating, an energy source which is particularly high in greenhouse gas emissions and highly inefficient. Prioritize converting these homes to electric heat pumps.

IV. Ensure clean, reliable and affordable energy

Expanding clean energy resources, while also ensuring reliable and affordable energy is at the foundation of decarbonization. There is a need for continued engagement with our local energy partners to understand their plans regarding our future energy supply, and to identify opportunities for collaboration to increase access to clean, reliable and affordable energy.

Strategies

12. **Explore opportunities for a community solar project**: There is interest across the community to expand access to solar. However, EWEB's electricity is already very clean and affordable, which makes solar uneconomical for many. There is an opportunity to explore the possibility of a community solar project, where multiple participants jointly invest in a larger-scale solar project built in the community to receive credits on their electricity bills. Any solar project needs to carefully consider costs, however, so that all customers aren't forced to pay for benefits that accumulate to just a few customers.

13. **Explore possibilities for a geothermal energy network**: Explore possibilities for networked geothermal energy systems in Eugene. A geothermal energy network provides the infrastructure to transfer the earth's underground heat into

clean energy that can heat and cool residential, commercial and municipal buildings by block or neighborhood. Geothermal energy is considered a clean energy source that produces very little greenhouse gas emissions. *(CAP2.0 Additional Strategy 8)*

V. Improve community resilience to extreme weather events

While the goal of decarbonization is to reduce emissions associated with buildings, staff learned in conversations with many people, especially frontline communities, that there is a more urgent need to address vulnerabilities during extreme weather events, which are already occurring with great intensity in our region. Resilience in this context means protecting people's health and safety and making sure people can access the services they need.

Strategies

14. **Distribute standalone appliances like air purifiers and air conditioners**: Many homes in Eugene do not have air conditioning. This is becoming a health and safety issue as extreme heat events become more common, especially for seniors and people with health conditions. Air purifiers as well are becoming critical to protect indoor air quality during wildfire smoke events. Local nonprofits that serve frontline communities are already stepping in to distribute these appliances. Supporting and expanding these programs is key. (CAP2.0 Action E12)

15. **Expand community-based resilience hubs**: Resilience hubs are designated places within a community that serve as a focal point for resources, support and coordination during extreme weather events. These resilience hubs should be community or neighborhood based so that they can be responsive to local needs and easily accessible. Ensuring these locations have backup energy is essential. This work could be folded into the larger body of work in emergency management being undertaken by the City and local partners to improve collaboration and coordination during emergencies. *(CAP2.0 Action R2, R6, R7, R17, R20, E12, E29, Additional Strategy 12)*

16. **Ensure backup energy for vulnerable individuals:** Vulnerable individuals, like people who have disabilities or health conditions, may not be able to leave their home without special assistance in the case of emergency. It is critical that these individuals have access to backup energy systems in their own homes. Emphasize backup options that use cleaner energy like renewable diesel generators and electric battery storage. *(CAP2.0 Action R6, E13, E30)*

VI. Continue meaningful engagement with stakeholders

This engagement process has both deepened existing relationships as well as forged new ones with individuals, organizations, community leaders and businesses; but there is a need for continued and meaningful engagement with the community—specifically with frontline communities, business sectors and our local energy partners—on more

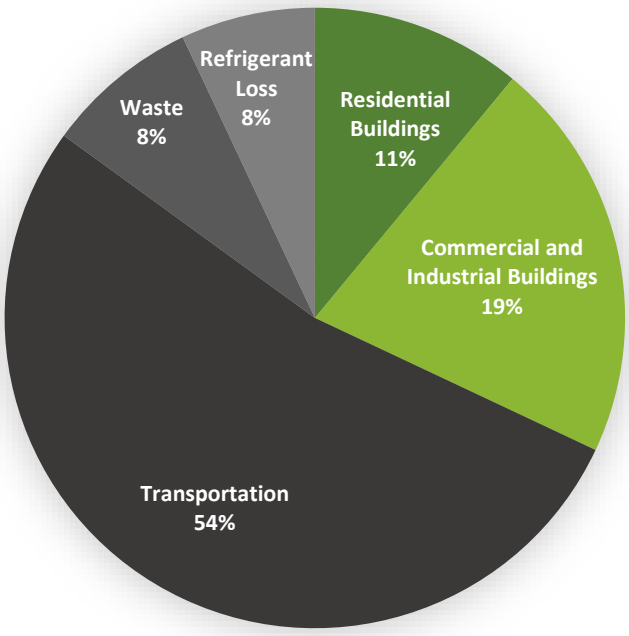
specific policy and program options. Staff plan to continue engaging as strategy implementation rolls out. *(Community engagement is a guiding principle of CAP2.0)*

Project Background

We are facing an unprecedented moment with the convergence of multiple threats to our health and safety as a community. The punishing combination of rising temperatures and less precipitation, punctuated by extreme weather events like wildfires and heat waves are threats to our lives, homes and businesses. The risk is even higher for frontline communities who have already been disproportionately impacted by the effects of climate change: Black, Indigenous, people of color (BIPoC), people experiencing disabilities, and low-income communities face higher rates of chronic health conditions, suffer more from increased heat waves, and have less means to react quickly and nimbly when disaster strikes. Climate change also threatens local businesses through extreme weather events causing disruptions in supply chains, shifts in tourism and consumer demand, and increases in operational costs. The City of Eugene has a responsibility to take every step possible to reverse these growing threats.

The Eugene City Council adopted the Climate Recovery Ordinance (CRO) and approved the Climate Action Plan 2.0 (CAP2.0) to establish goals and create an action plan for reducing greenhouse gas emissions which are contributing to climate change. Homes and buildings are the second largest source of greenhouse gas emissions (see Figure 1). Building decarbonization involves implementing various strategies and technologies to reduce or eliminate the emissions of buildings.

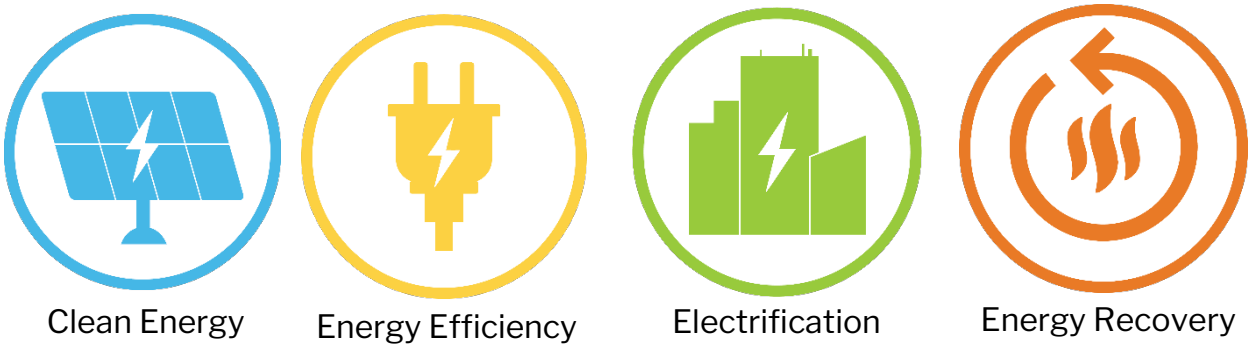
Figure 1: Eugene's greenhouse gas emissions in 2021.



In 2022, The Eugene City Council set a goal to decarbonize existing buildings by 2045. Local approaches for reducing building emissions were identified in a report written by Good Company, Decarbonization by 2045 for Residential, Commercial and Industrial Buildings. City Council then directed staff to engage both marginalized communities and the business community to develop a plan for decarbonizing buildings.

Defining Building Decarbonization

Building decarbonization means reducing or eliminating the greenhouse gas emissions associated with energy use in buildings by implementing various strategies and technologies. Throughout engagement, staff used the following icons and definitions to help describe all the possible approaches for decarbonizing buildings.



- **Clean Energy:** This means the building uses energy that emits little to no greenhouse gases. This requires exploring opportunities for solar on buildings, as well as working with our local utilities to expand the supply of clean energy, such as renewable energy, geothermal energy, and low carbon fuels.
- **Energy Efficiency**: This means using energy more efficiently by making improvements to the building shell through insulation, air sealing, and better windows. It also means upgrading to more efficient appliances, especially prioritizing water and space heating.
- **Electrification**: This means transitioning appliances and equipment to electric wherever possible. In Eugene, this is a strategy that makes sense due to the low carbon nature of Eugene Water & Electric Board's (EWEB) electricity supply.
- **Energy Recovery**: This primarily applies to commercial or industrial buildings where a lot of energy gets wasted in the form of heat. There are opportunities to capture and reuse the heat in other processes or to generate electricity, as well as strategies like carbon capture and storage.

"Efficient, Healthy and Resilient Homes and Buildings"

Staff recognized early on that the term 'building decarbonization' was highly technical and would be difficult to explain in a meaningful way to stakeholders. Staff also recognized that many of the upgrades associated with decarbonization could also provide other, perhaps more desirable, benefits than simply reduced greenhouse gas emissions. Those include improving public health through better indoor air quality, reducing energy bills of households and businesses due to greater energy efficiency, and improving comfort and safety during extreme weather events. Based on these

factors, staff decided to expand the conversation to talk more broadly about efficient, healthy and resilient homes and buildings.

Overview of Engagement

This section of the report provides an overview of engagement that occurred and some of the key findings from different stakeholder groups that resulted in the strategies identified above.

Staff collaborated with a variety of organizations and other City departments to develop and implement a robust engagement plan. Staff were successful in convening many community conversations that brought diverse and representative voices to the table.

Within a six-month timeframe, staff engaged directly with community members through 24 different tactics, resulting in 513 online survey responses and 333 hours of direct community input through a series of focus groups, community events and one-on-one interviews. Through these engagement tactics, over 800 community members provided detailed input on potential strategies for decarbonizing buildings in Eugene. Another 7500+ individuals received information about the project and were invited to participate. All meeting and event summaries are available via the links listed below. Summaries of all engagement events can be accessed via the hyperlinks below.

As this project unfolded, the City was undertaking many other community engagement efforts. Staff focused on coordinating with other City departments to partner on events when schedules and timelines aligned.

Engagement occurred with the following groups.

Engagement with Historically Marginalized Communities

As directed by City Council, our process prioritized engagement with historically marginalized groups, including renters, low-income residents, people experiencing disabilities, non-English speakers, youth, seniors, and Black, Indigenous, Latino/Latina, Pacific Islander, Asian, and people of color. Staff engaged directly with individuals who belong to these groups by hosting four community meetings, designed to be accessible, welcoming and enjoyable so that people felt eager to participate. Staff also attended three different events sponsored by community-based groups to conduct

a short intercept survey and have one-on-one conversations. Through the seven community meetings and events, 136 people actively provided detailed input, and 570 individuals received an invitation to participate.

1. Community Meeting #1, Eugene Public Library, 4/3/24: communities affiliated with Black, Indigenous, Latino/Latina, Asia, Pacific Islander, and people of color
2. Community Meeting #2, Peace Village Cooperative, 4/25/24: residents of an affordable housing community in the Santa Clara neighborhood
3. Community Meeting #3, Wednesday Wheelers, 5/1/24: recreation group for individuals using wheelchairs
4. Community Meeting #4, Mayor's Youth Advisory Council, 5/28/24: a group of youth selected by the mayor that meets monthly to advise on topics
5. Intercept Survey #1, Plaza de Nuestra Comunidad at Bethel Farm, 3/23/24: primarily monolingual Spanish speakers
6. Intercept Survey #2, Eugene Faith Center Food Pantry, 4/11/24: low-income renters and homeowners
7. Intercept Survey #3, Friends of Gilbert Park in Bethel, 4/14/24: low and moderate income renters and homeowners

Engagement with Business Sectors

Staff also prioritized engagement with the business sector by organizing seven small group meetings at the Eugene Area Chamber of Commerce with different business sectors, collaborating with the Black Cultural Initiative to convene a group of Black community members who own local businesses, and conducting one-on-one interviews with BIPOC business owners. Participants included individuals involved in many different aspects of industrial, commercial and residential buildings—including contractors, realtors, developers, architects, planners, business owners, commercial building owners + tenants, residential landlords, institutional staff, non-profit directors, community leaders, trades/workforce, and union representatives. 95 individuals actively

participated in meetings representing 84 different businesses and organizations, and over a thousand were invited via a variety of networks including other City of Eugene departments, the Eugene Area Chamber of Commerce, Downtown Eugene Inc., BRING Recycling, Eugene's Table, and EWEB.

8. Hospitality Sector, 12/4/23
9. Food Manufacturing, 2/14/24
10. Industrial Manufacturing, 2/16/24
11. Commercial Buildings, 2/22/24
12. Rental Housing, 2/28/24
13. Residential Buildings, 3/7/24
14. Public Institutions, 3/15/24
15. Black-owned Businesses, 5/28/24
16. Interview w/ BIPOC Business Owners, 5/8-5/15/24
17. Summary of workforce-related content

Outreach to the General Public

Staff utilized several platforms to provide opportunity for engagement, including an online survey, an in-person open house, and a virtual listening session. The survey and events were widely shared through press releases, social media, newsletters, email lists, and individual outreach. Results of the public outreach included 513 survey responses, 24 online participants, and 38 open house participants.

18. Virtual Listening Session, 6/6/24
19. Open House, Farmers Market Pavilion, 6/5/24
20. Online Survey Results and Survey Comments

Outreach to Environmental Groups

Staff organized a focus group bringing together local nonprofits with a mission of sustainability and engaged the City of Eugene's Sustainability Commission. 27 people representing 13 different groups participated.

21. Environmental Nonprofits, 5/23/24
22. Eugene Sustainability Commission, 6/12/24

Consultation with Energy Partners

Staff also consulted with both utilities that provide energy for the City of Eugene, including Eugene Water & Electric Board and NW Natural. 13 EWEB and NW Natural staff contributed to these conversations.

23. Consultation with EWEB, 5/17/24
24. Consultation with NW Natural, 4/26/24 and 6/3/24

Engagement Results

The goal with engagement was to understand the challenges and opportunities faced by different sectors of the community in decarbonizing homes and buildings. There are many areas of overlap and some key differences between different stakeholder groups.

Key Findings from Historically Marginalized Communities

The goal through engagement with historically marginalized groups was to understand the current energy performance of their homes, their priorities for energy usage and upgrades, and the barriers to making those upgrades. Staff acknowledged that for historically marginalized communities in particular, their ability to affect or alter the energy systems and performance of their home was limited. Therefore, the conversation began by asking about how they experienced recent extreme weather events to better understand how certain energy features of their home impact their safety and comfort.

The following bullet points are the top priorities that were raised in these conversations:

- **Increase awareness of incentives and upgrades**: There is a lack of knowledge of existing incentive programs and programs that provide navigation support. Adjust qualification thresholds and improve coordination across incentive programs. Expand incentives for rental housing.
- **Prioritize energy upgrades that improve health and safety:** Energy upgrades should prioritize improvements that enhance health, safety, and comfort. Those include heat pumps that provide more efficient heating and air conditioning, and weatherization (insulation and window sealing) that can improve energy and air leakage. A lot of housing may have mold or water leakage that can also impact health and these habitability issues must be addressed as well.

- **Prioritize decarbonization of least efficient homes and buildings:** Prioritize energy-efficient upgrades for older buildings, rental properties, and manufactured homes. Focus on maximizing energy savings and health equity outcomes in these settings.
- **Prevent housing and energy cost increases:** Many residents struggle to afford current bills, let alone upgrades. Many fear that upgrades will lead to increased housing costs, like increased rent or energy bills. Housing cost increases could impact housing security.
- **Provide low-cost solutions to improve energy efficiency:** For renters or low-income homeowners who don't have the resources, permission or interest to make large upgrades, there is a need for low-cost ways to decarbonize. EWEB used to distribute weatherization kits that included LED lightbulbs, weather stripping, plastic film for windows, and more—all of which can improve energy efficiency.
- **Expand clean energy opportunities:** Reduce fossil fuel use and continue investing in clean electricity to allow for increased electrification. Increase access to solar programs at residential, commercial and community scales.
- **Expand energy conservation:** Shift focus towards reducing energy usage overall, rather than continued investments in technologies that increase resource consumption. Explore non-tech solutions like expanding green infrastructure and tree canopy to mitigate heat and lower reliance on air conditioning.
- **Ensure community resilience:** Strengthen community networks and resilience during emergencies. Install batteries, generators, and backup energy options in accessible community locations. Ensure backup energy within individual homes for people with disabilities or health conditions. Programs that distribute standalone air conditioners and air filters can also help to alleviate immediate needs during extreme weather.
- **Expand innovative housing solutions:** Explore new approaches for providing affordable, energy-efficient housing. Consider models like land trusts, cooperative ownership, and passive houses to address housing affordability and efficient energy usage.

Key Findings from Business Sectors

Within the business community itself there are many different perspectives in terms of how our community should approach decarbonization. Our goal through engagement with different business sectors was to understand their current energy needs, identify opportunities for conservation, and identify points of collaboration.

In conversations with businesses, staff heard the following points that were similar to what was heard in conversations with historically marginalized communities.

- **Increase awareness about possible upgrades and existing incentives:** Building owners likely lack awareness of the latest advancements in energy-

efficient, clean energy and electrification technologies, as well as potentially applicable incentives. More guidance and technical assistance is needed.

- **Improve electrical grid capacity and resilience:** Existing grid's capacity is believed to be insufficient to handle the increased demand without upgrades or grid modernization efforts. Grid is vulnerable to power outages caused by extreme weather events.
- **Address high upfront costs:** Retrofitting existing buildings with energy-efficient technologies or undertaking fuel switching is expensive. Building owners will struggle to justify investments even if there are long-term savings.
- **Prioritize older buildings:** Prioritize buildings that are the least efficient, these tend to be older buildings. Prioritize HVAC systems and insulation.
- **Challenges with decarbonizing rental homes:** Landlords may be reluctant to make efficiency upgrades in a building that they aren't living in or occupying (without also increasing the cost of rent, which may lead to displacement). Conversely, tenants either can't afford or are otherwise unlikely to make an investment in a building they don't own. Landlords need more information about how to prioritize upgrades in their properties, and incentives to prevent passing on costs to tenants.

Additional business specific findings included:

- **Recognize business leadership and action on climate:** Many businesses are at the forefront of adopting new technology and making large investments to mitigate impacts of climate change, and many building owners have already made large investments to improve energy efficiency. Amplify these stories to reward those efforts and to increase awareness about what is possible.
- **Provide support navigating complex regulations:** Complexity of regulations across different jurisdictions (city, state, federal) can create confusion and challenges. Highly regulated jurisdictions make it challenging to attract and retain

businesses. Provide support in helping businesses understand and comply with regulations.

- **Focus on performance-based goals rather than prescriptive goals:** When regulating, establish goals based on performance or efficiency standards, rather than prescribing what equipment or energy sources should be used. This allows for more flexibility as new technology emerges and supports innovation.
- **Recognize global footprint of larger companies:** For large companies with extensive operations, emissions from a single, local facility may represent a small fraction of their global, environmental footprint. These organizations should evaluate where they can achieve the most significant and cost-effective emissions reductions across their entire operations. While improving building efficiency is important, other areas such as transportation, manufacturing processes, or supply chain optimizations might offer greater opportunities for substantial carbon reductions on a company-wide scale.
- **Contractors and workforce:** A skilled workforce trained in installing energy-efficient and electric upgrades is limited, impacting the timing, cost and results of projects. Contractors may not be aware or inform clients about eligible incentives or rebates. Contractors may be reluctant to recommend emerging technologies.

Key Findings from the General Public

Through engagement with the public, staff were able to understand the priorities and barriers for decarbonization experienced by the general population. The online survey also allowed staff to make basic assumptions about the overall energy performance of homes in different demographic groups. Of the 513 total responses, 86% were homeowners, 60% earned over $75K, and 40% were over the age of 65. Only 20% of respondents made less than $30K, and 9% of respondents identified with a community of color.

- **The survey reinforces the fact that rental properties tend to be less efficient than owner-occupied homes.** 88% of homeowners have efficient appliances compared to 31% of renters. 89% of homeowners have insulation compared to only 56% of renters.
- **Rental households are less likely to have air conditioning**: 90% of homeowners have air conditioning compared to 65% of renters.
- A majority of rentals use electricity as a primary source of heat (70%) and cooking (79%). A majority of homeowners use gas as a primary source of heat (55%) and cooking (54%).
- For renters, the biggest priorities when considering energy upgrades are to protect health and fight climate change. For homeowners, the biggest priorities are to reduce costs, improve comfort, and ensure reliable energy.
- Addressing the health impacts of climate change are a higher priority for communities of color than the general population, especially when compared to other factors such as comfort and quality of housing. For renters, the biggest

barrier for making home energy upgrades is that the landlord has not taken action. For homeowners, the biggest barrier is the cost of upgrades.

At the Open House and the Virtual Listening Session, staff shared potential strategies and themes that had been identified and gathered feedback about how to prioritize them.

- Participants prioritized reducing emissions over other possible benefits such as improved health, reduced costs, and improved comfort. This varies significantly from the survey and meeting results for low-income residents and communities of color who value health on par with costs and reducing emissions.
- In line with what staff heard through other engagement with other stakeholder groups, expanding incentives and increasing education were strategies that had the most support, followed by collaborating with businesses and providing back up power to vulnerable communities.
- Overall, participants liked and agreed with many of the potential strategies that were identified. Based on follow up questions or ideas that were shared, staff were able to further refine and prioritize the strategies.

Key Findings from Environmental groups

In meetings with environmental groups, staff shared a summary of what was heard through engagement. The goal was to get a sense for how this landed for them, identify anything that was still missing, and better understand their specific priorities.

They supported many of the key findings already shared by other groups, including expanding education and awareness of decarbonization, prioritizing frontline communities and expanding incentives. However, these groups also emphasized the following priorities:

- **Need to act with urgency:** Climate change is already threatening our local community and region. There is a need to take large actions quickly. The cost of doing nothing will be greater than what certain actions may cost to implement.
- **Need for regulations that mandate decarbonization:** If the market were enough to encourage people to decarbonize, then it should already be happening at a faster pace. Incentives need to be paired with mandates and regulations for decarbonization to occur quickly enough. Groups would like to see a regulation that restricts fossil fuels and a policy that generates additional funding for climate work.
- **Caution and skepticism about certain energy types:** There is skepticism towards certain technologies, like hydrogen, renewable natural gas, and dual-fuel systems. Investments should prioritize clean energy resources and avoid new infrastructure that supports fossil fuel use.
- **Deemphasize the reliability of fossil fuels:** There is an assumption that gas appliances and fossil fuels are more reliable—but that is not necessarily true. Gas appliances may not work without electricity. The gas system almost went down in the ice storm too. The emphasis on gas providing resilience could increase reliance on fossil fuels and increase usage of energy overall.

Key Findings from Energy Partners

Staff consulted with both utilities that provide energy for the City of Eugene, including Eugene Water & Electric Board and NW Natural. Goals included better understanding their plans for decarbonization, current factors shaping their future energy planning, and potential pathways forward for collaboration.

From these conversations, it is clear there is a lot of uncertainty for both utilities moving forward. NW Natural is tracking ongoing state rulemaking for Climate Protection Program (CPP) but it's still uncertain how implementation will occur. NW Natural currently has an open rate case to adjust their rate structure and the Public Utility Commission did not acknowledge NW Natural's long term integrated resource plan.

EWEB is continuing to invest in grid resilience with investments that have proven their worth in light of the recent ice storm. They, along with 130 other publicly owned utilities in the Pacific Northwest, are renegotiating their power supply contract with Bonneville Power Administration.

In summary, energy planning for utilities is extremely complex, and it complicates what pathways exist locally for the City to move forward in addressing the climate crisis. A broader conversation must continue with both utilities.

Appendix A: Data-Informed Engagement Process

The Good Company report helped to identify relevant data that informed our engagement process.

Homes and buildings are the second largest source of greenhouse gas emissions in Eugene (Figure 1). Residential buildings account for 11%, and commercial and industrial buildings account for 19%.

In the residential sector, the greenhouse gas emissions from single-unit detached homes represent the largest chunk of emissions, but mobile homes and rental housing units disproportionately consume more energy per square foot than other housing types (Figure 2). Space and water heating are the main uses of energy in residential buildings.

Figure 1: Eugene's greenhouse gas emissions in 2021.

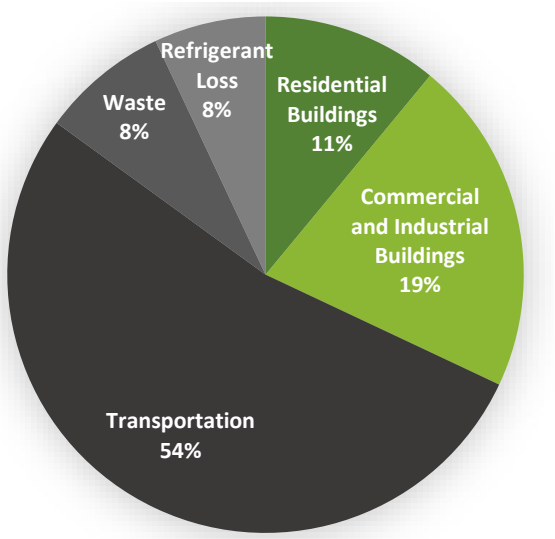
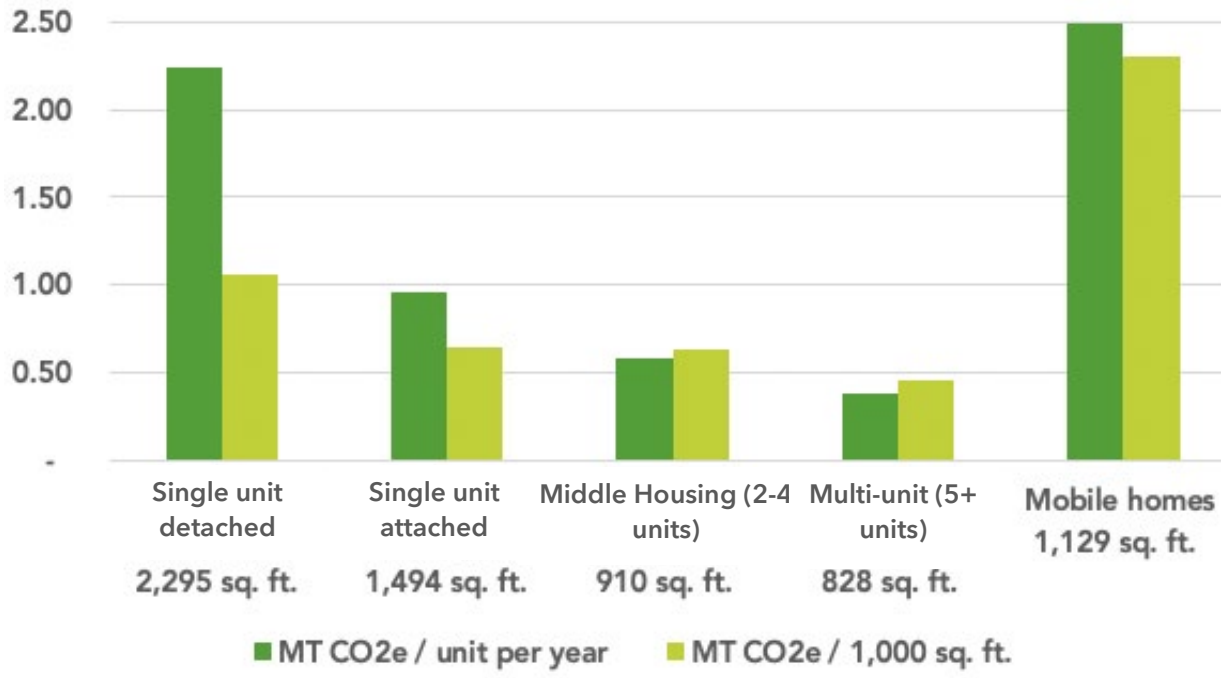


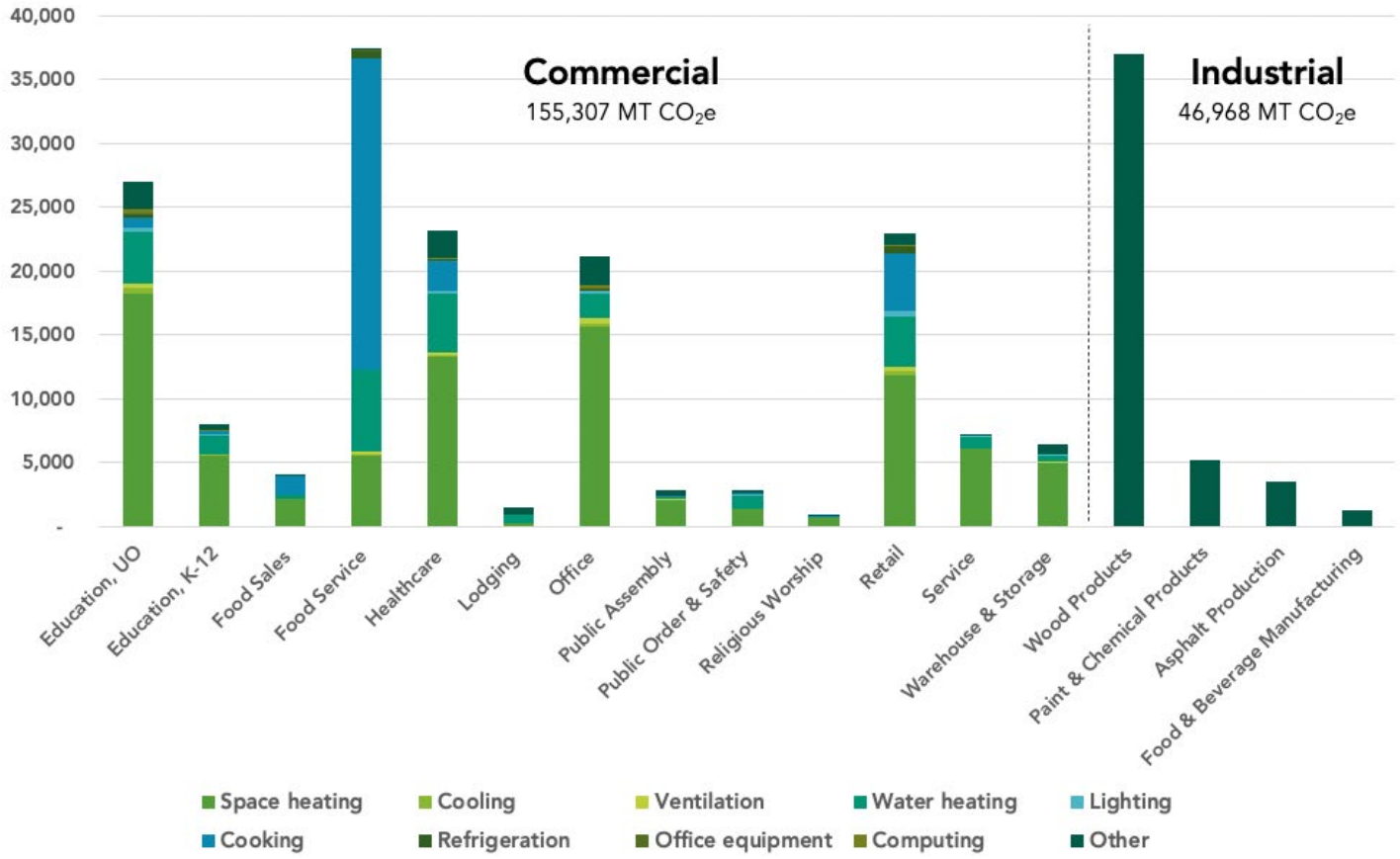
Figure 2: Comparison of building energy GHG emissions in 2019 per housing unit (dark green) with GHG emissions per 1,000 square feet (light green), by housing category.



In the commercial sector, the following chart identifies the business sectors with the largest greenhouse gas emissions, that could play an important role in helping Eugene

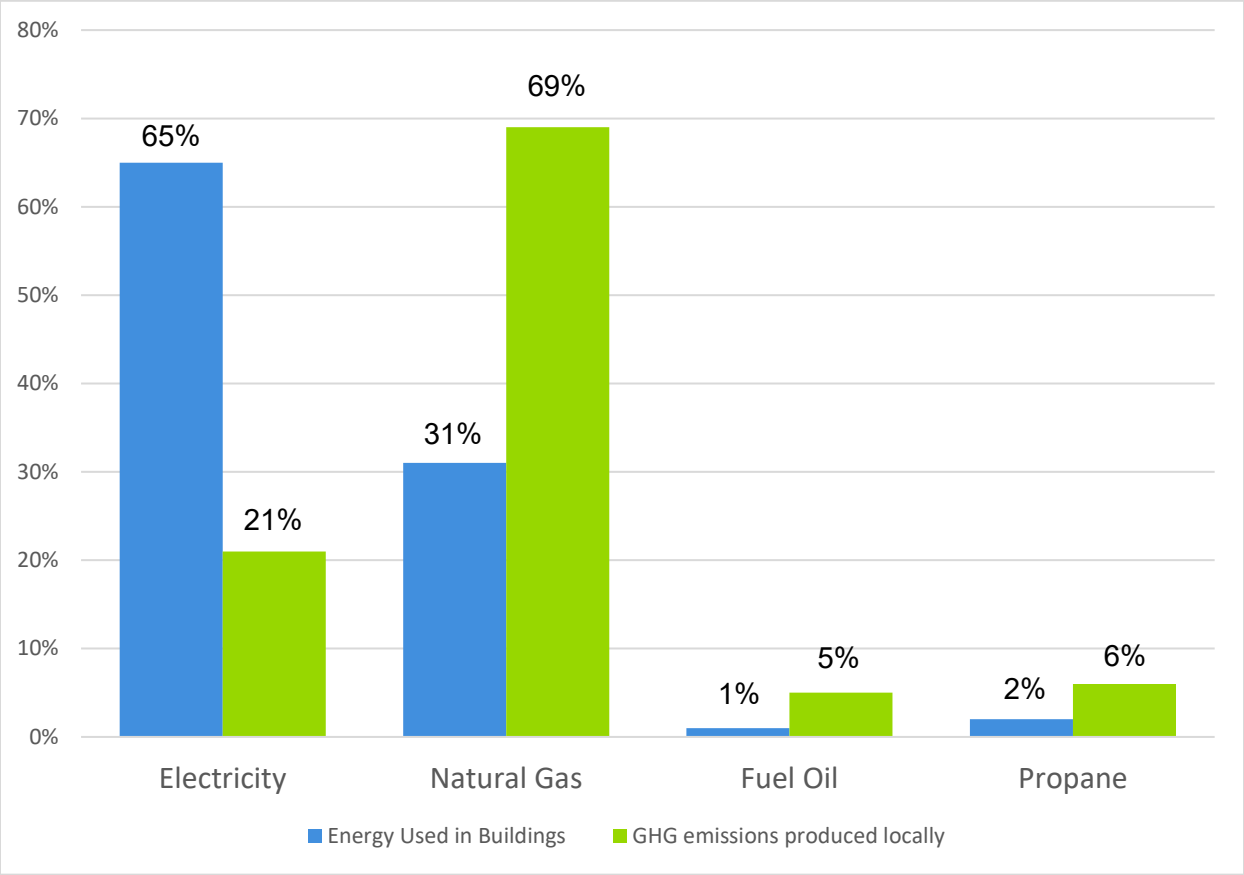
meet its decarbonization goals (see Figure 3). Staff used this chart to help prioritize which business sectors to engage with. Space heating, water heating and cooking are the main sources of energy use in the commercial sector.

Figure 3: Estimated breakdown of energy use by business sector based on 2019 emissions, MT CO2e.



There are a variety of energy types that power buildings in Eugene, with electricity and natural gas being the top two (Figure 4). Natural gas, which provides 31% of total energy used in buildings, is the largest source of greenhouse gas emissions locally. This is why reducing fossil fuel use in existing buildings is so critical.

Figure 4: Building greenhouse gas emissions in Eugene, as a percentage by energy type.



EUGENE CITY COUNCIL
AGENDA ITEM SUMMARY

Work Session: Climate & Sustainability Revenue Options

Meeting Date: December 9, 2024
Department: Central Services
www.eugene-or.gov

Agenda Item Number: 2
Staff Contact: Twylla Miller
Contact Telephone Number: 541-682-8417

ISSUE STATEMENT
This work session is to review potential revenue sources as identified by the Revenue Advisors for funding decarbonization and greenhouse gas emission reduction efforts with an emphasis on serving low-income households, Black, Indigenous, and People of Color and other disadvantaged households as directed by Council at their July 17, 2024, work session.

BACKGROUND
Over the past two years, the City Council has been discussing a range of funding issues facing the city, considering new revenues, and implementing budget strategies in the General Fund to address the critical funding gap. Concurrently, staff have undertaken a long-range financial planning effort to articulate the range of funding needs facing the city, focus on long-term objectives, and continue to link financial considerations to operational decisions and the strategic plan.

The Revenue Advisors were an advisory group to the City Manager that met between December 2023 and April 2024. The group was formed to learn about the financial and funding issues facing the City and to provide advice and a community perspective to the City Manager in relation to new revenue options. The Revenue Advisors' work (Attachment A) included a review of the staff revenue report, where they identified potential revenue options for the following funding issues:

- Critical funding gap: the structural gap in the General Fund which began in July 2024;
- Areas at risk: services funded with one-time or limited duration funding that do not have a sustainable funding source such as operating levies and Human Services Commission (HSC) funding; and
- New/expanded services: services such as climate action/sustainability and affordable housing where the city has made some limited investments, but the services desired by the community are greater than the funding currently available.

For the area of new/expanded services, the Revenue Advisors identified the following revenue sources as potentially viable options:

- Affordable Housing Bond
- Climate Impact Fee
- Payment in Lieu of Tax

- Restaurant Tax
- Local Option Levy
- Franchise Fees
- Supplier Tax
- Construction Excise Tax (CET) increase
- Admissions Tax
- Urban Renewal Agency (URA) Frozen Base
- Solid Waste Collection Fee

This work session is an opportunity for Council to receive information on potential funding sources for decarbonization and greenhouse gas emission reduction efforts with an emphasis on the climate impact fee, franchise fee, and the supplier tax in advance of future work sessions on the City's financial condition, budget priorities, and long-range financial planning efforts.

RELATED CITY POLICIES

Strategic Plan Focus Area – Organizational Wellbeing: To create a sustainable budget with balanced revenues and expenditures that provides funding for necessary services in the community.

PREVIOUS COUNCIL DIRECTION

September 14, 2022 Work Session
This session was an information update on the condition of the General Fund and the future financial outlook.

February 27, 2023 Work Session
This session provided a high-level budget update and a recommendation for a revenue team to develop funding strategies for unfunded services.

April 12, 2023 Work Session
This session provided an updated Revenue Committee proposal to develop funding strategies for unfunded services.

April 26, 2023 Budget Committee Meeting
The City Manager presented the 2023-2025 Proposed Budget.

May 10, 2023 Budget Committee Meeting
The Budget Committee received presentations on Alternative Response, Downtown Services, and Unhoused Services.

May 17, 2023 Budget Committee Meeting
The Budget Committee received presentations on the Fire Engine/Squad proposal, Climate Recovery, and URA Frozen Base.

May 24, 2023 Work Session
This session provided information on unfunded/underfunded service levels as Council considers a potential scope for the Revenue Committee.

June 21, 2023 Work Session
This session provided high level information on the financial condition of the City and discussion on a revised approach to addressing the structural gap in the General Fund and other funding and service prioritization needs.

July 10, 2023 Work Session
This session was a continuation of the Financial Condition and Revenue Update work session on June 21, 2023 to provide information and additional context to understand evolving financial needs and the approach for continued revenue and service prioritization discussions.

October 11, 2023 Work Session
This session included an overview of the revenue report created by staff in August 2023 and an update on the next steps for a revenue advisory team to advise the City Manager on revenue options to address funding issues.

February 26, 2024 Work Session
This session included an overview of the Revenue Advisor work to date including potential revenue options that could make sense for the range of funding issues facing the city.

April 22, 2024 Work Session
This session provided information on the current critical funding gap in the General Fund that begins July 2024. Staff presented a potential two-year solution that includes budget strategies, a park fee that could be implemented in the summer of 2024, and a fire fee that could be implemented in the next biennium.

May 13, 2024 Work Session
Council directed the City Manager to schedule a public hearing for an ordinance concerning charges for stormwater and parks service and amending Section 6.406 of the Eugene Code, 1971 with the following motion:

> Councilor Keating, seconded by Councilor Groves moved to direct the City Manager to schedule a public hearing on an ordinance amending the definition of "stormwater service" to add the operation and maintenance of city-owned parks and open space as set out in Attachment A to this AIS .
> *Passed 7:1 (Opposed by Councilor Clark)*

June 17, 2024 Public Hearing
Council held a public hearing for an ordinance concerning charges for stormwater and parks service and amending Section 6.406 of the Eugene Code, 1971. One person testified on behalf of the Eugene Chamber of Commerce Local Government Affairs Council which did not take a formal position on the ordinance.

June 24, 2024 Work Session
Council adopted an Ordinance amending Section 6.406 of the Eugene Code, 1971 to expand the definition of "stormwater service" to add the operation and maintenance of city-owned parks and open spaces.

> Councilor Groves, seconded by Councilor Zelenka, moved to adopt an Ordinance amending Section 6.406 of the Eugene Code, 1971 as set forth in Attachment A to this AIS.
> *Passed 5:2 (Opposed by Councilor Clark and Councilor Semple)*

July 10, 2024 Work Session
This session presented strategies that emerged from community engagement on building decarbonization.

July 17, 2024 Work Session
This session provided an overview of the policy and program options to reduce the use of fossil fuels, promote electrification, and decarbonize new buildings.

> Councilor Yeh, seconded by Councilor Zelenka, moved to direct the City Manager to return to Council prior to the end of 2024, for a discussion of the potential Revenue Sources that were identified by the Revenue Advisors for funding decarbonization and greenhouse gas emission reduction efforts with an emphasis on service low-income households, Black, Indigenous, and People of Color and other disadvantaged households.
> *Passed 7:0*

September 9, 2024 Work Session
This session was an information update on the condition of the General Fund and the future financial outlook.

September 30, 2024 Work Session
This session was an overview of financial considerations and draft Fire Service Fee proposals to raise revenue to address the critical funding gap in the General Fund.

October 23, 2024 Work Session
This session provided the Council the opportunity to review a draft ordinance assessed on developed property, based upon the square footage of buildings associated with a stormwater account.

November 18, 2024 Public Hearing
This public hearing was an opportunity for the community to provide feedback to Council on the proposed Fire Services Fee. Ten community members testified, with the majority not in support of the fee as proposed.

November 20, 2024 Work Session
This session was an opportunity for Council to discuss feedback on the Fire Services Fee from the November 18, 2024 public hearing and potential next steps.

Councilor Groves, seconded by Councilor Clark moved to direct the City Manager to return to Council on December 11 for a discussion of the City's financial condition in preparation for a January Council workshop regarding budgeting priorities.
Passed: 5:3 (Opposed by Councilor Keating, Councilor Semple, and Councilor Zelenka)

COUNCIL OPTIONS
Information only.

CITY MANAGER'S RECOMMENDATION
None.

SUGGESTED MOTION
None.

ATTACHMENTS
A. Revenue Advisor Summary (includes staff revenue report)

FOR MORE INFORMATION
Staff Contact: Twylla Miller, Chief Financial Officer
Telephone: 541-682-8417
Staff E-Mail: tmiller@eugene-or.gov

Eugene Central Services
Finance

Memorandum

Date: June 5, 2024

To: Sarah Medary, City Manager

From: Twylla Miller, Chief Financial Officer

Subject: Revenue Advisor Summary

This memorandum is to provide a summary of the work of the Revenue Advisors team which met with you from December 2023 to April 2024. The summary is intended to memorialize the work of the advisors and capture the spirit of the conversations. This summary has been reviewed by Revenue Advisor members to ensure accuracy. This group was formed to learn about the financial and funding issues facing the City and to provide advice and a community perspective to you as the City Manager in relation to new revenue options.

Members of the Revenue Advisor Team:

- Alan Zelenka – City Councilor
- Ashley Espinoza – Community Member
- Dan Bryant – Community Member
- Dana Turell – Community Member
- Eliza Kashinsky – Budget Committee Member
- John Barofsky – Community Member
- Lyndsie Leech – City Councilor
- Neel Nair – Community Member
- Michael Coughlin – Community Member
- Rayna Jackson – Budget Committee Member

<u>Financial & Funding Issues</u>

There are several areas that have been identified by the City Council to consider as we look to the future including the critical funding gap for ongoing core services, areas at risk and new or expanded services.

Critical Funding Gap

The most time sensitive need is in the General Fund for core services such as fire, police, parks and recreation, library and planning. The General Fund has a structural gap where expenditures are growing at a faster pace than revenues and while the 2023-2025 biennial budget included almost $25 million of General Fund structural gap strategies, a budget gap remains in the second year of the biennium which begins July 2024.

The initial gap of $8.3 million is continuing to grow due to inflation lagging high and other expenditure pressures and is currently estimated at $13.9 million. Some combination of revenues and/or further reductions will be necessary beginning this summer.

Areas At Risk
These are services that have been funded with one-time or limited duration funding that do not have a sustainable funding source identified after current funding ends. Services include the following:

- Unhoused Services: primarily funded on a one-time basis with America Rescue Plan Act (ARPA) funds, ongoing funding ends in July 2025.
- Human Services Commission (HSC): In the current biennial budget, opioid funds have been allocated on a one-time basis for this contribution ($2 million). Ongoing funding has not been assumed beyond 2025.
- Library Levy: the current operating levy ($2.85 million annually) will expire in June 2026, unless renewed by electors or funded with an alternate mechanism.
- Parks & Recreation Levy: the current operating levy ($5.33 million annually) will expire in June 2028 unless renewed by electors or funded with an alternate mechanism.
- Community Safety Payroll Tax: the CSPT supports $23.6 million in community safety services annually and will go to the voters for renewal by November 2027, per the ordinance.

New/Expanded Services
The third area is new and expanded services. This includes services such as affordable housing and sustainability efforts. While the City has made some one-time limited investments for these services, the services desired by the community are greater than the funding currently available. Additionally, as our community continues to grow, there is a need for a variety of expanded services such additional fire stations.

<u>Revenue Advisor Process</u>
The Revenue Advisor team met seven times between December 2023 and April 2024. Members received the Staff Revenue Report detailing potential revenue options (Attachment A) and financial information about the City of Eugene budget and strategic plan.

At the first meeting on December 18, staff presented information on the state's property tax system and the changes made in the 1990s that impact revenues to the City's General Fund along with other financial impacts that have created a structural imbalance. Discussion included questions in relation to the presentation, an overview of the funding problems facing the city, the role of the Revenue Advisors and general discussion of the staff revenue report.

From the discussion, the Revenue Advisors chose 15 revenue options to explore as possible solutions for funding issues:

- Admissions Tax
- Affordable Housing Bonds
- Business License Fee
- Climate Impact Fee
- Construction Excise Tax
- Franchise Fees
- First Responder Fee
- General Obligation Bonds
- Local Option Levy
- Payment in Lieu of Tax
- Personal Income Tax
- Restaurant Tax
- Service Fee
- Solid Waste Collection Fee
- Urban Renewal Frozen Base

At the meetings on December 20, January 2, January 4, January 10, and February 8, the Revenue Advisors received a brief overview of each revenue option, had the opportunity to ask questions and discussed each option in relation to the funding issues currently facing the city (critical funding gap, areas of risk, and new/expanded services). These discussions were framed by evaluation criteria such as revenue generated, administrative effort, impacts on the community (Attachment B), and if the revenue option was a long-term strategy. For this discussion, a long-term strategy is a revenue source that would be ongoing and grow over time rather than a flat or declining revenue source. For Revenue Advisor questions that could not be answered in-person during meetings, written responses were provided by City staff throughout the process (Attachment C).

While each revenue option has different impacts and considerations, and there were a range of viewpoints across the group as each revenue option was discussed, most of the group indicated that the revenue options as presented below made the most sense as viable strategies for each funding issue. The group discussed the range of impacts on the community and potential implementation strategies to reduce the impact on low-income households and small businesses. In some cases, while an option might not be the top choice for the group, the option could still make sense given the revenue potential and other criteria, should other options not be viable.

Critical Funding Gap

Funding Option	Estimated Yield	Implementation Timeline	Long Term Strategy?
Service Fee	Up to $15 million	8 to 24 months	X
Business License Fee	$600,000	Up to 1 year	X
Local Option Levy	$5 million	6 to 12 months	
Franchise Fees	Up to $1.5 million	6 to 12 months	X
URA Frozen Base	$400,000	6 months	

Areas at Risk

Funding Option	Estimated Yield	Implementation Timeline	Long Term Strategy?
Payment In Lieu of Tax	Variable	2 years	X
Personal Income Tax	$16 million	1 to 2 years	X
Local Option Levy	$5 million	6 to 12 months	
First Responder Fee	$500,000	6 months	
Restaurant Tax	$10 million	1 to 2 years	X

New/Expanded Services

Funding Option	Estimated Yield	Implementation Timeline	Long Term Strategy?
Affordable Housing Bond	Up to $225 million	1 to 2 years	X
Climate Impact Fee	Variable	1 to 2 years	
Payment In Lieu of Tax	Variable	2 years	X
Restaurant Tax	$10 million	1 to 2 years	X
Local Option Levy	$5 million	6 to 12 months	
Franchise Fees	Up to $1.5 million	6 to 12 months	X
CET Increase	$1.1 million	6 to 12 months	X
Admissions Tax	$600,000	Up to 2 years	X
URA Frozen Base	$400,000	6 months	
Solid Waste Collection Fee	$350,000	6 to 12 months	X

As part of the overall conversation, there was recognition that while much of the current focus is on the short-term, there are other long-term considerations such as property tax reform and economic development efforts that should be pursued by the city. The Revenue Advisors did not have an in-depth conversation on these types of topics, but future engagement by the city was advised. While some elements are beyond the City's direct control, these efforts would benefit the City's ability to deliver services into the future.

The meeting on April 10 was largely focused on the critical funding gap. City staff presented information about the factors contributing to upward pressure on the size of the gap, as well as the gap strategies already implemented as part of the 2023-2025 biennial budget. The Revenue Advisors had previously identified a service fee as one of the most viable strategies for addressing the critical funding gap, and staff presented a set of solutions that combined budget strategies, including reductions along with an ongoing parks service fee starting in FY25 and an ongoing fire services fee starting in FY26. The group was generally supportive of the recommendations as presented by staff. The Revenue Advisors discussed the potential impact on low-income households and small businesses and advised that new fees should be proportionate to the size of a household or business. The group also expressed the importance of communicating to the community the reasons for the gap and the need to cut services if the gap is not addressed.

This was the last formal meeting of the Revenue Advisors before the City Manager began work with the City Council on the critical funding gap starting with a City Council work session on April 22, 2024. The City Manager expressed an interest in future ad hoc meetings to discuss fiscal issues with community members of the Revenue Advisor group who were interested in engaging in future discussions.

ATTACHMENT A

Memorandum

Date: October 5, 2023

To: Sarah Medary, City Manager

From: Twylla Miller, Chief Financial Officer

Subject: Revenue Options Report

I am pleased to present the attached 2023 Revenue Options report. This report summarizes the analysis conducted by a cross-organizational staff team as the first step in a broader revenue discussion. The team conducted preliminary research on the potential viability of revenue options to address the following funding issues:

- General Fund Structural Gap (Ongoing Services),
- Climate/Sustainability Services,
- Sustainable Capital Budget (e.g., equipment/infrastructure),
- Homeless Services,
- Affordable Housing,
- City Hall Funding, and
- Other Community Needs (e.g., Contributions to Multi-Use Facility).

Staff analyzed over 45 revenue options, the findings of which are presented in the report which includes an executive summary; a summary of the analysis by funding issue; matrices that provide information by both funding issues and detailed criteria; and revenue summaries for each revenue option.

The revenue option summary matrix lists each potential revenue option and applies a rating for each option in relation to each funding issue. The rating system used is a simple one; red for options that are not considered viable or recommended for that funding issue, yellow for options that are worth considering but may face some obstacles, and green for recommended and potentially viable options. The ratings in the summary matrix are meant to encapsulate the overall viability of that option, including feasibility (both politically and administratively), legal authority, potential yield, and impact to our Triple Bottom Line and other Council goals. There are nuances to each option that cannot be thoroughly communicated through a simple rating system. To account for this, additional information is provided through the more detailed criteria evaluation matrix and the individual revenue source summaries. In some cases, an option may be given an overall rating as yellow or green in the summary matrix but not be recommended by the team due to various reasons, such as the option has a low potential yield. The team has provided brief explanations for why options are not recommended in the report.

This report will be foundational information for the community revenue team which will meet this fall to provide further feedback to you on potential revenue options. Please let me know if you have any questions about this process or the report.

2023 Staff Revenue Team

Revenue Options Report

Updated April 2024

City of Eugene

2023 Staff Revenue Team

Executive Management Team

Matt Rodrigues, Assistant City Manager
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2023 Staff Revenue Team Report

Executive Summary

Overview

The 2023-2025 Adopted Budget included over $15 million in budget strategies to address a structural gap in the General Fund. Additionally, an $8.3 million placeholder for new revenues was set in the second year of the biennium to fund the current service system and begin to stabilize reserves. As part of City Council and Budget Committee discussion, a community revenue team was recommended to provide input on potential new revenues to the City Manager. In addition to the structural gap, other potential funding issues were identified as vital to creating a sustainable financial plan for the future. While the community revenue team will meet in the fall of 2023, a cross-departmental staff revenue team was created in August 2023 to conduct preliminary research on the viability of revenue options to address the following funding issues:

- General Fund Structural Gap (Ongoing Services),
- Climate/Sustainability Services,
- Sustainable Capital Budget (e.g., equipment/infrastructure),
- Homeless Services,
- Affordable Housing,
- City Hall Funding, and
- Other Community Needs (e.g., Contributions to Multi-Use Facility).

The following report includes the staff team's assessment on a broad range of revenue options, each evaluated on a set of criteria including potential yield & revenue stability, legal authority, precedence, administrative effort, implementation timeline, impact to City Council goals, fairness and indirect implications, social equity, sustainability, feasibility, and overall viability.

The evaluation criteria are a set of standard criteria that has been used historically to help evaluate various revenue options to include a wide range of potential impacts including fairness and political feasibility. The revenue summaries build upon past work and have been updated to include staff's current understanding of the political and economic environment to provide a basis for conversations by the community revenue team and the City Council. Ultimately, the City Council will determine political feasibility as part of any revenue package that is implemented.

Funding Issue Overview

On-going Services: Current service levels in the General Fund including Central Services, Fire, Library Recreation & Cultural Services (LRCS), Planning & Development, Police, and Public Works. Existing revenues are not sufficient to fund these services on an ongoing basis.

Capital Acquisition and Replacement: Infrastructure and equipment needs; funding gaps exist for maintenance of existing infrastructure as well as for new facilities as the community grows (e.g. a new fire station). There are also unfunded equipment needs across the organization including replacement of Hult Center equipment and lighting systems, and public safety equipment and apparatus.

Climate/Sustainability Services: The 2023-2025 budget for the program includes funding from the General Fund and the Solid Waste and Recycling Fund to support CAP2.0 implementation and engagement and technical analysis on building decarbonization. Existing resources are not sufficient to fully support leveraging the range of time-sensitive federal and state incentive dollars available through a community-focused building decarbonization program manager service, a qualified grants consultant pool, and state and federal grant match requirements.

Homeless Services: The City has provided a range of strategies to support homeless services using one – time funds from the General Fund, American Rescue Plan Act (ARPA), and state resources. Ongoing funding will need to be identified to continue these services.

Affordable Housing: The City has used one-time funds from City ARPA and the General Fund to support the development of Affordable Housing with an initial investment in providing City fee assistance, an opportunity identified in the Housing Implementation Pipeline (HIP). Affordable Housing developers use the City's commitment for City Fee Assistance and other City subsidies (e.g., from the Affordable Housing Trust Fund with construction excise tax revenue) to leverage funding from the State and other sources. The availability of subsidies and predictability of the funds directly impacts the creation and preservation of affordable units. Additional on-going revenues are needed to catch up from prior underproduction of Affordable Housing and meet the growing community need.

City Hall Loan Repayment: Funding is needed to repay a $4 million loan as part of the purchase of the new City Hall site from EWEB. Payment is due on or before June 2028.

City Contribution to Community Partnerships (infrastructure): Requests from community partners for city funding for projects such as the Lane County Multi-Use Facility request from the Eugene Emeralds.

Staff Team Process

Representatives from Fire, PDD, Public Works, and Finance researched various revenue sources, compiling information on legality, feasibility, potential revenue yield, administrative burden and costs, impacts to Council goals and the Triple Bottom Line, and viability in solving the identified funding issues. The revenue options were then reviewed and ranked according to how well they might address the City's primary budget gaps. The results of that analysis and the staff team's recommendations are presented in the following pages.

Recommendations

Revenue options were categorized in accordance with their viability in addressing the current funding issues and grouped into three main categories: Most Viable; Worth Considering; and Considered, but Not Recommended.

For each of the funding issues, the staff revenue team has selected the revenue options that are the most viable or worth considering, specifically regarding that funding issue. For example, while General Obligation Bonds are generally one of the most viable revenue sources overall, this funding source cannot be used for operational expenses and services; so, General Obligation Bonds are only listed under funding issues that have a capital component.

Finally, other revenue sources that were evaluated but are not recommended for budget stabilization at this time, are listed in the appendix.

Recommendation Category Definitions:

- **Most Viable:** The option will raise a significant amount of money towards solving the budget gap and/or solving one of the specific funding issues identified for analysis. The administration of the revenue is likely to be manageable and relatively efficient and cost-effective. The timeline for implementation is within the next biennium at the maximum.
- **Other Options Worth Considering:** The option will raise revenue, but not likely enough to solve any of the funding issues on its own. Administration of the revenue might have challenges to be solved before it is manageable and efficient. The timeline might be longer than the next biennium.
- **Other Options Considered but Not Recommended:** The option might be viable for some purposes, but not recommended to pursue during this revenue raising effort, for several potential reasons. There might be no significant revenue raising opportunity for this option. Administration might be difficult or cost more than the revenue to be raised. The option may be pre-empted by state law. Timeline might be longer than the next biennium. (Note: these options might be recommended at another time and/or for another purpose but are not recommended now for the purposes of solving a major funding gap. See Appendix for more information on these options.)

Other Considerations

Staff recognize these funding issues have varying timeframes and, in the case of the General Fund structural gap, it is expected that solving for 2023-2025 identified shortfalls still leaves a funding issue beyond the 2023-2025 biennium as there are cost pressures that likely will be higher than current assumptions causing long-term expenditure growth to exceed revenue growth. In addition to the need to identify revenues for the funding issues discussed here, conversations should continue on a range of longer-term issues including property tax reform, economic development, and annexation considerations.

Recommendations by Funding Issue

On-going Service Costs:

- **City Service Fee – Most Viable**
- **Restaurant Tax – Most Viable**
- Admissions Tax/Entertainment Tax – Worth Considering
- Business License Fee – Worth Considering
- EWEB Wholesale CILT Increase – Worth Considering
- First Responder Fee Increase – Worth Considering
- Franchise Fees– Worth Considering
- Local Option Property Tax – Worth Considering
- Payments in Lieu of Taxes – Worth Considering
- Special Districts – Worth Considering
- Urban Renewal District-Raise Frozen Base – Worth Considering
- Utility Consumption Tax – Worth Considering

Capital Acquisition & Replacement:

- **City Service Fee – Most Viable**
- **Debt: General Obligation Bonds – Most Viable**
- **Restaurant Tax – Most Viable**
- First Responder Fee Increase – Worth Considering (for emergency response equipment only)
- Local Option Property Tax – Worth Considering
- Payments in Lieu of Taxes – Worth Considering (for capital related to fire, public safety, or homelessness)
- Urban Renewal District – Riverfront Plan Amendment – Worth Considering (for capital costs related to a new fire station)

Climate/ Sustainability Services:

- **City Service Fee– Most Viable**
- **Debt: General Obligation Bonds – Most Viable** (capital projects only)
- **Restaurant Tax – Most Viable**
- Carbon Tax– Worth Considering
- EWEB Wholesale CILT Increase – Worth Considering
- Franchise Fees– Worth Considering
- Local Option Property Tax – Worth Considering
- Utility Consumption Tax – Worth Considering

Homeless Services:

- **City Service Fee – Most Viable**
- **Restaurant Tax – Most Viable**
- Construction Excise Tax Increase – Worth Considering
- First Responder Fee Increase – Worth Considering
- Local Option Property Tax – Worth Considering
- Payments in Lieu of Taxes – Worth Considering
- Rental Housing Fee Increase – Worth Considering

Affordable Housing:

- **City Service Fee – Most Viable**
- **Restaurant Tax – Most Viable**
- Construction Excise Tax Increase – Worth Considering
- Local Option Property Tax – Worth Considering
- Rental Housing Fee Increase – Worth Considering
- Utility Consumption Tax – Worth Considering

City Hall Loan Repayment:

- Sale of Surplus Property – Worth Considering
- Urban Renewal District- Riverfront Plan Amendment – Worth Considering

City Contributions to Community Partnerships (infrastructure):

- **Debt: General Obligation Bonds – Most Viable**
- **Restaurant Tax – Most Viable***
- Admissions Tax/Entertainment Tax – Worth Considering*
- Sale of Surplus Property – Worth Considering
- SDC Financing Repaid by Property Taxes – Worth Considering
- Transient Lodging Tax Increase – Worth Considering

**Note: if an ongoing revenue source were used to fund city contributions to a community partnership project, then Revenue Bonds might be used to provide upfront funding for the project, and the new revenue source would be pledged to repay the bonds.*

Most Viable Revenue Sources to Address Current Funding Issues

The staff revenue team evaluated over forty-five individual revenue sources and deemed three to be the most viable options to address the funding issues facing the City and to achieve budget stabilization. These sources provide sufficient revenue to make a significant impact on existing funding gaps, can be implemented in the next four years, are relatively cost-effective and manageable to administer, and are considered to be feasible options.

City Service Fee

With over 30 cities in Oregon implementing monthly fees to support city services, such as transportation, public safety, or parks, this method of service-specific revenue generation has precedence as a feasible option, and is considered to be organizationally implementable .

A City Service Fee could raise a significant amount of revenue, depending on the desired service level and rates set by Council. Early estimates indicate that a $10 per month residential service fee ($30 per month commercial) could raise approximately $5.0 million annually. Revenues could be allocated across a broad range of programs and services, only subject to use restrictions as dictated by Council ordinance.

The other cities in Oregon that implement monthly service fees operate their own utilities and are able to use their utility billing systems to streamline billing and administration. For Eugene, there are a few options for billing and administration: partner with EWEB to have the fee billed along with stormwater/wastewater fees, use a third-party billing agency, or develop an in-house billing function for collection and administration. While contracting with a third party or developing an in-house billing function would increase the administrative cost and may lower net revenues, these options would provide the City with more control over revenue collection generally and would provide flexibility for a variety of programs for which city service fees could raise supplemental revenue.

Service fee revenues are stable because the fees are levied broadly across the community and the typical basis for fees (occupancy and use of property) is fairly inelastic.

Restaurant Tax

Another potential option is a restaurant tax. Revenues from a restaurant tax would be available to support General Fund services, as well as larger capital projects. A 1% restaurant tax is estimated to gross approximately $2-$4 million annually. Further analysis is needed to evaluate administrative costs, impact to the business community, and to determine a more reliable yield estimate. In recent revenue conversations, this option was considered but there were concerns that there may be challenges with implementation. However, this was one of the top choices of the 2010 Meeting the Challenge Task Force.

Debt: General Obligation Bonds

This revenue source is a good option to address Capital Acquisition and Replacement, City Contributions to Community Partnerships, and capital projects related to Climate/Sustainability Services as it can provide a high annual yield; as an example, at a cost of $23 per year for the average taxpayer, a 20-year bond under this option could generate $15 million of bond proceeds to be used for projects. The City has a long history of utilizing G.O. Bonds for funding various capital projects, and bonds are generally well understood and accepted by the public. G.O. bonds must be passed by a majority of the people voting in a May or November election. Property taxes levied to repay G.O. bonds are exempt from the tax cap under Measure 5. However, use of revenues is limited to major capital construction or improvements in support of general municipal services and publicly owned facilities.

Other Revenue Sources Worth Considering:

Admissions Tax/Entertainment Tax: At least $600,000 in estimated annual revenue, potentially much higher if a Contribution in Lieu of Tax (CILT) agreement with UO for ticket sales at Autzen Stadium and Matthew Knight Arena could be reached, but feasibility of CILT may be very low. Additional research is required to understand whether there is any issue with imposing a general tax in addition to the fixed-rate tax ("Patron User Fee") for event admissions purchased at the Hult Center.

Business License Fee: Could yield about $500,000 annually and provide opportunities to streamline other license programs, fees, and data collection processes (i.e., Toxics fee, public passenger vehicles, etc.); the data gained through such a program would have many valuable applications.

Carbon Tax: Yield estimated at $400k-800k annually. This option is best suited to address Climate/Sustainability Services, and best structured as an increase to the existing Motor Vehicle Fuel Tax (restricted to right of way use) or as a Business License Fee. Some legal restrictions may affect the rate and use of tax, depending on structure and intended use.

Construction Excise Tax (CET) Increase: Legal restrictions limit yield and use of revenues from residential CET, which is capped at a 0.5% increase (1% total), but all revenue must be directed to Affordable Housing. Commercial CET increases are not capped, but yield from increasing the commercial rate to 1% is estimated at less than $400,000 annually, and half of those revenues must be directed to Affordable Housing. As such, this option is best suited to address Affordable Housing funding gaps.

EWEB Wholesale CILT Increase: Yield from an increase is unknown but would likely be relatively low in relation to the funding gap, and while revenues could be used for any purpose, this option is most viable for solving any on-going funding shortfalls. The existing CILT agreement was negotiated in 2014, and annual payments are scheduled to increase in 2025. But, because the wholesale electric market has changed since the current agreement was signed, there is a possibility that an amendment would be viable.

First Responder Fee Increase: Yield is estimated to generate $500,000 annually and is best suited for supporting Ongoing Service costs related to emergency response and funding healthcare for the unhoused. This option would be easy to implement as an expansion to Eugene Springfield Fire's current First Responder Fee.

Franchise Fees: Franchise fees already exist for most businesses using City rights-of-way, so any new revenue would likely stem from fee rate increases. Increases to existing fees would not generate sufficient revenue to solve most funding issues alone, and some fees – specifically telecom fees and cable fees – are currently at the legal maximum, further limiting the additional revenue potential. This option is easy to implement given the existing structure; increases to NW Natural's fee would require changes to City code.

Local Option Property Tax: Local option levies are familiar and understandable to the public. However, the potential impact of property tax compression should be closely examined and understood. Maximum yield under the Measure 5 tax rate cap for General Governments before compression begins is estimated at approximately $5.0 million annually, at a tax rate of $0.30 per $1,000 Assessed Value. There is potential for this option to support all funding issues except City Hall Loan Repayment and Contributions to Community Partnerships; however, a capital local option levy is best suited for an ongoing capital maintenance program.

Payments in Lieu of Taxes: Yield dependent on voluntary agreements forged with non-profit organizations; could provide a moderate level of long-term revenue. Best if paired with fire, public safety, or homeless services that nonprofit payors also have a stake in. Significant effort and time needed to implement (at least five to seven years), as well as staff devoted to ongoing relationship management.

However, it could be possible to start a PILOT program for near term funding by working directly with one or two large nonprofits.

Rental Housing Fee Increase: Low yield potential; a recent $10 (100%) increase per unit per year resulted in approximately $340,000 additional revenue. Best suited for Affordable Housing but could have expanded use if changes were made to the Rental Housing Code. Otherwise, increases can be implemented via Administrative Order.

Sale of Surplus Property: Recommend only for City Hall Loan Repayment and Contributions to Community Partnerships. With limited property inventory and uncertain timing of sales and yields, this is not a viable option to address other funding issues. Staff are already compiling a list of eligible parcels; only parcels not funded by outstanding bonds are available for sale.

SDC Financing Repaid by Property Taxes: Recommend only for City Contributions to Community Partnerships since it is best suited to development projects that have a strong public purpose, where the City has identified a source for making the upfront payment, and there is an expectation that property taxes will increase as a result of the project. Yield is expected to be low and is dependent on financing agreements and amount of new taxable assessed value.

Special Districts: Good yield potential but requires a long implementation period and changes to the Eugene Springfield Metro Plan, as well as voter approval. Would be subject to the Measure 5 tax rate cap for General Governments.

Transient Lodging Tax Increase: Yield from a 1% tax increase is estimated at $900,000; but 70% of that would be restricted to tourism promotion and tourism-related facilities. Would require state legislative change to expand allowable uses of funds. Due to current restrictions, best suited for Contributions to Community Partnerships. Existing TLTs at the city, county, and state level increase the difficulty of raising the city tax.

Urban Renewal District-Riverfront Plan Amendment: Tax increment financing could be used to fund renovations and improvements to City Hall, which could free up project dollars to pay for City Hall Loan Repayment. Urban renewal dollars could also be used for construction of a new fire station in the Riverfront District. Concurrence from Eugene School District 4J is needed to increase the maximum indebtedness to the district.

Urban Renewal District-Raise Frozen Base: Would lengthen the number of years needed to pay back any borrowed funds, thereby lengthening the time an Urban Renewal District will need to reach its maximum indebtedness. Only recommended to support On-going Service Costs, revenue yield insufficient to independently solve funding issue.

Utility Consumption Tax: Potential yield of more than $2.0 million annually at a 1% tax rate. May be challenging to reach agreements with EWEB and NW Natural to carry out collection of the tax, but with this cooperation there would be low administrative burden. Best suited to address funding issues in Climate/Sustainability Services but could be used for other On-going Service Costs or Affordable Housing purposes.

Appendix

Other Revenues Not Recommended

Annexation of Property: Long-term, outside of project scope.

Bicycle Registration Fee: Not likely to produce revenue sufficient to help with funding shortfalls; may cost more to administer than amount of revenue received.

Business Gross Receipts Tax: Likely to face strong opposition, especially due to existence of state Commercial Activity Tax; legality depends on structure and application of the tax, per ORS 317A.158.

Corporate Income Tax: Likely to face strong opposition, especially due to existence of state Commercial Activity Tax; legality depends on structure and application of the tax, per ORS 317A.158.

Debt: Revenue Bonds: Not a true revenue source, merely a timing mechanism to supply upfront capital; must have sufficient repayment source identified before issuance of bonds.

Economic Development: Long-term solution outside the scope of this effort.

Fees for Service-New or Increased: Fees are routinely reviewed to see if they should be changed; departments routinely look for new fees to pay for their services; low yield.

Heavy Vehicle Tax: Administrative burden and costs outweigh potential revenue yield; restricted use of revenues to transportation-related projects.

High CEO Pay Ratio Tax: This is a tax on CEO wages where the differential between CEO pay and average employee pay is above a set threshold. Likely a very small pool of companies and CEOs that would be subject to the tax and may discourage further commercial development.

Internal Services Sold to Other Organizations: Low or negative yield, limited staff resources to participate in and monitor on-going profitability/success of the program.

Luxury Tax: Yield is unknown but likely to be low; administrative complexity to implement a luxury tax, due to no existing sales tax infrastructure, would likely not be worth the low yield and negative business impacts of the tax.

Marijuana Tax Increase: Eugene taxes at the maximum already; an increase would require state legislation.

Motor Vehicle Rental Tax: Legality of taxing rentals at the airport needs further research to confirm and, if not permissible, could greatly reduce yield; taxes on rentals within city limits are permissible by law. Lane County already collects a 12% tax on rentals, reducing feasibility.

Parking Tax: Low net yield; administrative complexities; possible negative financial impact on parking fund.

Payroll Tax: Implemented by the City in 2021; increases to current tax not recommended due to other state-level tax rates.

Personal Income Tax: Would double-tax city residents who also work in the city and are subject to the payroll tax. High state-level income taxes further reduce feasibility.

Photo Red Light Cameras: Likely negative net yield; purpose of photo red light cameras is for public safety, not revenue raising.

Private Foundation Endowment: Uncertain yield; up to private individuals to create a non-profit foundation; long-term solution.

Real Estate Transfer Tax: Pre-empted under ORS 306.815

Sales Tax: General: Low viability in Oregon; high administrative costs.

Sales Tax: Selective: Most viable options are on the list already, other items that could be taxed are not identified.

Solar Power Generation: Outside of scope, prohibitive administrative costs and burden; requires long-term infrastructure buildout to be able to generate and sell sufficient solar power to earn profits.

Solid Waste Collection Fee: Low yield and increases to fees could inadvertently encourage illegal dumping; negotiations for updated rates are currently underway.

Street Lighting District: Infrastructure is already in place within City limits. Street lighting districts are most effective when created in areas with no existing street lighting. Significant work needed to create a district; impact on Measure 5 property taxes for City/County.

Sweetened Beverage Tax: Opposition from the restaurant and beverage distributor industry would be very high; without an existing infrastructure, costs to implement and administer will be high.

Vacancy Tax/Empty Dwelling Fee: High administrative cost/burden for an empty dwelling fee; vacancy tax is typically administered through property taxes in other states, but this collection method would be prohibited by Oregon law.

2023 Staff Revenue Team
Revenue Source Summary

Admissions/Entertainment Tax	
Description	An admissions tax is a specific excise tax which would be applied to the price of admission for performances, entertainments, spectator events, festivals, sporting events and other activities for which admissions are charged. It may also be referred to as an entertainment tax or amusement tax. The tax can be applied to a narrow or broad range of venues and types of events. It can be applied to cost of admission as a flat fee or as a tax rate.
Legal Authority & Restrictions	Under Oregon's constitutional home rule powers, the Eugene City Charter grants the City Council broad authority over matters within the city's boundaries. The City Council may implement a tax on admissions by ordinance. Alternatively, the tax may be placed on a ballot by the Council, by citizen initiative petition or by referendum petition. Types of organizations or specific activities subject to the tax would need to be decided when the tax is established. Exemptions from the tax can vary by jurisdiction but could include performances sponsored by elementary and secondary schools, admission charged to museums and botanical gardens, or certain events hosted by nonprofit organizations (Seattle is an example of this). The City cannot compel another government entity such as the University of Oregon (UO) or Lane County to collect or remit a tax on its behalf, nor can it impose a tax that burdens a government function or is imposed on events sponsored or conducted by the public entity. If the City were to enter into an Intergovernmental Agreement with the government entity(ies), then an admissions tax could be charged on all events under terms of the agreement regardless of the collecting entity. However, absent an Intergovernmental Agreement, the City may be able to impose and collect a tax for events conducted on the university or county's property that are not sponsored by the county or UO, so long as the government entity is not responsible for collecting or remitting the tax. For example, if ticket sales are managed by a third party such as Ticketmaster, the City could tax those ticket sales collected by the third party. If this revenue option is to be pursued further, more research would be needed, and an updated legal opinion obtained. The City of Eugene currently imposes a fixed-rate tax called the "Patron User Fee" (PUF) for event admissions purchased at the Hult Center. Proceeds support the Hult Center. Additional research is required to understand whether there is any issue with imposing a general tax in addition to the PUF. Revenue would be unrestricted and available to the General Fund.

Precedence	Admission taxes are levied by many U.S. cities including Seattle (5%), Tacoma (5%), Alexandria (10%), Roanoke (5%), Richmond (7%), Denver (10%), Boulder (5%), Cincinnati (3%), Minneapolis (5%), Santa Cruz (5%), Spokane (5%), Bloomington (4%) and others. Many counties and states also levy admission taxes. Rates and activities taxed vary widely. In Oregon there appears to be no admission taxes supporting general municipal or county services. Hult Center often receives questions from artist management companies about why Eugene doesn't have an entertainment tax; this is due to the routine nature of admissions taxes in many locales.
Revenue Yield & Stability	Revenue would depend on the types and number of events and venues to which the tax would apply. Yield would depend on the tax rate. Tax revenues would fluctuate with general economic conditions. Changes in consumer spending may occur. Can be scalable to capture many types of venues or fewer types, depending on administration preference. Most jurisdictions have a 5% admissions tax. Assuming 5%, the City of Eugene could potentially yield revenues from $600,000 to $1.5 million, not including a potential contribution in lieu of taxes or intergovernmental agreement with UO. This estimate also does not include potential revenues from taxes on third party ticket sales for non-government sponsored events on government-owned property (such as Lane Events Center or UO facilities), since data on such sales is not available.
Administrative Effort	Implementation, administration, and collection of the tax may require additional FTE, depending upon types and number of events and activities taxed and the structure of the tax.
Timeline	It could take up to two years to fully implement.
Who Pays	The tax would be paid primarily by individual consumers whether they live within the city or not. Businesses that purchase admissions would also pay the tax. Admissions are typically purchased with a household's discretionary income. Although an admissions tax is technically a regressive tax, it's less likely to be a burden on low-income households than a typical sales tax due to taxing purchases made with discretionary income – low-income households would not normally purchase as many taxable admissions as higher-income households.
Fairness & Indirect Implications	This tax would be less regressive than other excise taxes because it taxes discretionary spending. Depending on the tax level, an admissions tax could encourage some consumers to reduce admission purchases, seek out free activities, or avoid the tax by patronizing events and venues outside city limits. A small fee would be unlikely to discourage economic activity.

	An admissions tax would likely have a negative impact on the Council Goal of encouraging accessible, thriving recreation and culture, where arts and outdoors are integral to our social and economic well-being and are available to all.
Sustainability Impact	A tax on the price of admissions could disproportionately impact low-income and large families.
Viability in Solving Funding Issues	An admissions tax of at least 5% would generate somewhere between $600,000 to $1.5 million annually, but this figure could be significantly increased by establishing a CILT agreement with UO that enables the City to benefit from taxing consumers attending events at Autzen Stadium and the Matthew Knight Arena, among others. Potential yield from UO CILT is unknown. There is not a clear and direct nexus with any funding issue. However, as the admissions tax allows the City to tax visitors to Eugene and benefit from economic development, it should not be ignored as a feasible option. Additionally, there is a potential nexus with City contributions to community partnerships, depending on the type of community infrastructure, because some of the funded items (such as Ems stadium) are entertainment venues themselves. However, not every type of community/partner supported capital cost has a nexus with an admissions/entertainment tax. Finally, up to 2 years would be needed for implementation. It is possible that the Oregon Department of Revenue could collect the tax on Eugene's behalf, which would significantly increase the administrative burden and shorten the implementation timeline.

Title: River Road/Santa Clara Annexations

Description: A large number of unincorporated properties within Eugene's Urban Growth Boundary are located in the River Road/Santa Clara (RR/SC) and the Industrial Corridor Community Organization (ICCO) areas. These properties now receive services from several special districts and Lane County. There are also many properties in RR/SC and ICCO that are within the City and receive City services. The patchwork character of unincorporated and City properties make service delivery among properties in these areas difficult, inconsistent and inefficient.

The Eugene/Springfield Metropolitan Plan, adopted by Eugene, Springfield and Lane County, includes policies that encourage annexation as the preferred means of providing urban-level services for new development and for a city to be the providers of these services within its Urban Growth Boundary. The Lane County Code, which the City administers through an urban transition agreement, requires owners of unincorporated property to agree to annex for land divisions, zone changes, new commercial or industrial development, new dwellings and any other activity that increases demand for services. Annexation is not required for accessory dwelling units, minor property improvements, residential outbuildings, room additions, home remodeling or other activities that do not increase demand for services.

State law governs how annexations may occur. To be eligible for annexation a property must be contiguous with city boundaries or separated only by a right-of-way. All property owners and at least 50% of residents on a property must consent to annexation. There are numerous unincorporated islands in the area and state law allows such island properties to be annexed without consent; however the Metro Plan and City policy promote that annexations occur on a voluntary basis, rather than city initiated actions.

After annexation, a property is removed from any special districts and no longer pays special district taxes. The property then receives full city services and is subject to all city property taxes. The property tax paid by newly annexed properties does not quite cover the marginal costs of extending city services to the property, on average. State law allows taxes to be deferred up to ten years.

How could this idea help solve a budget gap? This idea is unlikely to help fill a budget gap because it is anticipated that taxes on newly annexed properties would not cover cost of extending city services to the property.

What are some potential benefits? The RR/SC and ICCO areas are currently a patchwork of incorporated and unincorporated properties. Additional annexations would consolidate incorporated properties and improve urban service delivery and service efficiencies.

What are some drawbacks? If taxes were deferred for up to ten years to encourage more annexations, there would be a significant deficit between the costs of providing the services and the revenues received. Property taxes would go up for those that are annexed.

What are longer-term or indirect implications from this idea? If the RR/SC and ICCO areas were entirely annexed, City service delivery would benefit due to increase efficiency. Residents in areas would benefit from consistent availability of urban-level services to their properties. Special districts in the areas would experience a loss of significant property within their boundaries, and community members are concerned about what happens to those districts and their community assets.

Financial Impact on City from Annexations

Updated: 4/16/2019

Goal:	Estimate potential financial impact on the City of large-scale annexation in the River Road/Santa Clara/Industrial Corridor Community Organization areas
Key Assumptions:	All City services are provided at the same cost per capita as current City services. Annexation brings in property tax revenues at (i) full City permanent tax rate or (ii) a "hold harmless" tax rate that maintains pre-annexation total tax rate for a period of up to 10 years as an annexation incentive. Annexed properties also generate the same per capita amount of other General Fund revenues per capita
Results:	Revenues generated from annexing the area would be insufficient to pay the cost of providing the services, even at the full City tax rate. If a "hold harmless" rate is used as an annexation incentive, the shortfall would be even greater.

	Percent of RR/SC/ICCO Area Annexed			
	100%	75%	50%	25%
Assessed Value Annexed Area	$ 1,504,000,000	$ 1,128,000,000	$ 752,000,000	$ 376,000,000
Population Annexed Area	18,012	13,509	9,006	4,503
Total General Fund Revenues from Annexation				
At Full City Permanent Tax Rate	$ 14,500,000	$ 10,860,000	$ 7,240,000	$ 3,620,000
At "Hold Harmless" Tax Rate	$ 8,240,000	$ 6,170,000	$ 4,120,000	$ 2,060,000
Cost of Current Services	$ 15,690,000	$ 11,760,000	$ 7,840,000	$ 3,920,000
Surplus / (Deficit)				
At Full City Permanent Tax Rate	$ (1,190,000)	$ (900,000)	$ (600,000)	$ (300,000)
At "Hold Harmless" Tax Rate	$ (7,450,000)	$ (5,590,000)	$ (3,720,000)	$ (1,860,000)

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Bicycle Registration Fee	
Description	A recurring (i.e., annual/biannual) or one-time fee levied on bicycle ownership in Eugene; or an added tax on the purchase of a new bicycle in city limits.
Legal Authority & Restrictions	Under Oregon's constitutional home rule powers, the Eugene City Charter grants the City Council broad authority over matters within the city's boundaries. The City Council may implement a bicycle registration fee by ordinance without state-enabling legislation. Alternatively, the fee may be placed on a ballot by the Council, by citizen initiative, or by referendum petition. Unless otherwise restricted by Council ordinance, revenue would be unrestricted and available to the General Fund.
Precedence	The Oregon Bicycle Excise tax was established by the Legislature in 2017 (*ORS 320.415*). The Bicycle Excise Tax is a flat tax of $15, to be collected at the point of sale, on new bikes over $200. Revenue from the bicycle excise tax goes into the Connect Oregon Fund to provide grants for bicycle and pedestrian transportation projects. In Oregon, proposed State legislation in the 2009 session would have required various transfer-of-license fees as well as a registration fee for every bicycle at $54 every other year. The bill stalled in committee. Similar legislation was introduced in the 2013 session, SB 769, which lowered the registration fee to a one-time $10. This bill also stalled in committee. All funds received in both instances were to be deposited into a bicycle transportation improvement fund for bicycle lanes, paths, and related projects. Eugene had a mandatory $2 bicycle registration fee in place from 1974 to 1977. The mandatory bicycle registration was discontinued due to compliance issues, and the subsequent free, voluntary program provided through EPD was discontinued in 2020. EPD now refers people to Bike Index and Project 529. The University of Oregon partners with Project529 for free bicycle registration. Other organizations have opted to leverage this free, national online database rather than operate their own fee-based bike registration programs, including the City of Madison, WI—a city renowned for its bicycle culture—which switched to Project529 in 2021. Several Oregon communities have had voluntary bicycle registration programs with associated fees, including Grants Pass (now discontinued). Free voluntary programs have been offered subsequently, intended primarily to discourage bicycle theft and facilitate recovery and return of stolen bikes. The city and county of Honolulu, Hawaii requires the registration of all bicycles with 20" or larger wheels. The charge is a one-time $15 fee,

	with an additional $5 charge when transferring ownership. After administrative costs, the bicycle registration program is forecasted to earn approximately $600,000 per year (as of FY24 budget) in a county with a population of approximately 1,000,000. Fees go towards bicycle infrastructure. Although it no longer exists, Colorado Springs had a mandatory registration program that taxed $4 at the point of sale and raised up to $150,000 per year with a population of approximately 430,000 people. Fees went towards bicycle infrastructure.
Revenue Yield & Stability	Based on the Oregon Bicycle Excise Tax, which earns approximately $900,000 annually at a rate of $15 for each new bike purchased, revenue for a $1 increase in the City of Eugene would earn approximately $2,515 annually, before administrative costs. Yield will be greatly dependent on how the fee is structured and applied, including if the fee is set as a point-of-sale tax, a surcharge on top of the State's excise tax, or as a registration fee for all owned bikes within the city. Exemptions for children's bicycles and low-income residents (which could be implemented based on the value of the bicycle) would also impact yield. A point-of-sale tax is likely to provide greater yield stability than a registration fee on all owned bicycles due to easier enforcement mechanisms. Eugene residents are also comparatively active cyclists, suggesting that future bicycle purchases, while subject to fluctuations in the economy and supply chains, would remain stable or increase with population growth. The 2021 Census Bureau American Community Survey estimate for Eugene bike commuters is 4.76% of the workforce population, excluding trips for recreation and school, and an estimated 4,000 bike commuters.
Administrative Effort	There are currently no estimates of the cost of administration, collection and enforcement associated with this revenue source. As there is currently no existing similar program at the City, administration costs may be significant compared to revenue generation potential. However, since the State has implemented an excise tax, there may be a way to partner with the Oregon Department of Revenue for administration, particularly if the fee was structured as a point-of-sale tax or a surcharge on the state's excise tax. Otherwise, state bicycle registration data may help with local administration. Start-up cost estimates would also need to include the cost of educating the public about the program and implementing a tracking system. The effort and effectiveness of enforcement needs to be evaluated further, but enforcement could be challenging and costly. If the fee is applied as a tax on new bike sales, it is reasonable to expect the implementation costs and effort would be less than the costs/effort

	to implement a registration program on all owned bikes within the city. Enforcement of a registration program would be difficult and greatly increase resources needed, including staff.
Timeline	This tax would take up to two years to implement, depending on the complexity of the tax and collection method. Lead time would be necessary to establish administrative and enforcement mechanisms.
Who Pays	This fee would primarily be paid by Eugene residents; however, if the fee was applied as a tax on new bike sales, some non-residents could pay if they purchased a bike in Eugene.
Fairness & Indirect Implications	This fee would directly impact residents, and unless minimum income provisions were included in the structure, would disproportionately negatively impact low-income residents who use bicycles as a cost-effective mode of transportation. The equity of this fee would largely depend on its structure. A point-of-sale fee on bicycle purchases over a predetermined price would ease burdens on recreational purchases for families or low-income citizens. In the case of a flat fee for all bicycles owned by citizens, provisions could be included to exempt low-income bicycle owners and/or bicycles with certain sized wheels. However, adding qualifications and exemptions to a fee collection program would significantly increase administration costs and would likely lower yield. A point-of-sale fee or tax could also drive customers to purchase bicycles in Springfield, negatively impacting bicycle retailers in Eugene. Additionally, such a fee/tax could reduce the likelihood of residents' commuting by bicycle, opting instead for motor vehicle transportation. This would negatively impact the City's climate goals and undermine the Council's goal of Sustainable and Accountable Development. The City of Eugene does not currently tax new car sales or have a local vehicle registration fee in Eugene. If the city were to tax bicycle sales and ownership, it could be perceived as favoring motor vehicles over bikes.
Sustainability Impact	This fee could discourage the purchase or use of bicycles, which are a key element of the city's plans to reduce greenhouse gas emissions from transportation. This fee could increase costs to citizens who practice a method of commuting that is generally encouraged by the Council. People who use bicycles for transportation because they cannot afford other means of transportation would be negatively impacted.
Viability in Solving Funding Issues	Eugene and other jurisdictions have attempted bicycle fee programs, with limited success, indicating that this is likely not a viable option for any of these funding issues. The state currently charges an excise tax on

	the sale of bicycles, and annual revenues are less than $1,000,000; a $1 increase to that tax in Eugene would generate less than $2,000 annually. Higher rate/fee increases would likely face significant opposition from the community. Though implementation/administration would be relatively easy (could be implemented in the near term), the impact on TBL and Council goals is largely negative. Additional costs on new bicycles would disproportionately impact community members who rely on them for low-cost transportation. It would also discourage a climate-friendly mode of transportation that the City has long tried to encourage, and which would aid in achieving our climate goals and other Council goals. There are no direct nexuses with any funding issue, other than Climate and Sustainability Services. A nexus would only exist if revenues from the fee were directed towards infrastructure for active transportation.

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Business Gross Receipts Tax	
Description	A gross receipts tax is a tax applied to a company's gross sales, usually without deductions for a firm's business expenses, like costs of goods sold and compensation. Business and occupations taxes are often a form of a gross receipts tax. Because the values of transactions are taxed, a gross receipts tax is often compared to retail sales taxes. However, while retail sales taxes apply only to final sales to consumers, gross receipts taxes tax wholesale transactions as well, including intermediate business-to-business purchases of supplies, raw materials, and equipment. As a result of the tax's application to intermediate sales, a gross receipts tax creates an extra layer of taxation at each stage of production that sales and other taxes do not—something economists call "tax pyramiding." This also distributes the impact of the tax more broadly, allowing a very low tax rate.
Legal Authority & Restrictions	Legal restrictions depend on structure and application of the tax; under ORS 317A.158, the City is preempted from levying any new commercial activity tax, however subsection 2(b) expressly states that other privilege taxes not computed based on commercial activity are not preempted. Further legal analysis is needed to confirm permitted tax structure. If deemed permissible under ORS 317A.158, the City Council may implement a gross receipts tax by ordinance as permitted under Oregon's constitutional home rule powers and the Eugene City Charter, which grants the City Council broad authority over matters within the city's boundaries. Alternatively, the tax may be placed on a ballot by the Council, by citizen initiative or by referendum petition. Unless otherwise directed/restricted by Council ordinance, revenue would be unrestricted and available to the General Fund.
Precedence	A number of states have gross receipts taxes, including Oregon, Washington, Delaware, Florida, Hawaii, Illinois Mississippi, Montana, New Mexico, Ohio, Pennsylvania, and West Virginia. Cities with a gross receipts tax include Los Angeles, San Francisco, Oakland CA, Bellevue WA, Alexandria VA, among others. The City of Eugene administered a Downtown Development District Tax with a gross sales and receipt component from 1973-1992 for the purpose of operating the City's downtown free parking program. Under this program, any person engaging in business in the Downtown Development District was required to pay the City a tax at rates of $2.80-$3.50 per $1,000 of the gross retail sales and receipts from business. Oregon levies a Commercial Activity Tax on businesses with more than $1 million of taxable revenue per year. This tax is equal to $250 plus 0.57% of the taxpayer's revenue.
Revenue Yield & Stability	In 2001 a 0.1% tax on gross receipts was estimated to yield about $11 million. This analysis will need to be updated to determine potential

	revenue at this time. Using total Real GDP for the Eugene MSA from 2021 (most recent data available), which equaled ~$15.1 billion, it is reasonable to expect that a 1% tax on gross receipts could yield about $15 million annually. However, more analysis is needed for a more definitive estimate.
Administrative Effort	Significant City effort would be necessary to implement, collect and administer a City gross receipts tax. It may be possible to contract with the Department of Revenue, who collects the statewide Commercial Activity Tax, to collect and administer a local tax, thus reducing the administrative effort. However, this option would include additional costs and may delay implementation.
Timeline	Implementation would likely take two years or more, depending on opposition and the complexity of the tax.
Who Pays	A broad gross receipts tax would apply to for-profit businesses of all kinds. Although a gross receipts tax is not a retail sales tax, it would likely be passed on in the purchase price of goods and services, meaning that both residents and non-residents purchasing goods and services within the City would ultimately be burdened by the tax.
Fairness & Indirect Implications	Lower income households spend a larger percentage of their disposable income for basic necessities than higher income households. As a result, these households would experience more impact in any increase in goods and services resulting from a gross receipts tax. Since Eugene is a part of a larger metro area, consumers could shop outside the City to avoid the tax, although a very low rate of the tax would help minimize this effect. Similarly, business location decisions could be adversely impacted if there were substantial increases in the cost of doing business within the City. The “tax pyramiding” aspect of a gross receipts tax could cause a shift of some wholesale and manufacturing activity to areas outside the City. Gross receipts taxes impact firms with low profit margins and high production volumes, as the tax does not account for a business’ costs of production as a corporate income tax would. These taxes can be particularly severe for start-ups and entrepreneurs, who typically post losses in early years while still owing gross receipts payments.
Sustainability Impact	This tax would have a negative effect on the city’s business climate. Because the tax is levied on receipts and not the profit of a business, new and struggling businesses will be disproportionately impacted by a gross receipts tax as they attempt to make profits or minimize their losses. Lower income households will experience a larger negative impact if the tax results in higher costs associated with purchase of goods and services. There is no apparent direct impact on the environment as a result of this tax.
Viability in Solving Funding Issues	This tax could generate significant revenue and could be administered through existing pathways (DOR). However, it is likely to face strong opposition in the business community, which would lengthen the

	implementation period likely beyond two years. Impacts to Eugene's business climate, low-income residents, and Council Goals is negative. • **On-going Service Costs**: Viable, no direct nexus • **Capital Acquisition & Replacement**: Viable, no direct nexus • **Climate/ Sustainability Services**: Viable, no direct nexus • **Unhoused Services**: Viable, no direct nexus • **Affordable Housing**: Viable, no direct nexus • **City Hall Loan Repayment**: Not viable; funding is sufficient but timeline might be too long to be helpful; not politically feasible. • **City Contributions to Community Partnerships (infrastructure)**: Not viable; funding is sufficient but not politically feasible; creating a nexus by levying tax only on businesses that would benefit from the infrastructure funded by the revenues is unlikely and administratively prohibitive.

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Business License Fee	
Description	A business license is a government-issued permit that authorizes an individual or a company to conduct business in that government's jurisdiction. The fee calculation could take several different forms: a fixed amount per business or be tiered, based on business size (measured by gross receipts or number of employees). It is typically paid prior to engaging in business, paid on an annual basis, and does imply a regulatory relationship.
Legal Authority & Restrictions	Under Oregon's constitutional home rule powers, the Eugene City Charter grants the City Council broad authority over matters within the city's boundaries. The City Council may implement a business license fee by ordinance. Alternatively, the tax may be placed on a ballot by the Council, by citizen initiative or by referendum petition. Revenue would be unrestricted and available to the General Fund.
Precedence	Business license requirements vary widely across Oregon. The City of Portland business license rate is 2.6% of net income after allowable deductions. The annual minimum fee is $100. Business licenses are required from the opening date of business. Multnomah County's business income tax rate is 2% of the net income after allowable deductions. The annual minimum fee is $100 (started 2008). Business income taxes are due at the same time they file federal and state income tax returns. Both have exemptions, most notably businesses that gross less than $50,000 annually for the Portland tax and $100,000 annually for the Multnomah tax. Springfield requires a license for 28 business types with a fee schedule tailored to those business types. In 2014, Springfield's Finance Director estimated that 75-80% of the estimated $105,000 - $120,000 generated per year revenue was devoted to personnel expenses to administer the program. A large portion of the remaining revenue covered software, supervision, and indirect program costs, leaving approximately 5-10% of collection as net revenue. Salem requires a license and fee for certain business categories. Medford requires an annual business license for all businesses. The application review fee is $50 and the commercial business license fee is $100. A subset of business types are exempts (such as non-profits). Some business categories have fees specific to that category (mobile food vendor, home-based business). The fee application process requires information for the Fire Department, including emergency contacts, type of fire protection system, and the presence of hazardous or combustible materials. The business license process consolidates a variety of regulatory issues into a single, streamlined process. Eugene currently requires the following businesses to apply and pay a fee for a license from the City: payday lenders, public passenger vehicles, and recycling and solid waste haulers. Eugene requires permits and fees for on-street commercial activity in the Downtown Activity Zone.

Revenue Yield & Stability	There are an estimated 8,000 businesses in Eugene (In 2001 there were approximately 5,800 in Eugene and 9,895 in Lane County. The current estimate is based on application of that ratio to the 14,654 business units in Lane County in 2023). More research should be done to accurately estimate the actual number of businesses in Eugene. A $100 annual fee would be in a range of fees imposed by other Oregon cities. A flat fee of $100 per year would generate approximately $800,000 in business license revenue, assuming 100% collection. The stability of this revenue source would fluctuate with the area's economic conditions and the mobility of firms to leave the Eugene jurisdiction.
Administrative Effort	The City currently has a small business license program for payday lenders, public passenger vehicles, and recycling and solid waste haulers, as well as a payroll tax. The 2014 analysis estimated that administrative costs could be in the range of $250,000 to $300,000 (in 2014 dollars). There could be an opportunity to consolidate reporting requirements for commercial activity. For example, Medford uses the business license to collect data about hazardous materials, creating up-to-date information for the Fire Department. Eugene could combine the reporting for the Toxics Right-to-Know program. The basic business license could be used as a license for payday lenders, PPVs, and solid waste haulers, to reduce the variety of forms managed by the City and simplify the process for businesses.
Timeline	The 2014 analysis concluded that the timeline for implementation of an overarching business license program would be a minimum of 8-12 months from Council approval of the program.
Who Pays	While this fee would be paid by businesses, some portion of it may be passed on to the customers.
Fairness & Indirect Implications	The fairness of this fee would largely depend on its structure. A flat fee per business would be a greater burden on smaller businesses with lower revenue. A tiered structure could alleviate the burden. This fee would not be related to business profitability. It would be a deductible business expense for federal and state tax purposes. Businesses in Eugene have experienced increases in their tax burden in recent years. The state created the Commercial Activity Tax; Eugene implemented a payroll tax and a Construction Excise Tax on construction activity. The data collected from a business license would be useful to City staff. It would create a regularly updated list of the businesses in Eugene, which would make it easier for staff to contact the business for city-related work. (Economic Development staff do not have access to any data from the Payroll Tax). If the license required information about hazardous and flammable material, ESF could have annually updated information about hazards.

Sustainability Impact	Businesses may choose to shift to nearby jurisdictions with a lower tax burden. Existing businesses are unlikely to move, but the tax structure will affect location decisions within the region as new firms consider where to locate and existing firms consider expansions.
Viability in Solving Funding Issues	A business license fee could be a viable revenue that could net roughly $500,000 per year (after covering staff time to administer program). It could face political resistance because Eugene-based businesses have already been asked to pay into the Payroll Tax and the CET (for construction) in Eugene and the state-imposed CAT. The fee could, however, be used to consolidate data collected from firms and existing business license fees. This consolidation could more efficiently use staff time (by combining Toxics Right to Know with business licenses). It would have a nexus with On-going Service Costs, but not with any of the other funding gaps. It could be implemented in the Near Term.

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Carbon Tax	
Description	A carbon tax is a form of carbon pricing, which is exactly as the name implies: imposing a price on carbon emissions to mitigate the negative externalities created by greenhouse gas emissions, specifically carbon dioxide (CO2) emissions. There are both direct and indirect carbon pricing instruments. Direct carbon pricing instruments are those that apply a price incentive directly proportional to the greenhouse gas emissions generated by a product or activity (primarily carbon taxes and emissions trading schemes (ETS, also known as a "cap-and-trade") and carbon crediting mechanisms (e.g., offsets). Indirect pricing instruments are those that change the price of products associated with carbon emissions in ways that are not directly proportional to those emissions, for example a consumption tax. The focus of this revenue alternative is a carbon tax. A carbon tax directly sets a price on carbon by defining a tax rate on CO2 emissions or on the carbon content of fossil fuels used to produce energy. A primary purpose of the tax is to put a price on CO2 emissions from carbon-based energy sources. This cost would be passed on in the price of the fuel, energy generated with the fuel, or products or services that utilize the fuel. Fuels that produce CO2 include gasoline, diesel, kerosene, aviation fuel, liquefied petroleum gas (propane), fuel oil, heating oil, methane gas, coal, firewood, wood waste, hog fuel, and biofuels. A tax would most likely be applied to a limited number of fuels that generate the most CO2 emissions when burned. In Eugene, this is gasoline, diesel and methane gas.
Legal Authority & Restrictions	Under Oregon's constitutional home rule powers, the Eugene City Charter grants City Council broad authority over matters within the City's boundaries. City Council may implement either an excise tax or a business license fee on transactions involving carbon-based fuels. Alternatively, the tax may be placed on a ballot by the Council, by a citizens' initiative petition or by a referendum petition. Under Section 3a of Article IX of the Oregon Constitution, any carbon tax revenue on motor vehicle fuel transactions can be used only within the street right-of-way on transportation-related projects. The City currently has an excise tax (implemented as a business license tax) on dealers engaging in the sale, use or distribution of motor vehicle fuel in the City. The purpose of this tax is to fund City transportation related projects and is not intended to be nor set at a level to reduce consumption of transportation fuels. Any amendment to the local motor vehicle fuel tax will require approval by Council. There are other potential Constitutional limitations in considering a carbon tax in Oregon. Specifically, Section 3b of Article IX states that tax rates on oil

	and natural gas shall not exceed 6% of the market value of each resource, with the exception of taxation covered under Section 3a. According to Article VIII, Section 2 (1)(g), revenue from taxes on oil and natural gas outside of the scope of Section 3 accrue to the Common School Fund. Rates on electricity are determined by the EWEB Board. It is an open legal question as to whether the City could tax carbon-based electricity distributed by EWEB.
Precedence	Over 65 carbon pricing initiatives have been implemented at a national, state or provincial level including carbon taxes and emission trading systems. Argentina, Australia, China, Canada, the EU, Japan, Korea, New Zealand, the UK are among the entities that have some form of national carbon tax in effect. There are many differences among these countries on what fuels are taxed, the structure of the tax, tax rates, and at what point taxes are imposed. In North America, there are differences as well in the type and structure of taxes. Quebec adopted a carbon tax in 2007. The tax rate for gasoline in Canadian currency was 3 cents (Canadian) per gallon, or about CA$3.50 per metric ton of CO2e. This tax is now 38 cents (Canadian) per gallon. British Columbia established a carbon tax in 2008 at the rate of CA$10 per metric ton of CO2 (9 cents per gallon). In 2008, the Bay Area Air Quality Management District in California passed a 4.4 cent per ton carbon fee that applies to 500 businesses in the district. This established a much lower price on carbon pollution than would be expected to incentivize energy switching. The tax has generated approximately $1.1 million per year in revenue. In 2022 voters in Boulder, Colorado approved a Climate Tax that replaced a Climate Action Plan tax first adopted in 2006 and a Utility Occupation Tax first approved in 2010. Boulder charges residents and businesses according to how much energy they consume (electric and fossil gas), so the tax is not a traditional carbon tax because it is imposed based on energy usage (kWh or 1000 cubic feet) not carbon content. On average, the city estimates residential customers will pay around $4 more per month. Other types of customers, like commercial and industrial businesses, will pay between $40 and $120 per month, respectively. Participants in the city's Low-Income Energy Assistance Program are exempt from this tax. The tax is anticipated to generate $6.5M annually to fund climate resilience work, including wildfire resilience. The tax will increase with inflation every year until 2040. Boulder voters also gave the city authority to borrow against the Climate Tax. This bonding authority will allow the city to accelerate investment in climate and resilience work by issuing debt to be repaid with future Climate Tax revenues. In 2018, Athens, Ohio passed a carbon fee that is placed upon utilities, set at a rate of 2-mills per kilowatt hour ($0.002/kWh). This fee adds up to an increase of $1.60-$1.80 on an average household's utility bill each month. Revenue is used to fund solar projects in the city.

	In 2019, Seattle City Council approved a $0.236 per gallon tax on heating oil sold by heating oil service providers in Seattle. The tax excluded biodiesel. The city expected the tax to raise $1.6M in 2021, the first full year of implementation. The tax and associated programs supported by tax revenues was intended to accelerate the rate of conversion from oil heat to electric heat pump systems with a specific focus to help low-income households cover the cost. The tax was never implemented and was repealed in 2023. In November 2020, Portland (OR) proposed a Healthy Climate Fee, which established a $25 per-ton fee on GHG emissions from facilities in Portland with emissions of 2,500 metric tons of CO2e (carbon dioxide equivalents) per year or greater. In 2019, a total of 35 facilities met that benchmark. Those 35 facilities totaled 370,000 metric tons of CO2e emissions, which was projected to generate ~$9 million in annual revenue from this fee. Portland shelved further consideration of this fee in November 2021.
Revenue Yield & Stability	Because they are dominant contributors of CO2, gasoline, methane gas, diesel, heating oil and possibly electricity would be the most viable candidates for a carbon tax in Eugene. Other carbon fuels including kerosene, aviation fuel, liquefied petroleum gas (propane, butane), fuel oil, methane, coal, firewood, wood waste, hog fuel, and biofuels make relatively small GHG emission contributions. The 2021 community GHG inventory calculated Eugene's annual CO2 emissions from transportation and buildings at approximately 800,000 metric tons. Based on the 2021 GHG inventory, it is estimated that gasoline contributes 34% of the community's total CO2 emissions, followed by methane gas at 21%, diesel at 20% and electricity with a 7% share of total emissions. There are several mechanisms by which a carbon tax could be implemented. These include a fuel tax, an energy utility consumption tax (also discussed as its own financial option), or a CO2 emissions tax like the Portland Healthy Climate fee. A limited carbon tax on fuel transactions at the dealer level could be implemented within the City of Eugene in a manner like the current local motor vehicle fuel tax. The potential revenue yield would depend on which fuels are taxed, the average carbon content in relation to energy of this fuel, the tax rate per ton of carbon, and the volume of the taxed fuel transactions that occur. By implementing the tax in the form of a business license fee, which is also discussed as its own financial option, dealers in the City would be responsible for paying the tax as a condition of doing business in the city. Carbon tax rates are usually expressed as a rate per ton of carbon contained in the fuel. For example, a $25 tax per ton of carbon on gasoline would increase the price by $0.05 per gallon and a $25 per ton of carbon tax on methane gas would increase the cost of that gas by $0.41 per 1000 cubic feet (MCF). In 2021, the Eugene Sustainability Commission recommend a tax on vehicle gasoline at $0.01/gallon and a tax on methane gas at $0.06/mcf (thousand cubic feet) – a pricing structure equivalent to $1.00 per ton of

	CO2e. Based on the most recent GHG emissions inventory, this would generate approximately $800,000 annually. A per-ton GHG fee similar to Portland's proposed Healthy Climate Fee focused on entities emitting over 2,500 tons of CO2 per year could generate between $450,000 and $1.1M depending on the fee level (e.g., between $10 and $25 per ton). Eugene currently pays $10 per ton to offset CO2 emissions from City operations. Portland's proposed fee was $25 per ton.
Administrative Effort	A simple carbon tax on a limited number of fuels and structured as a business license tax on motor vehicle fuels would be straightforward to administer. If the tax were applied to all carbon-based fuels or made more complex with contingent levels, exemptions, rebates, subsidies etc., it would be more difficult to administer. If the tax were attempted to be imposed on the CO2 released to produce goods and services elsewhere and subsequently brought into Eugene, it would probably be impractical to administer. For a simple tax, between one to three FTE might be needed, at an annual administrative cost of $100,000 to $400,000. A complex tax could require $1 million or more.
Timeline	Depending on the complexity of the tax, up to two years may be required for implementation.
Who Pays	If a carbon tax were imposed as a business license tax dealers engaging in the sale, use or distribution of fuel would be responsible for the tax. The intent of the tax is that these costs would then be included in the cost of the fuel and would be passed on to consumers. If the fuel is sold at retail or is consumed in the production of a good or service within the city, it would increase the cost to the consumer. Residents would be more likely to pay a carbon tax than non-residents. This is particularly true for fuels providing household energy, notably electricity and methane gas. Non-residents could avoid the tax by obtaining fuel, goods and services where they live or elsewhere in the metropolitan area outside the City's limits. Insofar as cost of a taxed fuel is passed on in a fuel, good or service that is exported outside the city, non-residents would pay some amount of the tax costs. Carbon taxes paid by businesses would depend on what fuels are taxed, rates and the structure of the tax. A tax deployed as a business license tax would be passed on to all users of a taxed fuel, whether business, industry or residents. Lower income households spend a larger percentage of their disposable income for basic necessities than higher income households. These necessities include energy for home heating and other household uses and fuel for personal transportation. Under a carbon tax, the costs of some of these necessities would increase. Because they have greater disposable income, higher income households may have a wider range of alternatives to choose from in response to higher costs. These might include making an investment in energy efficient appliances, shopping outside the city where

	the good or service is not taxed, switching to alternative lower-carbon based fuels, goods or services, or simply paying the higher cost including the tax. Lower income people will not have this full range of options and so may see impacts on standard of living. If the carbon tax revenue is used to provide subsidies, exemptions, energy assistance and so forth to lower income people this impact could be reduced.
Fairness & Indirect Implications	Depending on what is taxed, the tax rate and structure, and any exemptions or rebates, a carbon tax on carbon fuel transactions could have some negative short-term economic impacts. The basic intent of a carbon tax is to increase carbon-based costs to consumers, so it is assumed the costs will be passed down in the price of fuel, energy, goods and services. Because Eugene is part of a larger metro area, consumers could elect to shop outside the city to avoid the tax when possible on fuel, goods and services reducing the revenue potential of the tax. Since Eugene is a part of a larger metropolitan area, any substantial increases in costs to consumers and businesses within Eugene could cause a shift of some manufacturing, retail and other business activity to areas outside the city. Equity concerns of a carbon tax include: depending on the price level, a carbon tax may not have any impact on GHG emissions, may not reduce the disproportionate impacts of hazardous co-pollutants on people of color and low-income communities already burdened by pollution, and would be expected to have a regressive impact in terms of energy price increases for low-income households relative to wealthier households.
Sustainability Impact	A carbon tax can change behavior and promote switching to lower-carbon fuels in power generation, conserving on energy use, and shifting to cleaner vehicles, but would need to be priced appropriately to spur any such switching. Depending on how the tax was structured, a carbon tax could also generate revenue that could be used to pay for other emission reduction initiatives and help reduce or mitigate the climate related impacts of burning carbon-based fuels.
Viability in Solving Funding Issues	A limited carbon tax on fuel transactions at the dealer level implemented within the City of Eugene like the current local motor vehicle fuel tax could be a viable revenue source. This could be structured as an increase to the existing motor fuel tax or as a new utility consumption tax. Alternatively, it could be expanded to other carbon-based fuels (e.g., methane gas, heating oil) by creating a business license tax on non-motor vehicle fuel transactions. Depending on what fuels are included and the tax rate, a carbon tax could generate an addition $400,000-$800,000 per year (after administration costs). Taxes on energy tend to be regressive, so a carbon tax as either a fuel tax or energy consumption tax could potentially create disproportionate impacts on lower income residents already potentially cost and energy burdened or who

	depend heavily on a personal vehicle, unless there were exemptions carved out like what Boulder did with their tax. Depending on how the tax was structured and what carbon-based fuels are included, viability could change. **On-going Service Costs:** Potentially viable, no direct nexus, political feasibility contingent on tax rate and tax scope. **Capital Acquisition & Replacement:** viable, direct nexus – current motor fuel tax used for transportation related capital projects, revenue would depend on level of tax increase of existing tax or newly added fuels, political feasibility contingent on rate and scope of tax. **Climate/ Sustainability Services:** Potentially viable, possible nexus – a tax on motor vehicle fuel needs to be used on transportation-related projects, a tax on oil and methane gas may have constitutional limitations, a utility consumption tax could both reduce consumption and fund sustainability services, projects, political feasibility contingent on **Unhoused Services:** probably not viable, no direct nexus, constitutional limits on where revenue can be spent **Affordable Housing:** probably not viable, no direct nexus, constitutional limits on where revenue can be spent **City Hall Loan Repayment:** probably not viable, no direct nexus, would not provide revenue needed within the required timeline, constitutional limits on where some revenue can be spent **City Contributions to Community Partnerships (infrastructure):** probably not viable, no direct nexus, would not provide revenue needed within the required timeline, constitutional limits on how revenue can be spent A carbon tax could be implemented in the Near Term.

2023 Staff Revenue Team
Revenue Source Summary

City Service Fees	
Description	Service fees are typically set to recover all or part of the costs of a group of services broadly accessed by occupants of property in a city. These fees are billed to persons who occupy or have use of developed property. Unlike electricity, water, stormwater and sewer utility services, this fee may fund services that may not be delivered directly to the property and are not directly measurable. The purpose of the fee is to provide stable funding to ensure the service remains available to the community.
Legal Authority & Restrictions	Under Oregon's constitutional home rule powers, the Eugene City Charter grants the City Council broad authority over matters within the city's boundaries. The City Council may implement a city service fee by ordinance. Alternatively, the fee may be placed on a ballot by the Council, by citizen initiative or by referendum petition. Revenue would be unrestricted and available to the General Fund, or could be restricted by ordinance for a particular purpose. In January, 2007, the Oregon Supreme Court, in *Knapp v. City of Jacksonville*, upheld Jacksonville's public service fee. This case clarified that city fees collected via a utility bill may be charged to a person with the right to occupy or use property, but they may not be based on property ownership or value.
Precedence	Measure 20-211, which was on the May 21, 2013, ballot asked Eugene voters if they would rather pay a capped, monthly City Service Fee to maintain funding for certain community services, or have those services reduced or eliminated. The fee was defeated at the ballot, with 67% voting no. Many municipalities in Oregon charge city service fees for libraries, parks, street operations and maintenance, police and/or fire services. • Gresham implemented a temporary Police, Fire and Parks Fee, in 2012, on households and businesses to help maintain essential police positions and keep fire stations open. The fee was implemented without a vote and Council has extended this fee each year, with the current temporary fee expiring June 2024. • Corvallis enacted two public safety fees in 2019, dedicated to both police and fire services. The fees are based upon a property owner's water meter size, with the average cost being about $20 in 2023. • Hillsboro enacted a transportation utility fee in 2008. In 2023, the fee is $9.11 per single family residence. Commercial property is separated into 7 different types and is billed a base fee and then additional increments by their total square footage. • Oregon City enacted a pavement maintenance utility fee in 2008, and charges for the numbers of trips a land use generates. As of 2023, a single family residence is charged $15.07 per month, on the utility bill. Non-residential fees are set at $0.258 per trip generated. • Medford charges $4.60 per single-family home per month for

	police and fire services. Medford also charges a parks maintenance fee of $2.95 per month per single-family home and business unit for maintenance and operation of city parks. • As of 2023, the City of Tigard's park and recreation fee is $8.63 per month, billed on a resident's utility bill for general parks and recreation system operations and maintenance. • In 2021, Tualatin's City Council approved a $5 per month fee, billed on a resident's utility bill for park restoration, repair, and maintenance services.
Revenue Yield & Stability	Yield will vary with the fee level. City service fee revenue usually supplements other resources. Fees are set with consideration of the impact on the customer as well as the target revenue yield. Service fee revenues are stable because the fee is levied broadly across the community and the typical basis for the fee (occupancy and use of property) is fairly inelastic. The 2013 proposed City Service Fee would have been a flat fee, capped at a maximum of $10/month for residential and $30/month for non-residential property. The actual fee would be set by Council and could be more than the previously proposed cap. Actual revenue yield would depend on how the fee was structured, implemented, and administered. A 2022 analysis estimated that an annual residential fee of $111 ($333 commercial) would generate approximately $7,000,000 in revenue if administered by EWEB.
Administrative Effort	Most cities collect service fees as part of the city's sewer, stormwater, or water utility billing for a property unit. In many cities, this is practical because the cities operate and bill for their own utility services. In Eugene, this would require cooperation by EWEB. If the fee is levied on a per-unit basis and is included on existing EWEB utility bills, annual costs of administration, billing, collection and enforcement could be relatively low. The City has worked with EWEB in the recent past to better understand technical limitations and opportunities of the EWEB system to bill fees. EWEB is currently undergoing a large systems renovation, and there is a potential for the new billing system to allow additional flexibility. Per City Charter, Section 44 (5) City Council may require EWEB to bill and collect City service charges for collecting and disposing of liquid and solid wastes. EWEB would need to agree to collect additional service fees, such as a city service fee. Alternative administrative options include using a third-party billing agency or creating an in-house billing and administrative process. Under these approaches, administrative costs would be higher and the collection rate may be lower than partnering with EWEB. In addition, administrative costs would likely be higher if the basis of the fee requires development and maintenance of property-specific data on which to base the fee. Developing an in-house process would provide more control over revenue collection. In 2022, staff analysis estimated that alternate billing options might cost 150% to 200% (approximately $1,000,000 annually) more than utilizing EWEB.

Timeline	Time would be needed to determine billing, collection and enforcement processes. Depending on the method of billing and the complexity of the rate setting methodology, it may take up to two years to implement a new city service fee.
Who Pays	This would be determined through specific ordinance language, with a goal of broadly spreading the cost of community-wide public services to both residential and non-residential properties. For the 2013 proposed City Service Fee, the person who was responsible for paying the stormwater sewer service charges would be the responsible party for paying the City Service Fee. It was levied on developed property and there were different rates for residential vs. non-residential units. Council determined that 4J and Bethel would pay at the residential rate for any school owned by those districts. The measure included creation of a low-income assistance program that would be defined in the ordinance, which was never written as the measure failed at the polls.
Fairness & Indirect Implications	The successes of cities that have implemented monthly fees for public services demonstrates that such fees can be seen as fair and can be politically feasible. However, given the recent experience in Eugene, it is likely that substantial additional community discussion would be required before a consensus on fairness emerges and a politically feasible approach could be developed.
Sustainability Impact	Some would consider this tax as regressive in that the fee is the same regardless of property value/household income. Low-income households would pay a greater percent of their income than businesses/households with higher income unless there was an exemption or low-income assistance program. The City currently contributes to the low-income assistance fund administered by EWEB, to assist low-income households with utility bills. Regardless of what entity administered a new city service fee, the City could continue with this assistance for community members.
Viability in Solving Funding Issues	A City Service Fee could raise a significant amount of revenue. With over 30 cities in Oregon implementing monthly fees to support city services, such as transportation, public safety, parks, etc., this method of service specific revenue generation is potentially a politically feasible and organizationally implementable revenue option. This fee has a strong nexus with funding the ongoing service costs. Many cities throughout Oregon have used city fees to supplement general city services like public safety, parks, recreation, and transportation. It is legal to use this type of fee to solve for capital investments into infrastructure, however, most cities have used a fee to supplement operating services. The service fee could have a nexus with other funding issues, depending on how the fee is structured and how revenues are directed to be used. If EWEB becomes the collection agency, to keep the implementation within the two year or less timeframe, the fee would ideally be structured using one of the existing utility account structures (i.e., the fee is structured following the stormwater account model). By following an existing account structure, the technical set-up and testing within EWEB's billing system is minimized. If the fee is established using a different

	structure, the implementation may extend beyond two years and additional investment into EWEB's billing system may be required. If the City utilizes a third-party administrator to collect the fee, or develops an in-house billing process, development and maintenance of property specific data may be needed, extending the timeline required to begin collection. Additionally, the collection rate may be lower, increasing the overall administrative costs as well. However, establishing a collection mechanism in-house provides the City more control over revenue collection in the future for a variety of programs for which a city service fee could raise supplemental revenue.

2023 Staff Revenue Team
Revenue Source Summary

Construction Excise Tax Increase	
Description	In 2016, Oregon Legislature passed Senate Bill 1533 authorizing Oregon cities and counties to establish a construction excise tax (CET). The law authorizes a city or county to tax new residential, commercial, and industrial buildings, additions, and alterations. Specifically, it applies to all improvements which result in a new structure, additional square footage to an existing structure, or addition of living space to an existing structure. On April 8, 2019, City Council passed Ordinance No. 20609 establishing a local Construction Excise Tax (CET) to provide a dedicated source of funding for Affordable Housing in Eugene. Funds generated by the CET go into the City's Affordable Housing Trust Fund (AHTF). The AHTF supports local housing related programs, incentives, and services for households earning 100% of area median income and below. The Ordinance also created a community member advisory committee to advise City staff on the use of the AHTF.
Legal Authority & Restrictions	Eugene's AHTF pays for projects and programs that increase availability and access to owner and renter occupied housing that is affordable to moderate- and low-income community members. The AHTF is funded by a local CET. City Council passed Ordinance No. 20609 establishing the CET for affordable housing in 2019. The CET collects 0.5% on residential and commercial/industrial construction of new structures and additions to existing structures in Eugene. The State maximum for CET that local jurisdictions are allowed to impose is 1% for residential construction. Council could, therefore, raise the residential CET by up to 0.5%, to a total of 1% (the State maximum). There is no State cap for commercial or industrial construction. Council could increase the commercial/industrial rate. Cities may retain an amount not to exceed 4% as an administrative fee to recoup the expenses of collecting the CET. After deducting the administrative fee, State law provides that revenue from: • residential construction excise tax must go to incentives for developers to create Affordable Housing (50%), Affordable Housing programs (35%), and to Oregon Housing and Community Services to be used for programs providing down payment assistance (15%); and • commercial or industrial construction excise tax, at least half of revenues must go toward the jurisdiction's housing-related programs. State law also mandates a list of building types that are exempt from paying CET. Council has added a few additional building type exemptions. State exemptions include educational, religious, or public improvements, rebuilds after a natural disaster, and certain non-profit owned facilities. Eugene's code also includes exemptions for projects granted a multi-unit property tax exemption (because the program has a moderate-income contribution requirement), certain Affordable Housing developments, and transitional housing as well as housing or shelters for people experiencing homelessness. Based on State legislation adopted in 2016, the City can continue levying the tax

<table>
<tr><td></td><td>for an indefinite amount of time. City Council reviews the overall management and outcomes of the program every two years.</td></tr>
<tr><td>Precedence</td><td>In addition to Eugene, several other jurisdictions in Oregon also have a CET. However, there is variability in local ordinances that govern the tax rate of CET and the use of funding. For example:
Corvallis's CET is 1% for residential (the max allowed) and 1.5% for commercial/industrial and used for Community Development Revolving Fund and the Development Services Fund.
Bend collects one-third of 1% on every construction permit for affordable housing uses and collects an additional one-third of 1% on commercial/industrial permits that it uses for housing related programs (half of the revenue) and the other half council dedicated to support, services, and programs for people making up to 30% AMI.
City of Portland has a 1% CET for commercial and residential construction. The allocation of residential CET is 15% to OHCS, 50% to the Inclusionary Housing Fund for incentives for programs that require affordable housing, and 35% to the Inclusionary Housing Fund to support the production and preservation of affordable housing units. The allocation of the commercial CET is 100% to the Inclusionary Housing Fund to support the production and preservation of affordable housing units at and below 60% median family income</td></tr>
<tr><td>Revenue Yield & Stability</td><td>Eugene's CET went into effect July 1, 2019 (FY20). Funds were allocated to housing programs and projects starting in FY20. CET revenue changes from year to year based the level of construction activity. City Council also makes annual General Fund contributions to the AHTF. The table below shows the CET revenue at 0.5% on the construction of new structures and additions to existing structures in Eugene.

<table>
<tr><th>CET Revenues</th><th>FY20</th><th>FY21</th><th>FY22</th><th>FY23</th></tr>
<tr><td>Commercial*</td><td>$ 113,810</td><td>$ 644,678</td><td>$ 188,683</td><td>$ 344,814</td></tr>
<tr><td>Residential</td><td>$ 202,525</td><td>$ 503,814</td><td>$ 566,333</td><td>$ 720,438</td></tr>
<tr><td>Total</td><td>$ 316,335</td><td>$ 1,148,493</td><td>$ 755,016</td><td>$ 1,065,252</td></tr>
</table>
*includes industrial construction

To date, most of the AHTF (75%) has supported housing development; 25% has supported direct assistance to renters and homeowners to help increase access to housing.</td></tr>
<tr><td>Administrative Effort</td><td>To increase the CET, Council would need to amend the code, which would involve staff time for at least one work session (but most likely more), a public hearing, and action item.

Both broad public outreach and specific stakeholder engagement before and during the code change process would be advisable. Key stakeholders include the AHTF Advisory Committee, Eugene Chamber of Commerce, local development community, and housing-related organizations.

The mechanics of collecting a higher amount would have relatively little impact because that is an existing process. Project delivery administration to utilize the funds after collection could vary depending on desired uses.</td></tr>
</table>

Timeline	The process with Council and public outreach, including prep time, could be approximately 6-12 months. If Council were to approve an ordinance change to increase the CET, collection would start after the effective date. To date, CET funds have been put in the AHTF and are collected in one year and awarded in the following year. It would likely be FY26 at a minimum before new revenue would be awarded. For new uses, more lead time for deliberation on the code would be necessary to navigate political and practical matters, especially considering how the potential new funds would be used and how that relates to addressing housing needs in the community.
Who Pays	The CET is required to be paid by the developer or property owner that is developing or making improvements to existing property within Eugene city limits for residential and commercial/industrial construction. The CET applies to certain improvements to property that result in additional square footage or improvements that create additional living space. The CET is paid when the permit is issued. State law allows CET to be applied to developers of market rate residential, commercial, and industrial projects, although the increase in CET could be limited to one or more types of construction.
Fairness & Indirect Implications	Increasing the CET adds cost to develop within the city limits, which could reduce viability of projects. This is especially of concern related to raising the cost of market rate housing development. During CET adoption in 2018, Council emphasized that the CET would be used for housing related things (which could include unhoused services). In considering an increase to the CET for commercial/industrial construction, Council could reinforce that emphasis or set an additional outcome. If developers perceive the CET to be too high, they might develop someplace else or not develop.
Sustainability Impact	*Possible Economic Impact* 1. Revenue Generation: Additional revenue can be used to fund additional Affordable Housing projects and services for people with limited incomes, which can improve the quality of life in the community. Exemptions or reductions may be provided for projects that meet specific criteria, such as energy efficiency or affordability requirements. 2. Construction Activity: Higher construction taxes can increase the overall cost of construction projects. As a result, there could be a decrease in new construction, leading to a slowdown in local development. It may reduce new housing units developed, which could exacerbate housing shortages. Less development may lead to fewer job opportunities in the construction sector. *Possible Environmental Impact* - Green Energy Efficient building: May impact development choices i.e., discourage investment in environmentally friendly/green building practices based on cost. *Possible Social/Equity Impact* - Affordability Issues: Higher construction taxes can increase the price of development and reduce new construction and exacerbate housing shortages, which can lead to higher home prices or rents, making it more

	difficult for individuals and families to afford housing in the area. This can particularly affect lower-income residents.
Viability in Solving Funding Issues	This tax may be a viable option to addressing some of the following funding issues in the mid-term, but opposition from the development/business community could be significant. Use of additional revenues would be most aligned with previous Council emphasis on funding housing-related purposes, making this revenue option a best fit for Affordable Housing. Unhoused services is a possible housing use for potential increase in the CET. Negative impact on residential development could be limited by only increasing the CET for commercial/industrial development and exempting multi-unit housing. All residential CET collected would need to be used for housing-related costs. (This would not include unhoused services.) Council could increase the existing tax rate for residential construction by 0.5% (to the State maximum of 1%). At least half of commercial and industrial CET revenues must go toward the jurisdiction's housing-related programs. The remaining amount could go for the other funding issues subject to Council direction. Council could increase the existing tax rate for commercial/industrial construction. • **On-going Service Costs:** Viable for commercial/industrial CET for less than half of any increase, no direct nexus, insufficient revenue, low political feasibility • **Capital Acquisition & Replacement:** Viable for commercial/ industrial CET for less than half of any increase, no direct nexus, insufficient revenue, low political feasibility • **Climate/ Sustainability Services:** Viable for commercial/industrial CET for less than half of any increase, no direct nexus, insufficient revenue, low political feasibility • **Unhoused Services:** Viable for commercial/industrial CET for at least half of any increase, direct nexus, sufficient revenue for partial support of funding issue (any funding is better than none), medium political feasibility • **Affordable Housing:** Viable, direct nexus, sufficient revenue for partial support of funding issue (any funding is better than none), medium political feasibility • **City Hall Loan Repayment:** Not viable, no direct nexus, insufficient revenue available in timeframe needed, no political feasibility • **City Contributions to Community Partnerships (infrastructure):** Not viable, no direct nexus, insufficient revenue available in timeframe needed, little to no political feasibility.

2023 Staff Revenue Team
Revenue Source Summary

Corporate Income Tax	
Description	A corporate income tax is different from a general income tax in that only for-profit corporations doing business or otherwise obtaining income from within the taxing jurisdiction are subject to the tax. Self-employed persons, sole proprietorships, partnerships, and other non-corporate business entities are not taxed as corporations. Income from these businesses is taxed as personal income. S-corporations may or may not be subject to a corporate tax. Public agencies and governments are not subject to corporate taxes and non-profit corporations are exempted as well. It is usually implemented as a schedule of tax rates applied to corporate net taxable income earned within the taxing jurisdiction, or it may be in the form an excise tax based on operating within the jurisdiction. Corporate tax structures can be complex, differing widely in details of structure, implementation, rates, exemptions, credits and deductions allowed, and definition of income. Additionally, income can also be assessed on corporations not doing business in the taxing jurisdiction, but with income from one or more sources within the jurisdiction.
Legal Authority & Restrictions	Legal restrictions depend on structure and application of the tax; under ORS 317A.158, the City is preempted from levying any new commercial activity tax, however subsection 2(b) expressly states that other privilege taxes not computed based on commercial activity are not preempted. Further legal analysis is needed to confirm permitted tax structure. If deemed permissible under ORS 317A.158, the City Council may implement a corporate income tax by ordinance as permitted under Oregon's constitutional home rule powers and the Eugene City Charter, which grants the City Council broad authority over matters within the city's boundaries. Alternatively, the tax may be placed on a ballot by the Council, by citizen initiative, or by referendum petition. Unless otherwise directed/restricted by Council ordinance, revenue would be unrestricted and available to the General Fund.
Precedence	The State of Oregon is among the 46 states taxing corporations based on either income or sales, whichever is greater. The State corporate tax rate on income is 6.6%-7.6% of Oregon net income under $1 million, or $66,000 plus 7.6% on incomes over $1 million. Alternatively, a minimum excise tax of $150 may be levied instead, based on sales of under $500,000 in sales. This excise tax rises to $100,000 for sales of $100 million or more. Across the nation there are examples of local corporate taxes. The cities of New York, Detroit, Columbus OH, and Battle Creek and Lansing MI are among cities using this revenue source. In Oregon, Multnomah County has a business income tax at 2% of net income. Revenue generated from the tax goes to the County General Fund and is used to finance libraries, law enforcement, community

	corrections, jails, juvenile justice, bridges, social services, and health services. A portion of the BIT revenue is shared with the cities of Gresham, Wood Village, Troutdale, Fairview, and Maywood Park. The BIT is levied on businesses within Multnomah County. In Portland, the Metro Supportive Housing Services Business Income Tax was approved by voters in May 2020. It includes both a 1% tax on personal and business income. The business tax is on net income for businesses with gross receipts above $5 million.#
Revenue Yield & Stability	Revenue yield could be significant, depending on structure and rate schedule of the tax. Most localities who have a corporate income tax have a tax rate of 1.0%; Detroit's tax rate is 2% and New York City is an exception with an 8.85% tax on net income. A 2003 staff analysis estimated that a 1% corporate income tax could yield about $2.7 million annually, while a 10% surcharge on State corporate income tax would yield $1.8 million. Further analysis will be necessary.
Administrative Effort	A City corporate income tax could be administered and collected most efficiently as a surcharge on a corporation's existing State corporate tax liability. This would greatly simplify imposition of the local tax. Effort and costs to implement and administer a City corporate income tax would depend on whether the City could reach agreement with the State Department of Revenue to collect the tax as a surcharge on existing State corporate tax. The City of Portland administers the Multnomah County and the Metro Supportive Housing business taxes. If the City were to implement and collect the tax internally, the administrative effort would likely be very high.
Timeline	Implementation would likely take about 2 years. Any legal or political challenges to the tax would delay implementation.
Who Pays	Corporations conducting business and deriving income from within the City of Eugene would pay the tax. Exemptions would exist for government and public entities, non-profit organizations, sole proprietorships, and self-employed persons.
Fairness & Indirect Implications	Although a corporate income tax is imposed on net income there is likely to be an indirect impact on the prices of goods and services because some or all of the cost of the tax would then be passed on in the wholesale or retail sale of goods and services, to be paid by the consumer. Lower income households spend a larger percentage of their disposable income for basic necessities than higher income households. As a result, these households would experience more impact in any increase in goods and services resulting from a corporate income tax.
Sustainability Impact	A corporate income tax could discourage new businesses from establishing residence in Eugene and could also encourage existing businesses to move to a lower tax city. This would result in an overall loss in taxes for the City and negatively impact the Council Goal of "Sustainable and Accountable Development".

	An increase in the price of goods or services as a pass-through to consumers would negatively impact low-income residents. No apparent direct impact on the environment exists as a result of this tax. If the tax were structured so that it only applied to corporations with carbon emissions above a certain threshold, and revenues were directed to climate and sustainability actions, it would create a nexus with positive implications for the environment, either by encouraging reduced emissions or funding climate action.
Viability in Solving Funding Issues	A corporate income tax is a viable solution for funding some on-going costs and portions of the revenue could be directed towards one-time costs. Depending on rate, revenue is likely insufficient to fund large capital acquisitions and replacements or City Contributions to Community Partnerships. No nexus exists with any funding issues, but the tax may be viewed as more fair or acceptable by the community if revenues were used for On-going Services Costs, which could include Fire and EMS services, Climate/Sustainability Services, Unhoused Services, or Affordable Housing. Due to potential political/legal challenges, especially from the business community, this likely could not be implemented in the current biennium. Implementation timeline also depends on whether the City could reach agreement with the State Department of Revenue or the City of Portland to collect the tax as a surcharge on existing State corporate tax (shorter timeline). Could negatively impact the business community and have slight negative impact on the Council Goal of "Sustainable and Accountable Development", but keeping the rate low would mitigate these impacts. • On-going Service Costs: Viable • Capital Acquisition & Replacement: Viable • Climate/ Sustainability Services: Viable • Unhoused Services: Viable • Affordable Housing: Viable • City Hall Loan Repayment: Not Viable • City Contributions to Community Partnerships (infrastructure): Not Viable

2023 Staff Revenue Team
Revenue Source Summary

Debt: General Obligation Bonds	
Description	General Obligation Bonds ("GO Bonds") are a borrowing or issuance of debt, the repayment of which is backed by a voter-approved property tax levy upon all taxable property in the City.
Legal Authority & Restrictions	GO Bonds are authorized under ORS 287A. GO Bonds must be approved by a majority of the people voting in an election in May or November. City Council must pass a resolution authorizing the bonds. GO Bonds may only be used for capital construction and capital improvements owned by a public entity. The City has financial policies related to GO Bonds. Policy D.3. states that the use of GO Bonds will be limited to major capital construction or improvements in support of general municipal services. The City also has debt policies that limit net direct debt, such as GO Bonds, to 1% of the real market value of property within the City, and repayment of debt is limited to 21 years.
Precedence	GO Bonds are used extensively by local governments across the US for a variety of purposes. The City has issued GO Bonds for parks and recreation projects, street repairs, fire stations, airport projects and other purposes.
Revenue Yield & Stability	The Oregon Constitution allows a government to levy property taxes in an unlimited amount sufficient to pay, when due, the principal and interest on General Obligation Bonds. For each $15 million of General Obligation Bonds issued in 2024, it is estimated the City would need to levy approximately $1,750,000 per year for a 20-year bond, which would cost the typical taxpayer about $23 per year. Property taxes for GO Bonds are exempt from the $10 per $1000 of real market value tax cap for all general governments under Measure 5.
Administrative Effort	Property tax collections are administered by Lane County. They prepare the tax bills, collect the funds, and remit the appropriate amount to the City on a regular basis. Enforcement is performed by both the County and the City in the foreclosure process. The process to issue General Obligation Bonds requires staff and consultant time and expense to determine the best structure and method of sale, to prepare legal documents and to prepare an offering statement for potential investors. General Obligation bonds require ongoing administration of the use of the funds and adherence to IRS and state law requirements over the life of the bonds (typically 20 years).

Timeline	GO Bonds must be authorized at a May or November election, so the timing is dependent upon getting a measure on those ballots. Council would need to start discussion of a GO Bond measure a minimum of six months ahead of a ballot to meet the election timelines. Once the bonds are authorized by City voters, it takes a minimum of three months to prepare the bond issue for sale. In order to levy property taxes to repay GO Bonds, the tax must be authorized by the City Council during the budget process.
Who Pays	The tax is paid by all property owners within City limits, including businesses and residences. Businesses may choose to pass the tax on to their customers.
Fairness & Indirect Implications	The property tax is a proportional tax on the value of real and personal property for both businesses and residences. It does not consider the ability of the taxpayer to pay the tax. There are numerous exemptions from the property tax designed to promote a variety of policy goals, including some designed to lessen the impact on non-profit organizations and low-income owners and tenants. Bond financing is a way to match the users of a capital project more closely with those that must pay for the project, and to match the payment of the project with the useful life of the project. Property taxes are paid only by property owners within the City limits. Any users of the bond-financed assets that live outside the City do not pay for a share of the use of that asset.
Sustainability Impact	This tax would increase the cost of owning a home or business and potentially increase the cost of leasing or renting a home or business.
Viability in Solving Funding Issues	GO Bonds are a viable funding source for capital acquisition and replacement, as well as capital costs for publicly owned climate/sustainability projects, unhoused services, or affordable housing projects. GO Bonds could be used for a City Hall project, although issuing GO Bonds to repay the current loan would not make financial sense. GO Bonds can be used for City contributions to community partnerships that are publicly owned facilities. GO Bonds could be used as a funding source as early as in the current biennium, a viable near-term funding source. GO Bonds are familiar and understandable to the public, which helps with political feasibility vs. a new type of revenue source.

2023 Staff Revenue Team
Revenue Source Summary

Debt: Revenue Bonds	
Description	Revenue Bonds are a borrowing or issuance of debt, the repayment of which is backed by a particular revenue source. They are not a revenue source on their own. There are many types of revenue bonds, but typically they would fall into two categories: Full Faith & Credit (FF&C) Bonds that are backed both by a revenue source and by a government's promise to repay from all available sources, as well as true revenue bonds that are secured solely by the revenues of a business type enterprise like a utility.
Legal Authority & Restrictions	FF&C Bonds are authorized under either ORS 287A or ORS 271. FF&C Bonds do not include a pledge of an unlimited property tax levy to repay the debt, as is the case with General Obligation Bonds. Enterprise type revenue bonds may be issued under ORS 287A or ORS 271. Revenue bondholders do not have recourse against the City's full faith and unlimited taxing power, and they are expected to be fully self-supporting from user fees or special revenues of the enterprise. If the bonds are authorized by an ordinance (which is required in some circumstances), revenue bonds may be referred to voters for approval, but that is not typically required. The City has financial policies related to bonds. Policy C.4. states that the City will secure a dedicated revenue source to fund general capital projects to the extent possible. Policy D.2. states that whenever a service is an enterprise operation and where the ratepayer directly benefits, the City will work to finance capital improvements by using self-supporting revenue bonds, which could be General Obligation backed. For FF&C bonds, the debt policies state that this can be used if there are predictable revenues available to repay the debt, and additional administrative measures may be required to protect the City's General Fund from having to make up any shortfalls. The City also has debt policies that limit net direct debt, such as FF&C Bonds, to 1% of the real market value of property within the City. Repayment of revenue bonds is limited to 21 years. Bond proceeds must be used for a project that remains in public ownership.
Precedence	Revenue Bonds, both the FF&C type and the enterprise type, are used extensively by local governments across the US for a variety of purposes.

	The City has issued FF&C Bonds to pay for a portion of the downtown Library, and to fund certain urban renewal projects. For both financings, urban renewal tax increment revenues were the primary repayment source, with the City's pledge to make up any shortfalls from other available funds, if needed. The City has issued Revenue Bonds for the Airport. In that case, the City issued what's known as "double-barreled bonds", that were also backed by the City's General Obligation Bond property tax levy. EWEB issues revenue bonds for their electric and water utilities, and MWMC has issued revenue bonds for their capital needs.
Revenue Yield & Stability	The amount of revenue bonds that can be issued depends on the revenue source being pledged and other security requirements (such as reserves and debt service coverage levels). Revenue stability to repay the debt depends on the issuer's willingness to raise rates as necessary to ensure repayment.
Administrative Effort	FF&C Bonds require a conversation and approval of a resolution at Council. The issuance process for FF&C Bonds is like that used for GO Bonds. Management of FF&C Bond repayment is required to ensure that the resources that were dedicated to repaying the bonds are available as expected, or so that alternate revenue sources can be identified to make payments if needed. Revenue Bonds issued for an enterprise type activity will require complex financial arrangements, including a master bond resolution that restricts the enterprise's financial operations to increase the likelihood that the enterprise will have sufficient resources to repay the bonds. The enterprise will need to actively manage their obligations under the master bond resolution over the life of the debt to ensure compliance.
Timeline	Issuance of FF&C Bonds can be accomplished in the short-term, once a revenue source has been identified and a project has been defined, with a minimum of six months needed for the Council approval process and the debt issuance process. If the repayment source for the FF&C Bonds is more complex or risky, the Council conversation and approval process may take longer. Revenue bonds issued for an enterprise type activity can take years to prepare for Council approval and debt issuance. These would be a long-term solution to a funding issue.
Who Pays	Revenue Bonds are designed to be repaid from a particular user fee or special revenue. The payors of the user fee or special revenue are typically those that will benefit from the project financed with bonds. Users could be residents or businesses and could also include out-of-town payors.

Fairness & Indirect Implications	The fairness of a revenue bond depends on the service that is using the bonds to fund capital improvements, and the revenue source that is being pledged. Because the users of the service are paying the fee or special revenue used to support the bonds, there is usually a direct nexus. Bond financing is a way to match the users of a capital project more closely with those that must pay for the project, and to match the payment of the project with the useful life of the project.
Sustainability Impact	The impact on sustainability factors will depend on the enterprise that is generating revenues, and the capital project that is being funded with the bonds.
Viability in Solving Funding Issues	Revenue Bonds are a viable funding source for capital acquisition and replacement, if there is a revenue generated from that capital project that could be dedicated for repayment of the bonds. Capital costs for climate/sustainability services, unhoused services, or affordable housing could also potentially be funded with revenue bonds if they generate revenues that can be dedicated to repayment. Revenue Bonds are not a viable funding source for the City Hall loan repayment because there is no revenue available to repay the bonds. Revenue Bonds could potentially be used for City contributions to community partnerships if the City were generating a revenue that could be used for repayment. If there were a new revenue, such as a restaurant tax or an admissions fee, that could potentially be used to repay FF&C bonds. Revenue bonds can only be used on projects that are owned by public entities. FF&C Bonds could be used as a funding source as early as in the current biennium, a viable near-term funding source, if a revenue source has been identified to secure repayment. Revenue bonds for an enterprise type project are a long-term funding source, requiring years of prep work before any dollars are available for the project. Bonds are not viable funding for any on-going service costs.

2023 Staff Revenue Team
Revenue Source Summary

EWEB Wholesale CILT or Fixed Payment Increase	
Description	EWEB, a municipal utility that is exempt from paying property taxes, makes payments to Eugene for the purpose of reducing general property taxes. There are two components of the payments: electric system retail CILT and electric system fixed payment (or wholesale).
Legal Authority & Restrictions	ORS 225.270 states that cities owning a municipal electric utility shall, for purposes of reducing general property taxes, pay to itself not less than 3% of the gross operating revenue of such plant. In 1976, the Eugene City Charter was approved and section 44(4) stated that the 1976 rates of payment to the City in lieu of taxes would continue until changed by agreement by the Board and City Council. At that time, the payment was 6% of gross operating revenue. The methodology for calculating the payment changed numerous times over the years. In July 2014, EWEB and the City entered into an agreement (City resolution #5110 and EWEB resolution #1410) that set forth an agreement about the methodology for calculating the retail CILT payments and set an initial annual fixed payment of $825,000 to replace the more volatile wholesale CILT component. That was an increase of about $500,000 over the then-current level of wholesale CILT payment to the City. In August 2014, the City and EWEB entered into a Memorandum of Understanding that stated details about how the fixed component would change over time. On January 1, 2025, the fixed CILT payment will increase to $950,000 for the calendar year, and then will increase by inflation, with a floor of 0.5% and a ceiling of 3.5% per year.
Precedence	Oregon statutes require a municipal electric utility to make a payment to itself to reduce property taxes. EWEB has paid the City a CILT since 1943.
Revenue Yield & Stability	The wholesale or fixed payment CILT is very stable, due to the agreement between the two entities. The current payment is $825,000 per calendar year, and it is schedule to increase to $950,000 as of January 1, 2025. It will increase annually at inflation thereafter.
Administrative Effort	In order to make a change to the wholesale or fixed payment CILT methodology, the EWEB Board and City Council would both have to agree to the change. Once each body approved a resolution with the

	change, the ongoing administration of the change would be relatively simple.
Timeline	A change in the agreement between the two bodies would require both bodies to have discussions and come to a decision as to what that change should be. This could take months or longer, depending on the willingness of each body to engage in the conversations. Once the bodies agree, they would set a date at which the change would take place. In the last round of changes, the bodies adopted their resolutions to make the change in July 2014, and it went into effect at the beginning of EWEB's next fiscal year, January 2015.
Who Pays	This revenue source is paid by those entities that purchase wholesale power from EWEB, and other miscellaneous rate payers.
Fairness & Indirect Implications	At the time the methodology was changed in 2014, the purpose of the change was to stabilize and fix the most volatile portion of the EWEB CILT payment to the City. The result was that the City had additional funding that could be used to avert other budget reductions, thereby provide City residents with fewer service cuts.
Sustainability Impact	At the time of the change to methodology, EWEB included a TBL assessment statement in their Board memorandum. They stated that no TBL was conducted as minimal social, economic or environmental impacts were implicated by the change. No rate impacts to EWEB customers were anticipated, and simplifying the payment methodology would reduce program administration and staff time.
Viability in Solving Funding Issues	The EWEB fixed CILT component is one of the General Fund resources, and as such, is most viable for solving any on-going funding shortfalls, although as a general revenue it could be used for any purpose. If the City Council and EWEB Board could come to an agreement about a payment change, that additional resource could be used as a funding source as early as in the current biennium, a viable near-term funding source. Because the wholesale electric market has changed since the current agreement was signed, there is a possibility that an amendment would be viable.

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Fees for Service (New or Increased)	
Description	A user fee or service charge is paid by those who use and benefit from a specific public good, service, or facility, as a condition for receiving or using it. A fee or charge is usually based on a share of the cost of the good, service, or facility that is used. The revenue generated is retained by the fund within which the good, service, or facility is budgeted and is used to defray some or all of the costs. The terms user fee and service charge are frequently used interchangeably, but "user fee" generally refers to payment for specific, discrete, and time-limited admissions, events or services, usually imposed at the time and location the good or service is delivered, or the facility is used. In comparison, the term "service charge" often refers to payment for multiple uses of goods, services, or facility usage accruing over a period of time. Service charges may occur under a contractual arrangement, while user fees typically do not.
Legal Authority & Restrictions	Under Oregon's constitutional home rule powers, the Eugene City Charter grants the City Council broad authority over matters within the city's boundaries. The Council may impose user fees and charges for services or facility use, and has delegated responsibility to the City Manager to administer user fees and charges for service consistent with the Eugene City Code.
Precedence	Most cities impose a range of user fees and service charges, and it is possible to establish new charges for goods and services not currently charged for. The City of Eugene currently imposes fees and charges with General Fund revenue in FY22 of $14.7 million (all funds revenue of $225.6 million), and budgeted General Fund revenue in the 2023-2025 biennium of $37.1 million. The 2023-2025 Adopted Biennial Budget included $554.7 million in total revenues from user fees; this includes Wastewater User Fees, Stormwater User Fees ($46.6 million), Municipal Airport Fees ($42.3 million), General Fund Charges ($37.1 million), and Internal Service Fund Charges ($207.4 million).
Revenue Yield & Stability	The City's user fees and service charges are adjusted periodically to recover increased costs of the good, service, or facility. General Fund fees may provide all, but more typically yield only part of the direct cost and overhead costs. Fees are usually set with consideration of the impact on the customer as well as the revenue yield. Some considerations that influence fee levels are a possible need to regulate demand for a good or service, a desire to subsidize a certain good or service, administrative concerns such as the cost of collection, and the promotion of other goals. If fees are set too high, customer volume and eventually revenue may decline. If the fees are too low, then not enough of the costs will be recovered to support the good or service. Fee revenues will vary with economic conditions, as the local economy fluctuates and households'

	disposable income increases or decreases. These concerns are usually taken into account when fees are set or contracts are negotiated. Revenue from new fees or an increase of existing fees would be small compared to the funding issues at hand. Many of the user fees and charges are routinely increased for inflationary cost increases so there would be minimal room to increase fees above current rates without damaging demand. A number of fees and charges, such as fire and police charges, are billed out at cost, so they cannot be increased beyond the cost of providing the services. Additionally, Airport user fees are restricted to airport use, are subject to airline contracts and travel demand, and therefore may not be viable options for increases.
Administrative Effort	Administrative effort for increased fees would be low, but administrative effort and cost would be moderate for a new fee. If a fee increase is considered then an analysis of costs, customer demand for the service, economic conditions and other considerations may be necessary. Once set or adjusted, charges are relatively simple to impose and collect at the time and place of delivery of the good or service.
Timeline	Charges for service are set administratively by the City Manager. Adjustment of existing charges may be done within a few weeks, while establishing new charges may take several months or longer.
Who Pays	User fees are only paid by users; nonusers do not have to pay the fee.
Fairness & Indirect Implications	Perception of fairness will vary depending on the good or service involved and the level of the charge. Existing City charges are generally seen by Council and community as a fair way to generate revenue for the particular service provided. Increasing or expanding fees may exclude some lower-income households from accessing goods or services. Equity can be a concern if charges are set so high that some people cannot afford to pay, even though they desire the service. City policy towards maintaining affordable charge levels may come into play to address equity concerns. Fees or charges for services can be avoided if the services they fund are optional to the customer. If fees are set too high, then fee revenue may suffer and the good or service may require greater subsidization from taxpayers as a whole.
Sustainability Impact	An increase in fees could have a larger negative impact on low-income households or families that participate in City activities, making the events cost-prohibitive for those that the events may generally target. Raising user fees and charges could reduce use of City facilities or event attendance and have a negative impact on the Council Goal of encouraging accessible, thriving recreation and culture, where arts and outdoors are integral to our social and economic well-being and are available to all.
Viability in Solving Funding Issues	May not be a source of significant revenue because staff has consistently analyzed and implemented fee and charge increases where possible.

	Easily implemented in the near-term, as collection mechanisms and processes are already in place, and service fees are generally accepted by the community; some fees may face opposition depending on the service charged and/or fee rate. User fees face equity challenges and ought to be structured such that they do not disproportionately impact low-income citizens. Raising user fees could reduce use of City facilities or event attendance and have a negative impact on the Council Goal of encouraging accessible, thriving recreation and culture, where arts and outdoors are integral to our social and economic well-being and are available to all. • **On-going Service Costs**: Viable, direct nexus exists where user fees are directed to supporting the operations of the service being used, though revenues are likely to be too small and insufficient from increasing existing fees. New fees for service could help address this funding issue, though other revenue sources would be needed. • **Capital Acquisition & Replacement**: Not viable, due to lack of sufficient revenues and direct nexus to funding issue. • **Climate/ Sustainability Services**: Viable, no direct nexus; likely not a good fit to solve this funding issue. • **Unhoused Services**: Viable, no direct nexus; likely not a good fit to solve this funding issue. • **Affordable Housing:** Viable, no direct nexus; likely not a good fit to solve this funding issue. • **City Hall Loan Repayment**: Not viable due to lack of services/activities that would generate a user fee. • **City Contributions to Community Partnerships (infrastructure):** Not viable because these would not be City facilities on which the City could charge user fees.

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Revenue Source Summary

<table>
<tr><th colspan="2">First Responder Fee Increase</th></tr>
<tr><td>Description</td><td>The First Responder Fee (FRF) is designed to recoup costs incurred while delivering Advanced Life Support (ALS) first response and patient care, regardless of whether a patient is transported in an ambulance. Eugene-Springfield's current FRF is set at $354.00 and covers motor vehicle responses and non-local taxpayers. The fee could be expanded to all emergency responses. There are many ways to implement the FRF, and some other systems charge the FRF for each response, incorporate the FRF with charges for a situation where a patient is treated but not transported, or attach the fee to membership programs.</td></tr>
<tr><td>Legal Authority & Restrictions</td><td>Eugene already has a first responder fee, enacted in Eugene Municipal Code section 2.610. It applies to motor vehicle accidents and non-resident billings. An ordinance change is needed to expand coverage of the FRF.</td></tr>
<tr><td>Precedence</td><td>First Responder Fees, sometimes called an accident response fee, are common many states. Eugene adopted its first responder fee in 2011.</td></tr>
<tr><td>Revenue Yield & Stability</td><td>Using ESF's current EMS payor mix, we added $354 for a FRF to develop an estimate of the added cost recovery for Eugene patients. Using a simple escalator of a 5% jump in call volume from 2023 to 2024, below is an estimation of call volume, charges, and collections. This assumes that 75% of patients/bills would be newly charged the fee, and some percentage are already paying the fee. More research needs to be done to determine the actual percentage.
<table>
<tr><th>Source</th><th>Qty.</th><th>75% New Patients*</th><th>Gross Billed</th><th>Collection Rate</th><th>Anticipated Cost Recovery</th></tr>
<tr><td>Medicare</td><td>8,446</td><td>6,335</td><td>$2,250,000</td><td>0%</td><td>$0</td></tr>
<tr><td>Medicaid</td><td>4,499</td><td>3,374</td><td>1,200,000</td><td>0%</td><td>$0</td></tr>
<tr><td>Commercial Ins.</td><td>2,352</td><td>1,764</td><td>620,000</td><td>80%</td><td>$500,000</td></tr>
<tr><td>Private Payer</td><td>489</td><td>367</td><td>130,000</td><td>5%</td><td>6,000</td></tr>
<tr><td>Net Recovery</td><td>15,787</td><td>11,840</td><td>$4,200,000</td><td></td><td>$506,000</td></tr>
</table>
*Placeholder to acknowledge that not all patients would be newly charged the FRF. More research needed to determine actual percentage of new patients.

Call volume continues to rise and anticipated revenue recovery should follow that trend.</td></tr>
<tr><td>Administrative Effort</td><td>Low impact. The FRF is already in place withing the billing system, a minor adjustment would be made to impose the fee more broadly.</td></tr>
</table>

Timeline	This could be implemented in the near-term. After an ordinance is approved by City Council, it would take about 90-120 days from implementation to cost recovery.
Who Pays	Concerning First Responder Fees, there are two categories that provide opportunities for reimbursement: private payers and commercial insurance. Neither Medicare nor Medicaid will pay a first responder fee. Private payers are people that do not meet the threshold needed for receiving Medicaid or have not signed up yet, and who do not have commercial insurance or Medicare. Because this group includes a wide range of the population, it will include those who have an extremely limited income as well as those who have well above average income levels. As a result, this payer mix comprises a combination of those who can afford to pay the full amount of the ambulance transportation costs and first responder fees as well as those who cannot afford to pay any part of the fee. Because this group comprises such economic diversity as a combined group, it is typical to see an aggregate reimbursement rate equal to just 5% of the amount billed. People with commercial insurance through employment, private purchase, or other means will also pay the FRF. Most medical insurance covers the cost of pre-hospital emergency medical services (PHEMS). Some insurance providers require a deductible or co-pay; however, most insurance services waive this when patients receive services that originated through the 9-1-1 system. Reimbursement from commercial insurance is estimated at 80%.
Fairness & Indirect Implications	With Medicare and Medicaid members being excluded from the fee, users with private pay or those with commercial insurance would shoulder the burden of the increased fee. This is in alignment with how the current ambulance transport fees work. However, most of our low-income community members are on Medicare or Medicaid and would be shielded from the increased costs.
Sustainability Impact	Higher fees may cause some community members to elect to bypass necessary ambulance transport when seeking treatment.
Viability in Solving Funding Issues	The FRF would be a flexible revenue source that is a viable solution to pay for on-going service costs or capital acquisition & replacement related to emergency response. It would be not recommended for other funding issues, such as climate/sustainability services, unhoused services, affordable housing and city hall loan repayment. Not viable for city contributions to community partnerships as there is no nexus.

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Franchise Fee	
Description	Right-of-way franchise fees are assessed for the privilege of use of City-owned rights-of-way for distribution of utility services or products. This option could assess new franchise fees on utility providers, or increase existing telecommunications, cable, and natural gas services located in City of Eugene's rights-of-way. These utilities benefit from use of the rights-of-way under City jurisdiction, and the fees could generate revenue to help fund operation and maintenance of these rights-of-way or provide General Fund revenues.
Legal Authority & Restrictions	Under Oregon's constitutional home rule powers, the Eugene City Charter grants the City Council authority to impose a right-of-way franchise fee. There are no legal restrictions on the use of revenue generated from a franchise fee assessed on wastewater and/or stormwater utility revenue. There is a Constitutional limitation under Article IX (OR Const, Art IX, § 3b) that caps the rate of any tax levied on oil products or natural gas, other than motor vehicle fuel, to no more than 6% of its market value. There is also a 7% cap on franchise fees for telecom carriers (ORS 221.515) and a 5% cap on cable operators (47 U.S.C § 541); 5% for electric, natural gas, water, sewer, and stormwater under ORS 221.450 unless provided under ORS 221.655. The City of Gresham currently charges a 10% utility license fee on gross revenue earned by PGE and NW Natural Gas. This license fee is able to exceed the 5% limit set by ORS 221.450 due to the Oregon Supreme Court finding that these utilities were operating without a franchise (under OR 221.450). Further legal analysis would be required to identify barriers to City of Eugene increasing NW Natural Gas fees (which is operating without a current franchise agreement) above the ORS limits due to other city code differences between City of Gresham and City of Eugene. The City does have an excise tax (implemented as a business license tax) on wholesale distribution of motor vehicle fuels. The Federal Communications Commission (FCC) approved a rule change that took effect in September 2019, reducing franchise fee payments from cable operators by allowing providers certain deductions from cable franchise fees. The rule change also preempted local governments from regulating or imposing fees related to non-cable services that rely on use of the public right-of-way such as internet service providers. The City lost a court case related to this issue, which resulted in an estimated ongoing revenue loss from Comcast in the amount of $3.2 million per year beginning in FY22.
Precedence	Over 149 cities impose franchise fees of some kind, and at least 15 cities in Oregon assess franchise fees on utilities providing water, wastewater, and/or stormwater services. Franchise fees may be applied to both privately owned and publicly owned utilities.

	The City of Eugene currently imposes fees on businesses distributing specific services or products using city rights-of-way. Right-of-way use fees from CenturyLink, NW Natural, Comcast (cable only), and other providers are estimated at $11.1 million in the 2023-2025 biennium. Also in the 2023-2025 biennium, the City is implementing a new franchise fee with Emerald People's Utility District (EPUD) estimated to generate $50,000 of new revenue. • Northwest Natural Gas pays a fee of 5% on revenue earned from City of Eugene customers for use of its gas distribution system in the City. The NW Natural fee is now referred to as a "Natural Gas Supplier Tax" (https://eugene.municipal.codes/EC/3.600) • Telecommunication franchise fees were enacted in 1997; the rate in 2023 was 7% (the legal maximum) and includes internet. These franchise fees are directed towards the General Fund, while a separate 2% tax is allocated to the Telecom Fund. • Cable services are also subject to 5% City of Eugene franchise fees. Although Eugene does not impose franchise fees on electric and water utilities using rights-of-way, the City receives a CILT from EWEB based on gross revenue. This is equivalent to franchise fees imposed by other cities on these types of utilities. The City's Stormwater and Wastewater funds (funded through user fees) pay right-of-way (ROW) fees to the City's Road Fund, similar to a franchise fee. Re-directing ROW payments to the General Fund would create instability in the Road Fund. Imposing a franchise fee on regional wastewater utilities would require discussions with MWMC and likely only provide a marginal amount of revenue. The City already imposes franchise fees on most businesses using City rights-of-way, so new franchise fees have limited potential. The City of Corvallis imposes franchise fees of 5% of the utility's gross monthly billed revenue on the City's Water, Wastewater, and Storm Water utilities.
Revenue Yield & Stability	Revenue yield would depend on what rate is applied and which utilities would be subject to the fee. Franchise fees are typically calculated using a rate applied to earned or gross revenue. Individual utility accounts are not billed; rather the utility operator is assessed a single amount based on current revenue. Some cities, such as Portland and Salem, also have flat-rate franchise fees that are charged to universities. Based on FY22-FY23 earnings from the Natural Gas Supplier Tax, a 1% increase to NW Natural's fee (from 5% to 6%) would generate approximately $300,000-$400,000 in additional annual revenue. These earnings are subject to market fluctuations on the price of natural gas and NWN's gross revenues. According to a 2019 League of Oregon Cities franchise fee survey, the average annual revenue from cable and telecom franchise fees in Oregon was ~$60,000 (each). This is drastically below Eugene's expected annual earnings

	in the 2023-25 biennium of $5.6 million. Franchise fees have been a very stable sources of revenue. Franchise fee revenue will naturally increase as a community grows, utilities reach additional customers, and utility revenues naturally increase.
Administrative Effort	Administrative costs would likely be very low for increases to existing fees.
Timeline	Depending on the complexity of the fee, or any legal or political challenges, one to two years may be required for implementation.
Who Pays	The operator of the utility pays the franchise fee as a cost of doing business. The operator may recover the fee from customers like any other business cost. Cities may make both privately-owned and publicly-owned utilities subject to the franchise fee. For instance, the City of Bend assesses water franchise fees on its own Water & Water Recovery Fund as well as two private utilities operating water and wastewater utility services.
Fairness & Indirect Implications	Franchise fees are generally considered fair because they are broad-based and applied to utilities that serve most or nearly all properties in a city. This includes stormwater and wastewater fees; industrial, commercial, and residential properties alike are served by wastewater and stormwater utilities, and all accounts benefiting from wastewater and/or stormwater services are charged for those services. If the cost is passed on by the utility operator as a cost of operation the franchise fee will likely be distributed among all those utility accounts in proportion to what each account is billed. An account with higher or lower billing would bear a proportionately higher or lower share of the cost of the franchise fee if it is passed on as a cost of doing business.
Sustainability Impact	Franchise fees could have some negative impacts on the City's business climate, however, such fees are very common and generally viewed as fair since they are levied on utilities that use, and contribute to deterioration of, the City's rights-of-way. Franchise fees could disproportionately impact low-income residents if the costs are passed on from the utility provider to the consumer at a flat rate, rather than as a percentage of usage. Funding provided by franchise fees for proper operation and maintenance of rights-of-way should have positive impacts on the environment, especially with regards to stormwater infrastructure, which -when properly maintained, can enhance our natural landscape and green infrastructure systems, helping achieve the Council Goal of Sustainable and Accountable Development.
Viability in Solving Funding Issues	There are no legal restrictions on the use of revenue generated from a franchise fee. There is a nexus with operations and maintenance of the city's rights-of-way, but this revenue could be a viable option for several funding issues.

	This option can be implemented relatively quickly and with low administrative effort and costs for fee increases. As a stable and sustainable revenue (likely to grow over time with increases in community size), this is a good option for addressing on-going funding issues. Increases to existing fees would not generate sufficient revenue to solve most funding issues alone, and some fees – specifically Telecom fees, which are currently at the legal maximum, and NW Natural's fee (per Eugene City code and OR Const, Art IX, § 3b)– could have limitations on rate increases, further limiting the additional revenue potential. Impacts on TBL and Council goals are generally positive or negligible. • **On-going Service Costs**: Viable solution with a direct nexus. Increases to existing fees would not generate sufficient revenue to solve this funding issue alone, and some fees – specifically Telecom fees, which are currently at the legal maximum, and NW Natural's fee – would have limitations on rate increases. • **Capital Acquisition & Replacement**: Viable solution with a direct nexus for costs related to telecommunications, roads, and internet/cable equipment & infrastructure. Provides insufficient additional revenue on its own to solve this issue, however, may provide sufficient funding for one-time, specific replacements. • **Climate/ Sustainability Services:** Viable solution to contribute to funding some services (likely not sufficient revenue source for all). No direct nexus with this funding issue. However, one could be created if the fee increase applied to fossil fuel distributors and revenues were directed to climate and sustainability actions. • **Unhoused Services**: Viable solution, but no direct nexus; might not be politically feasible to direct revenues towards this issue. • **Affordable Housing:** Viable solution, but no direct nexus; might not be politically feasible to direct revenues towards this issue. • **City Hall Loan Repayment**: Likely not a viable solution for this funding issue. Provides insufficient additional revenue on its own to fund this item. • **City Contributions to Community Partnerships (infrastructure)**: Likely not a viable solution for this funding issue. Provides insufficient additional revenue on its own to fund this item.

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Heavy Vehicle Tax	
Description	A heavy vehicle tax could be levied on vehicles over a certain weight and registered to an individual or business within the city. Since most heavy vehicles are used by business, the tax would be implemented as a business license tax, and payment of the tax would be a condition of doing business within Eugene. Studies have shown that although fuel consumption increases with size and weight, it does not increase proportionately with cost responsibility for damage done to roads by heavy vehicles. Above 26,000 lbs. the overall weight and axle loads become important factors in apportioning cost responsibility for damage to roads. For this reason, the State of Oregon applies a weight-mile tax to heavy vehicles, while exempting these vehicles from the state motor vehicle fuel tax. The City of Eugene has imposed a local motor vehicle fuel tax since 2003. However heavy vehicles over 26,000 lbs. are exempt from the state fuel tax and are also eligible for an 80% refund for the local fuel tax. In addition, there are vehicles below 26,000 lbs. that impose a heavier burden on city streets than passenger autos. The heavy vehicle business license tax rate would be proportional to the vehicle's weight & axle configuration. Mileage would probably not be a practical factor in determining the local tax. Heavy vehicles would be grouped into classes. Each class would have an assigned tax rate reflecting proportionate shares of estimated costs of the local transportation system they impose less the estimated local fuel tax revenue they contribute. The purpose of the heavy vehicle business license tax would be to impose a share of cost responsibility for local streets to heavy vehicles to recover revenue towards costs of damage such vehicles cause to the City's transportation system.
Legal Authority & Restrictions	Under Oregon's constitutional home rule powers, the Eugene City Charter grants the City Council broad authority over matters within the city's boundaries. The City Council may implement a heavy vehicle business license tax by ordinance without state enabling legislation. Alternatively, the tax may be placed on a ballot by the Council, by citizen initiative or by referendum petition. Revenue would have to be dedicated to streets under Article IX of Oregon's Constitution. ***Revenue from a heavy vehicle tax would be subject to Article IX of the Oregon Constitution requiring that it be spent within the street rights-of-way.***
Precedence	The City has imposed a local motor vehicle fuel tax within Eugene. However, vehicles of over 26,000 lbs. are eligible for an 80% refund on the local fuel tax, as well as exemption from the state fuel tax. The U.S. Department of Transportation imposes a heavy vehicle use tax (HVUT) on heavy vehicles operating on public highways at registered gross weights equal to or exceeding 55,000 pounds. Vehicles between 55,000 and 75,000 lbs. pay $100 plus $22 per 1,000 pounds over 55,000 lbs. Vehicles over 75,000 lbs. pay $550.

	An initial search found few municipalities charges a heavy vehicle tax. Washington, D.C. implemented this type of a tax through a vehicle registration fee. As of 2023, For commercial vehicles, there are five weight classes, with vehicles weighing 3,500 lbs to 4,999 being charged $175 per year. The heaviest class of vehicles, over 10,000 lbs, are charged $700 plus $25 for every 1,000 lbs over, per year. The City of Portland passed a four-year heavy vehicle use tax in 2016, with City Council approving another four-year extension in 2020. The tax is applied to any vehicle that is subject to Oregon's Weight-Mile Tax. As of 2023, the tax is 1.25% of the state weight-mile tax. State taxes based on weight or weight-mileage of heavy vehicles are common. The State of Oregon implements a weight-mile tax on heavy trucks, while exempting them from state fuel taxes.
Revenue Yield & Stability	Additional direction and information is needed to estimate revenue. Portland's Heavy Vehicle Use Tax averages $2.2-2.5 million revenue annually.
Administrative Effort	A heavy vehicle business license tax could impose a substantial administrative burden. The program would require reporting by the taxpayer, use of Department of Motor Vehicles, PUC and ODOT data for administration, audit and enforcement purposes. It may be difficult to identify and license parties located outside the city that regularly conduct business in Eugene. The addition of field staff would be needed to effectively verify heavy vehicle owner compliance and apply fines as needed to address non-compliance. The program could be fairly expensive to administer, depending on its complexity.
Timeline	This tax would take a longer period of time to implement, up to two years depending on the necessary level of administration.
Who Pays	Businesses with registered heavy vehicles would pay.
Fairness & Indirect Implications	Any party conducting business in Eugene would be subject to the license requirement and tax. Heavy vehicles are operated primarily by businesses. Only heavy vehicles over a certain weight would be subject to the tax.
Sustainability Impact	Unknown.
Viability in Solving Funding Issues	This fee could generate a moderate amount of revenue ($1M-$2M annually) but would need to be dedicated to streets under the Oregon's constitution. This fee would have a strong nexus to funding transportation service and transportation infrastructure with the impact that heavy vehicles have on the roadways. The business community that currently use heavy vehicles would bear the burden of this fee. This funding option would not be legal to use for any of the other funding issues. The administrative burden of this fee is significant and would reduce the net revenue generated. It would require reporting by the taxpayer and the use of multiple data sets for administration and enforcement. Depending upon the complexity of this fee, it could be implemented within the biennium, or take additional time. This could be a near-term to mid-term solution.

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Internal Services Sold to Other Organizations	
Description	Part of the 2023-2025 budget process included a process called Insights, where staff suggested a variety of ideas for revenue generation and service reductions or realignment. The Insights effort suggested several ways the City might generate revenue by selling services to other jurisdictions. Specific examples in Insights include: monetize the eBuild system; fire services; external equity consulting; ESF regional training; school resource officers; and procurement services It should be noted that all of these ideas would need significant due diligence before proceeding.
Legal Authority & Restrictions	Selling services to another jurisdiction would be an administrative action to contract with other organizations.
Precedence	The City sells services to other jurisdictions routinely, and also purchases services from other jurisdictions. This occurs in many different areas with varying levels of formality and contracting. Some examples are large scale on-going partnerships like the MWMC and ESF, and single project agreements such as work between the City and EWEB on road construction.
Revenue Yield & Stability	The revenue yield would depend on the specifics of the service being sold to other jurisdictions. Insights included some information about potential revenue generation from the ideas. • eBuild estimated revenue of $10 million and expenses of $5 million, as a very rough guess. More due diligence needed. • Regional fire trainings estimated revenue of $50,000 to $100,000, but noted there would be an unknown overtime cost associated, so the net benefit was not calculated. • School resource officers was estimated $125,000 per officer assigned to a school and noted that it would offset 50% of the cost of an officer and 20% of the cost of the sergeant overseeing the program (i.e., would not cover the full cost of the officer). • Fire services, external equity consulting, and purchasing included no revenue estimate. To be a viable method of generating revenue to solve funding issues, the revenue generated from the sale of services to other jurisdictions

	would have to not only recover all direct and indirect costs but would have to generate a margin above full cost recovery. Direct costs would include staff salary, materials and supplies, training, certifications and other resources needed to provide the program. They also include a proportional share of the costs of organizing the program, such as the supervisor. Indirect expenses are costs to provide the service, such as department administration, finance, ERC, City Attorney, CMO, Facilities, IT, and so on. The calculation for a charge for service would need to be set to cover staff costs and overhead expenses related to service delivery and include a markup for service provision. More analysis would need to occur related to individual proposals to estimate potential service charges and related revenue projections.
Administrative Effort	To sell services to other jurisdictions, the City would have to negotiate the sale. This could be authorized through an intergovernmental agreement. To be successful at selling services at a greater than 100% of full cost recovery model, careful attention would need to be paid to the pricing policy. In addition to calculating the full cost recovery price, there would have to be a goal for the amount to be recovered above 100% of full cost. That amount would then need to be compared to other options in the market for that service to see if it would be financially feasible for other jurisdictions to choose the City as a provider of the service. Once the pricing policy is set, the City would have to negotiate with other jurisdictions to contract for that service. If there is no excess capacity in a City service that can be sold to other organizations using existing personnel, then the City would have to hire and manage additional personnel to provide the service. The cost recovery model and pricing policy should be reviewed annually to determine what the price for the service should be each fiscal year. This would ensure that the service continues to not only recover full costs but also continues to provide a revenue benefit to the City from providing the service. If personnel were hired specifically to provide the service to other jurisdictions, there may be a need to eliminate the position if the purchaser decides not to continue contracting with the City for the program. In addition to the administrative effort for pricing and managing the costs, there would also potentially be a greater administrative effort due to varying rules, laws and requirements of the other jurisdictions. For instance, if the City were to provide procurement services or IT services to another jurisdiction, the staff assigned to providing that service would have to learn and be knowledgeable in all the rules for the other jurisdiction, which could differ from Eugene's, and from other

	organizations. This would create inefficiencies that could reduce or eliminate any economies of scale from this approach.
Timeline	Selling services to other jurisdictions could be implemented relatively quickly, especially in those instances where there are already existing agreements, such as Fire Trainings or School Resource Officers. For new services to be marketed to others, there would need to be an evaluation of the cost of the service to ensure adequate cost recovery, then negotiations and contracting with the other jurisdictions. This could be implemented within the current biennium.
Who Pays	This revenue would come from other jurisdictions. The ultimate payors of the fee would be the users in the other jurisdiction. For example, external equity consulting that is extended to other cities would be paid by those jurisdictions, and those jurisdictions could increase their taxes, fees or other revenues to pay for the service.
Fairness & Indirect Implications	This would essentially be a user fee service, so those who use the service would pay for it. Perception of fairness will vary depending on the service involved and the level of the charge. If fees are set too high, then fee revenue may suffer, and the service may not be viable in the long term.
Sustainability Impact	There is no applicable sustainability impact from this revenue source.
Viability in Solving Funding Issues	If it were financially advantageous to sell services to other jurisdictions, it would most likely be a revenue for on-going service costs for either the General Fund or an enterprise fund. It would not likely be a viable funding source for capital acquisition and replacement, or the specific purposes without a nexus (climate, unhoused, affordable housing). It would not be viable for City Hall loan repayment or city contributions to community partnerships because the revenue is likely to be small compared to those needs and produced annually rather than in a timeframe that would be needed to pay for large infrastructure. If viable, the estimated timeframe to see impact of new revenue could be Near-Term (within current biennium).

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Local Option Property Tax Levy	
Description	A local option levy is a temporary property tax that is paid by all owners of taxable property within the City limits. The City could impose a local option levy for General Fund services for a maximum of five years or for capital projects for up to 10 years.
Legal Authority & Restrictions	New or additional property taxes must be approved by a majority of the people voting in a primary or general election.
Precedence	Eugene voters demonstrate continuing support for local option levies, approving more than $100 million of library and parks and recreation operating levies in the past 25 years. The City has approved five local option levies for library services. The most recent library levy was renewed in November 2020 for $2.85 million per year for five years, with nearly 77% voting in the affirmative. The City has approved two local option levies for parks and recreation. The most recent parks and recreation levy was renewed in May 2023 for $5.33 million per year for five years, with nearly 66% voting in the affirmative.
Revenue Yield & Stability	The current library levy will impose $2.85 million of property taxes in FY24. The estimated tax rate is $0.15 per $1,000 of assessed value, which will cost a typical homeowner $37 in FY24. The current parks and recreation levy will impose $5.33 million of property taxes in FY24. The estimated tax rate is $0.28 per $1,000 of assessed value, which will cost a typical homeowner $69 in FY24. Local option levies are subject to the $10 per $1,000 of real market value tax rate cap for all general governments under Measure 5. Local option levies are the first to be reduced in the event of tax rate compression. This means that if the combined total levies for the overlapping general governments exceed the Measure 5 cap, any local option levies would be proportionally reduced until the tax rate limit is satisfied. It is estimated that less than 30 cents will remain "under the cap" in FY24 before compression starts to kick in. A property tax rate of $0.30 per $1,000 of assessed value would generate an estimated $5.5 million per year. This room under the cap is a shared resource between all governments in the category, which in Eugene includes Lane County, the Upper Willamette Soil and Water Conservation District and the two urban renewal districts. Any proposal for a local option levy that may exceed this amount would require careful fiscal analysis. The impact of property tax compression should be particularly examined and understood.
Administrative Effort	Property taxes are administered by the County. The County prepares the tax bills, collects the funds, and remits the appropriate amount to the City on a regular basis. Enforcement is performed by the County in the foreclosure process.

Timeline	The deadline to place a measure on the ballot for the May 2024 election would be in February 2024, and revenue could be collected starting FY25. To be placed on the ballot for the November 2024 election, the deadline would be in July 2024, and revenue could be collected starting FY26.
Who Pays	The tax is paid by all owners of taxable property within City limits. Property owners include business and residences. Businesses may choose to pass the tax on to their customers.
Fairness & Indirect Implications	The property tax is a proportional tax on the assessed value of real and personal property for businesses and residences. It does not take into account the ability of the taxpayer to pay the tax. There are numerous exemptions from the property tax designed to promote a variety of policy goals, including some designed to lessen the impact on low-income owners and tenants. A local option levy is not necessarily a long-term solution, as future funding would be contingent upon voters renewing the levy to continue the revenue stream in future years.
Sustainability Impact	An additional property tax levy could affect how affordable housing is in the community.
Viability in Solving Funding Issues	A local option property tax levy to fund city operating expenses or eligible capital projects would be viable for Ongoing Service Costs, Capital Acquisition & Replacement, Climate/Sustainability Services, Unhoused Services, and Affordable Housing. A capital local option levy is best suited for an ongoing capital maintenance program. Further legal research is needed to determine if a capital local option levy can be used for facilities that are not owned by the city, so it's uncertain at this time if this is a viable funding source for City Contributions to Community Partnerships. A local option levy could be implemented as early as in the current biennium, a viable near-term funding source. Local option levies are familiar and understandable to the public, which helps with political feasibility versus a new type of revenue source. However, the potential impact of property tax compression should be particularly examined and understood.

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Luxury Tax	
Description	A luxury tax is a sales or excise tax that would be applied to the price of specific luxury goods or services. Luxury goods generally are products that are not considered essential and are purchased by very wealthy consumers. The tax has been typically applied to particular classes of luxury goods such as expensive vehicles, jewelry, airplanes, boats, etc.
Legal Authority & Restrictions	Under Oregon's constitutional home rule powers the Eugene City Charter grants the City Council broad authority over matters within the city's boundaries. The City Council may implement a tax on luxury items by ordinance. Alternatively, the tax may be placed on a ballot by the Council, by citizen initiative petition or by referendum petition. Revenue would be unrestricted and available to the General Fund. A luxury tax levied on motor vehicles might fall within the Oregon Constitution's requirement that revenue from a tax levied on the "ownership" of a motor vehicle must be dedicated to roads. Additional legal research would be required. Real estate transfer taxes are prohibited at the local level in Oregon.
Precedence	In the United States there do not appear to be many local, state, or federal luxury taxes. Connecticut has a 7.75% luxury tax in lieu of the 6.35% sales tax on certain items: (1) motor vehicles exceeding $50,000; (2) jewelry over $5,000, and (3) clothing, footwear, and accessories with a sales price exceeding $1,000. The luxury tax when it was enacted in 2011 initially included vessels over $100,000, but 2013 the rate on luxury yachts was reduced to the same rate as the general sales tax due to the negative impact on the boating industry in the state. In November 1991, The United States Congress enacted a luxury tax that has since been repealed. This tax was levied on material goods such as watches, expensive furs, boats, yachts, private jet planes, jewelry and expensive cars. Congress enacted a 10 percent luxury surcharge tax on boats over $100,000, cars over $30,000, aircraft over $250,000, and furs and jewelry over $10,000. The federal government estimated that it would raise $9 billion in revenues over the following five-year period. However, only two years after its imposition, in August 1993, the Congress decided to limit application of the tax. The revenues generated were disappointing and it also negatively impacted the incomes of the sellers of the luxury items. However, the luxury automobiles tax was still active for the next 13 years until that was also repealed. Mexico levies a luxury tax on several items. Australia has levied the tax on luxury cars with a maximum tax rate of 33%. Hungary levied a luxury tax on yachts and cars whose value exceeded $150,000.

Revenue Yield & Stability	Revenue would depend on the sales values of the goods to which the tax would apply. There is not currently available data on the gross sales of luxury items in Oregon, so estimated yield is unknown. Tax revenues would fluctuate with general economic conditions. Depending on the tax rate, a luxury tax could encourage some wealthy consumers to easily avoid the tax by purchasing luxury goods outside city limits. Alternatively, consumers could purchase lower cost untaxed goods rather than higher cost taxed goods.
Administrative Effort	Implementation, administration, and collection of the tax may require additional FTE, depending upon the structure of the tax. It is possible that the cost of administration would exceed the yield.
Timeline	It could take two years or more to fully implement.
Who Pays	The tax would be paid by the relatively few purchasers of the taxed luxury goods. Since the taxed goods would be expensive the purchasers would likely be wealthy households and businesses.
Fairness & Indirect Implications	The luxury tax would be relatively equitable because low-income and middle-income households would not normally purchase luxury goods, while wealthy consumers and businesses would be more likely to be subject to the tax. The tax would have a negative effect on economic activity insofar that sellers of luxury goods would be discouraged from conducting business within the city. Would be paid by individuals perceived to have the most disposable income, and therefore likely to be perceived as fair. Point-of-sale tax may risk driving purchases of expensive items to other cities without such a tax.
Sustainability Impact	Social inequity would not be increased. Economic activity could be marginally decreased. There would be no burden passed on to future generations.
Viability in Solving Funding Issues	A luxury tax is unlikely to be a viable solution to Eugene's current funding issues. The yield is unknown but likely to be low, and the tax itself is highly likely to alter consumer behavior and further reduce spending on luxury goods within the City. The tax is expected to negatively impact local businesses due to the ease of purchasing luxury goods in other Oregon cities. The administrative complexity to implement a luxury tax, due to no existing sales tax infrastructure, would likely not be worth the low yield and negative business impacts of the tax.

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Local Marijuana Tax Increase	
Description	A tax on recreational marijuana items sold to consumers within city limits.
Legal Authority & Restrictions	In November 2014, Oregon voters approved Ballot Measure 91, which allowed the production, sale, and possession of recreational marijuana by persons over 21 years of age. In 2015, the State Legislature allowed for a local option tax on the retail sale of recreational marijuana up to 3%. The City Council then passed a retail sales tax of 3% and directed the tax revenue to be used to support the Criminal Justice System, Parks Safety and Security, and Human Services. In 2023, the state legislature considered legislation that would allow cities to increase the local retail sales tax to 10%, but also required sharing 20% of that increased tax revenue with the County. Similar legislative concepts were considered in 2021. This discussion is likely to come up again, although the legislature appears to be taking an "either/or" approach to reducing the financial hit that Measure 110 had on cities beginning in 2021 – either allow cities to increase the retail sales tax or change how the state shared marijuana revenue is calculated to increase city shares. In time, the legislature may pass both types of bills, but a timeline for accomplishing this is unknown. Once it is legal to do so, City Council would be required to pass an ordinance to increase the local tax. The tax would then need to be placed on the ballot and approved by electors in order to become effective.
Precedence	The City currently imposes a 3% local marijuana tax. The State of Oregon also levies a retail marijuana sales tax of 17%, making the current total tax rate 20% within Eugene.
Revenue Yield & Stability	The annual local marijuana tax yield varies with the sales volume in Eugene, which was approximately $46 million in FY23. Sales volume has been decreasing since FY21 due to supply and demand factors (record-breaking marijuana harvests and low sales prices). In FY23, the City received $1.37 million in local marijuana tax revenues. Based on current sales volume and assuming there is no impact on sales due to higher taxes, if the recreational marijuana retail sales tax rate is increased from 3% to 10%, the City would yield approximately $4.5 million annually. This is an increase of $3.1 million over current marijuana tax revenue.

Administrative Effort	Administering an increased tax would be straightforward: the City currently contracts with the Department of Revenue (DOR) to administer and collect the local marijuana tax. Revenues are sent quarterly to the City.
Timeline	Since the City is currently taxing the max amount allowable under state law, any increase to the local tax rate would require first legislative change at the state level, then Council would need to pass an ordinance and the measure placed on the ballot. This would be a long-term revenue solution, requiring at least two years for the state legislature to convene in 2025 and a law to go into effect, and then another year for the Council to pass an ordinance and hold an election. If it is not passed into law in 2025, the Oregon State Legislature will not reconvene again to work on these types of issues until 2027.
Who Pays	The tax is paid by all consumers of marijuana products purchased at dispensaries located in Eugene.
Fairness & Indirect Implications	The tax is borne by both residents and non-residents. There is a possibility that consumers may take their business outside of city limits if Eugene is the only local jurisdiction that opts to increase the tax. Recreational marijuana is purchased with discretionary income, and an increased tax rate could mean that consumers purchase less marijuana overall and businesses suffer.
Sustainability Impact	An increased marijuana tax could discourage new dispensaries from establishing in Eugene and could also encourage existing businesses to move to a lower tax city, resulting in an overall loss in tax revenue for the city. Businesses could see reduced revenue if consumers reduce purchases due to the increased tax rate. Recreational marijuana is purchased with discretionary income and consumers are paying the tax proportional to their purchasing power. However, it is still a regressive tax, and an increased tax could negatively impact low-income residents due to increased costs.
Viability in Solving Funding Issues	Raising the marijuana tax from 3% to 10% would be a viable funding option, but it is not currently legal, and therefore is not going to help with any funding issues until the Oregon State Legislature allows it. There are some additional challenges to viability. Based on current sales volume, the increased tax rate would yield an increased revenue of approximately $3 million. However, we don't know if that number will increase or decrease: the marijuana industry has been experiencing severe growing pains in the last couple of years, causing this revenue source to be unstable – annual sales volume in Eugene is down by over $15 million from 2021 levels. This is a long-term funding solution.

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Motor Vehicle Rental Tax	
Description	A tax imposed on people renting a motor vehicle from a commercial establishment within the city of Eugene. The two most common methods of rate calculation are a percentage of gross rental fee or a flat per day fee. Rates vary significantly among jurisdictions with percentages ranging from 1%-17% and flat fees ranging from $2-$4 per day.
Legal Authority & Restrictions	Under Oregon's constitutional home rule powers, the Eugene City Charter grants the City Council broad authority over matters within the city's boundaries. The City Council may implement a motor vehicle rental tax by ordinance without state enabling legislation. Alternatively, the tax may be placed on a ballot by the Council, by citizen initiative or by referendum petition. Revenue would be unrestricted and available to the General Fund. Further analysis is needed to assess the legality of taxing rental companies at the Eugene Airport, but the City may need to annex the Airport to enact the tax at that location.
Precedence	The City has not previously enacted a motor vehicle rental tax. It is estimated that 41 states and over 80 local governments impose a vehicle rental tax. Uses are varied and include construction of stadiums/arenas, transportation, education, arts/tourism and general fund activities. Multnomah County currently imposes a tax equal to 17% tax on the gross motor vehicle rental cost. Multnomah County directs most of the funds received to the County General Fund. Fifteen percent of the revenue goes toward the Visitor Facilities Fund and to paying for and securing debt services. Lane County levies a car rental tax of 12% of the gross rental fee on all motor vehicles obtained from a commercial establishment in Lane County; it was increased from 10% on January 1, 2023. The County's definition of a motor vehicle excludes vehicles designed and used primarily for the transportation of property (e.g. U-Haul moving vans) or vehicles rented for more than 30 days. Annual gross revenue hovered between $1.6 million to $1.8 million from FY16 until FY22, when revenue yield jumped to $2.8 million. Lane County projects car rental tax revenue will yield over $3.6 million in FY24, the first full fiscal year with the 12% tax rate. This funding has historically been dedicated to County Parks and the County General Fund. The City of Eugene Airport has imposed a Customer Facility Charge on car rental agencies operating at the Eugene Airport Location. The charge is $4/day per car rented. The revenue is dedicated to financing improvements to facilities at the airport and is not available for General Fund services. The Customer Facility Charge generated $900,000 in FY22 and $1.2 million in FY23. (Note that FY23 likely had a higher-than-typical volume of car rentals due to the World Championships event that occurred that year.)
Revenue Yield & Stability	The yield would vary dependent on the rate charged. In FY22, approximately $2.7 million in vehicle rental tax receipts were generated in

	Lane County at the taxing rate of 10%. Lane County has some taxable car rental businesses outside of Eugene: those located at the airport, and one business in Springfield. Based on the yield from FY22, we could roughly estimate that maybe $1 million of that revenue is coming from businesses in Eugene. At a 5% rate, it could yield $500,000 and $1 million at a 10% rate. Further information would be needed to accurately project revenues. The revenue history for the past ten years shows this to be a steadily growing revenue source, although this revenue does fluctuate somewhat with economic conditions, as people may travel less during a slowdown of the economy.
Administrative Effort	Lane County currently collects the county-wide car rental tax quarterly. The City could ask the county to collect the additional City share and remit the funds to the City quarterly. The County currently deducts an administration fee from revenues before distributing funds to County Parks and the County General Fund. A similar fee could be deducted from the City of Eugene's portion before distribution.
Timeline	Because a mechanism already exists for collection of this fee within Lane County, this fee might be relatively simple to implement, if an intergovernmental agreement can be reached with Lane County for collection.
Who Pays	People/businesses who rent motor vehicles from rental companies located in Eugene; primarily non-residents.
Fairness & Indirect Implications	A car rental tax would increase the cost of visiting Eugene, primarily impacting tourists and business travelers. It would also increase costs for local businesses that frequently pay for car rental services, such as insurance companies. A high tax has the potential to dissuade some visitors from renting a vehicle and could perhaps encourage a higher use of alternative transportation methods. If the rate were increased high enough, there might be incentive for those renting vehicles (particularly those rentals not from the Airport or Amtrak station) to rent vehicles in Springfield. If the tax is not used to fund tourism or vehicle-related expenses, it could be viewed as unfairly burdensome for non-residents. The tax is regressive. It would have a bigger burden on low-income earners because the additional cost of a car rental is a greater portion of their income than it would be for a higher income individual.
Sustainability Impact	Eugene businesses that use car rentals would see an increased cost of doing business. It has the potential to negatively affect local car rental companies. It is unlikely that the car rental tax would prevent travelers from visiting Eugene, but it could reduce their mobility around town and therefore reduce their likelihood of purchasing goods from local businesses. The tax could have a positive impact on the environment by encouraging alternative modes of transportation, such as ride-sharing services and short-term bicycle and scooter rentals.

	It should be noted as previously stated that there is a disproportionate impact on low-income consumers.
Viability in Solving Funding Issues	Overall, this is a viable revenue source to yield between $500,000 and $1 million annually. However, there are some unknowns, such as the legality of taxing rental vehicles at the Eugene Airport, how stacking a Eugene rental tax on top of the Lane County 12% car rental tax might alter consumer behavior, and whether it would face political opposition due to the existing County tax. It would be relatively straightforward to implement because Lane County already collects a car rental tax; ideally Eugene would enter into an agreement with the County for them to collect on our behalf. The tax could probably be implemented within the current biennium due to the relative administrative ease of implementation. With a low yield relative to the funding issue, it is likely not a great solution for ongoing service costs. However, other jurisdictions use motor vehicle rental tax revenue for General Fund costs. It is also a viable revenue source for climate and sustainability services, given the direct nexus with the issue. It does not have a clear nexus with any other revenue options.

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Parking Tax	
Description	A parking tax is usually structured as an excise tax associated with the renting or leasing of parking spaces. It could alternatively be structured as a type of business privilege or gross receipts tax levied on businesses that provide parking to employees, customers or participants, and on industrial or fleet parking.
Legal Authority & Restrictions	Under Oregon's constitutional home rule powers, the Eugene City Charter grants the City Council broad authority over matters within the city's boundaries. The City Council could establish the tax by ordinance. It could also be placed on the ballot by citizen initiative or be referred to the ballot by Council or by a successful citizen referendum petition. Revenue would be available for General Fund services.
Precedence	The research conducted in 2014 found that at least 49 cities in the U.S. imposed parking taxes. That research found that the rates for parking taxes varied considerably from 6-40%. New research determined that the City of San Francisco imposes a 25% tax on all commercial, off-street, non-residential parking. Miami has a 15% tax, Los Angeles' tax is 10% of the parking fee and Pittsburg imposes a 37.5% tax on non-residential parking. Chicago imposes a 20% tax for daily parking on weekends and 22% on weekday and long-term parking. In the state of Washington, the City of Bremerton imposes a 15% rate on commercial operators, while Bainbridge Island's rate of 30% applies to both private and public parking. The City of Seattle enacted a tax on commercial parking operators in 2006. The tax rate is 14.5%, added to the fee drivers pay to park in Seattle's commercial parking lots. Drivers pay the tax when they park but it is the responsibility of the business to charge and collect the tax. The business is liable for the tax whether or not it is collected. The City of Salem has had a Downtown Parking District since 1976 to provide funding for economic promotion and public parking within Salem's downtown core. (Staff did not find evidence of new parking districts amongst the ten largest cities in Oregon). The District is supported by tax assessments on all for-profit businesses of a proportionate share of the costs of the District, calculated on type of business, square footage and associated customer parking demand. Annual assessments are reported by category and currently range from $460 for small businesses to $145,000 for the retail category consisting of 87 businesses. The City of Tualatin established a Core Area Parking District in 1979 to construct and manage parking lots and ensure adequate public parking within the district. The tax is based on gross leasable area of a business in the district and a space factor. The City of Eugene has used this revenue source in the past. In 1973 a measure was passed authorizing establishment of a Downtown Development District, including public parking and transportation and the

	power to tax in the district. This district is no longer in existence. From 1977 to 1986 voters approved several measures to levy a Downtown Free Parking District tax. The Eugene Budget Committee Citizen Subcommittee considered a parking tax as an option for funding transportation system needs in 2001 but decided not to pursue this option. The State of Oregon's new Climate Friendly and Equitable Communities (CFEC) rules may play a role in the parking tax. In March of 2020, Governor Kate Brown issued an executive order directing state agencies to take actions to reduce and regulate greenhouse gas emissions and mitigate the impacts of climate change while also centering the needs of Oregon's most vulnerable communities. In response, the Oregon Land Conservation and Development Commission developed new requirements, the Climate-Friendly and Equitable Communities (CFEC) rules, for cities to help meet these goals through changes to local transportation and housing planning systems. Eugene is required to change development standards to encourage more climate-friendly development and reduce emissions. One option is to tax the revenue from commercial parking lots collecting no less than 10 percent of income, with revenues dedicated to improving transportation alternatives. However, the tax on commercial parking lot revenue is not included in the land use code amendments. Council is scheduled for a public hearing on the CFEC Parking Reform Land Use Code Amendments on September 18, 2023.
Revenue Yield & Stability	Parking taxes are usually a tax rate applied to the parking revenues generated by the owner or operator, or paid by the parking patron. Other less common approaches include a flat fee per space or transaction, or a tiered rate system based on parking location, type of parking and/or length of use. The tax could be based only on commercial parking or on all parking. This could include parking at office buildings, residences, on-street parking, and so on. It could be levied on paid parking or all parking including non-paid spaces. In Eugene, paid parking is provided by public entities, such as the City of Eugene, Lane County, and University of Oregon, and private companies, such as Diamond Parking, Republic Parking, and the 5th Street Market. Some residential housing also has paid onsite parking for residents. Non-profits also collect event fees for athletics, Lane County Fair, and other community events. City staff do not have revenue estimates for private parking operators, including the number of spaces under their management. City staff do have information on the City of Eugene's parking system. Prior to the pandemic, the City of Eugene's parking system generated about $8 million per year in non-citation parking revenue. The resources are used to recover the cost of providing parking, address outstanding deferred maintenance needs on six parking structures, and align with climate and transportation policies and goals. In 2023, the parking system generated about $5 million in non-citation parking revenue. Remote work has dampened paid parking demand from pre-Covid levels. The City has proposed parking fee increases to address deferred capital

	maintenance needs in the Parking Enterprise Fund. A tax levied on City parking resource could detract from the Parking Funds' ability to raise revenue to meet maintenance needs. Parking supply data in downtown has not been updated since 2006. In 2006 a parking needs assessment of only the Eugene downtown area was conducted. The study identified about 15,250 spaces in the downtown area, of which approximately 5,000 were on and off-street publicly-owned spaces. The remaining approximately 10,000 are presumed to be free or paid commercial parking. If public parking were excluded and the owners/operators of these downtown commercial spaces were taxed $60 annually per space, then the tax would produce about $600,000 revenue annually. As part of a 2007 study of transportation funding options, City staff estimated an approximate number of parking spaces citywide. Total parking spaces were estimated at 250,000, of which approximately 100,000 were nonresidential (estimate generated from impervious surface data) and 150,000 were residential (estimate generated from number of residential units). Beyond these approximate numbers no further information is currently available on citywide parking spaces.
Administrative Effort	Administration of this tax will require parking owners or operators to maintain reliable records of their parking revenues or their parking transaction activities, depending on the method of taxation. Under-reporting of taxable activity is a difficulty faced by governments that have adopted a parking tax. The administration of a parking tax would fall on the various parties affected by the tax. For the City, operating costs would include the salaries of additional employees needed to collect, monitor, and enforce the tax. These costs would depend on the specifics of the tax structure and payment periods. Parking operators, building owners, and employers who charge their employees for parking, would bear costs for recordkeeping and remitting the tax. These costs could be passed onto customers.
Timeline	The tax would take approximately two years to implement, as there is no current taxing/remittance structure for this type of tax.
Who Pays	A parking tax can be structured to be paid by the owners or operators of parking facilities, or by the direct users of the parking spaces. Taxes paid by owners or operators of parking facilities may be passed on to the direct users (drivers), depending on the economics of the parking market in the area. A parking tax would be paid by anyone who parks in the parking spaces that are subject to the tax. If a parking tax were structured to capture revenue from all free and commercial spaces, then it would be paid by all businesses and residences. The City would probably not be able to levy this tax on parking provided by the federal, state, county, government and possibly the airport (more research would be required to understand legal issues around taxes at the airport).

Fairness & Indirect Implications	The tax would increase the cost of parking in Eugene, which may have the effect of encouraging consumers to travel to neighboring cities that have lower parking costs.
Sustainability Impact	A parking tax is considered regressive because it is not based on the income of a parking patron. Parking patrons that have no reasonable alternative to parking downtown for lower wage jobs or to access necessary shopping or services could bear a significant financial burden. If a parking tax were levied on all parking, including free parking associated with rental housing, lower income citizens would bear an additional significant financial burden. A parking tax could encourage the use of alternate modes. For instance, the City of San Francisco's parking tax was implemented in the 1970's as part of an overall strategy to discourage the use of private automobiles. On the other hand, a parking tax could encourage suburban sprawl. If a parking tax is levied only on commercial spaces that generate parking revenue, the effect could be to encourage businesses to locate in outlying areas where parking is free.
Viability in Solving Funding Issues	It is possible that a parking tax's cost would be close to the amount it generated. Such as tax has a nexus with ongoing service costs, but no obvious nexus to the other funding needs. The Parking Fund struggled through the pandemic and adding a tax on parking activity could encourage drivers to avoid using the City's parking, thereby causing financial stress to the fund. It would take approximately 2 years to develop a tax structure and a collection system.

2023 Staff Revenue Team
Revenue Source Summary

Payment in Lieu of Taxes	
Description	A payment in lieu of tax ("PILOT") is a payment made by a tax-exempt entity like a government or non-profit organization, to a municipality to compensate for some of the cost of providing municipal services to that entity. These payments can be mandated through legislation (such as the CILT payments from city-owned utilities to the city) but are usually voluntary. City governments will sometimes negotiate PILOTs with large tax-exempt entities, such as universities or hospitals. These entities draw on fire, police and other city services, but do not contribute to funding those services through property taxes. Some PILOT agreements and programs have been implemented as a result of threats of legal mandates or lawsuits, with the result of encouraging non-profits to participate and develop a mutually agreeable arrangement.
Legal Authority & Restrictions	Under Oregon's constitutional home rule powers, the Eugene City Charter grants the City Council broad authority over matters within the city's boundaries. The Council has delegated administrative responsibility to the City Manager. The City Manager has the authority to negotiate PILOT payments with participating payors, or to develop a systematic program administratively. Non-legal considerations might result in the desirability of having the City Council provide direction on the program.
Precedence	According to a study by the Lincoln Institute of Land Policy in 2012, PILOTs worth more than $92 million per year have been received by at least 218 localities in at least 28 states over the prior 12 years. That report found that many of these agreements were in the Northeast region of the US, and most of the payments come from higher ed institutions, followed by hospitals. PILOT programs can be created in various ways, as a one-off legal agreement, or they can be more systematic. They may be called different things, such as fees or gifts, and can be one-time payments or annual amounts. As an example, the City of Berkeley and the University of California have an agreement that outlines an annual payment to the city to support fire and other city services over a 16-year period. The agreement was reached in order to resolve litigation by the city over the university's expansion plans. On the other hand, the City of Boston took a systematic approach to their PILOT program, setting up a task force in 2011 to create a clear vision for a fair and collaborative PILOT program. In 2022, the city

	received over $35 million in PILOT payments from 47 educational, medical and cultural organizations.
Revenue Yield & Stability	As this is a voluntary program, the amount that could be raised by implementing PILOTs would depend on the parameters of the program and the participation of the non-profit institutions. According to the Lane County Department of Assessment and Taxation, there was $4.2 billion of taxable assessed value that was exempt from property taxes in the current year, representing over $27 million annually of lost property taxes due to exemptions in the City's General Fund. Of that, there was $393 million of taxable assessed value that was exempt from taxes for charitable organizations, and $1.4 billion of value for state government property (which would include the University of Oregon) in the most recent fiscal year, representing nearly half of the tax-exempt property value and General Fund impact. It would not be expected that a PILOT payment would equal the full amount of the property tax exemption, as there would likely be some credit recognizing the contribution that the non-profit makes to community service. The Boston PILOT program publishes statistics each year for the amount requested, the amount received, and the percent of the requested amount received. Over the past 10 years, the amount received ranged from $23 million in 2013 to $35.5 million in 2022. The percent of the requested amount received ranged from 66% to 82%, with 75% being received in the most recent year. For Eugene, *as an example only*, if half of the state and charitable institution property value were captured in a PILOT program, and those non-profit institutions received a 50% reduction in the amount that they would have paid in taxes to offset their community service provision, then the PILOT program would request approximately $3 million from non-profits and expect to receive approximately $2.3 million. Using the Boston model, this would be phased in over several years. However, a more limited approach would be to negotiate an agreement with one or two large nonprofits, which would likely yield less. Revenues would potentially fluctuate with the financial health of the non-profit sector and the overall economy.
Administrative Effort	To get a systematic PILOT program up and running would require a significant amount of administrative and political effort. If the Boston model were followed, there would be a task force formed, and there would need to be City council meetings, staffing of that task force, and possibly public input sessions, over a period of approximately 15-18 months. Once that is complete, the legal documents and program parameters would need to be created and documented.

	In the Boston model, the city makes a request twice a year from each of the non-profits for the contribution that is being requested and meets with the non-profits to explain the request. Because a significant part of the program is building and maintaining the relationships with the PILOT-paying organizations, there might be a need for a staff person to focus on developing and implementing this program for several years, or maybe ongoing. A more limited approach of negotiating with one or two large nonprofits would not incur any significant administrative costs, but there would be staff effort expended in building and maintaining the relationship around the PILOT agreements.
Timeline	A limited approach of negotiating with one or two large nonprofits could be implemented in a shorter time period. Revenues could conceivably be received within the current biennium, or next biennium under this approach. If Eugene were to follow the City of Boston model to take a systematic approach to implementing a PILOT program, it would take several years. A task force that includes representatives from the larger non-profits would be formed to help define the vision and program parameters. Once the task force was formed, their process took over 14 months in Boston. When the task force work was complete, the new program would be implemented. In Boston, the payments were initially phased in over a five-year period. This revenue source would be a longer-term solution to funding issues.
Who Pays	The direct payor of the PILOT program would be the non-profit that is subject to the payment. The non-profits get their revenues from different sources, such as sales or fees for service, donations and grants, and those would be indirect payors of the program.
Fairness & Indirect Implications	One of the main reasons for creating a PILOT program is to address perceived unfairness in the burden that organizations place on city services. Large institutions that use city services but don't pay property taxes essentially shift the burden of paying for those services to the remaining taxpayers. PILOT payment agreements and programs can be viewed as unfair if they are inconsistent, or if all non-profits do not participate. One of the key pillars of the Boston program is based on transparency and consistency that is meant to build trust and treat everyone fairly. There is a broad range of types of non-profit organizations, and some of those are very small. Asking for a voluntary payment from those smallest organizations may have a significant negative impact on their ability to provide services.

	Not all non-profits own property, and therefore are not subject to property taxes. In the Boston model, only non-profits that own property participate in the PILOT program. One important part of the Boston program is an acknowledgement of the contributions that non-profits make to the community through their services. The program includes a credit, using clear rules, of up to 50% of the non-profit's calculated PILOT contribution.
Sustainability Impact	Asking for non-profits to provide PILOTs to the City could result in a reduction of the service level in that sector. This could have a negative impact on the clients served by the non-profits, including some of the most vulnerable community members.
Viability in Solving Funding Issues	Implementing a PILOT program, either a limited one or a more systematic approach, could potentially provide funding to assist with funding issues. If the program were focused on services that the non-profits and City partner on, such as ambulance/hospital services, or public safety/university services, or homelessness and housing issues, or climate and sustainability issues, there could be a strong nexus between the PILOT and the use of funds. There could also be an approach that focuses on capital or one-time funding needs, with PILOTs being used to help pay for those larger project costs. This would not be an appropriate revenue source for repaying the City Hall loan due in part to the timeline for receiving the revenues, or for the City's participation larger community sports and/or entertainment venues due to the lack of any nexus between the non-profits and those uses. For a limited PILOT program, revenue could be received in the current or next biennium. Implementation of a comprehensive PILOT program would be a long-term effort, with revenue not expected to be fully realized for at least 5 to 7 years.

General Fund Revenue Alternatives
Staff Revenue Team – 2023

Payroll Tax	
Description	Payroll taxes are levied on wages and salaries earned or sourced from within the taxing jurisdiction. The tax can be applied to self-employed people as well as those employed by others. The tax can take the form of a flat tax per employee or a tax rate applied to taxable wages paid by an employer within the taxing jurisdiction. It can be levied on the employer based on the employee's wages, or the employee as a deduction from an employee's wages. In the latter case this tax would not be the same as a local income tax, which would tax all income after adjustments under applicable income tax laws.
Legal Authority & Restrictions	Under Oregon's constitutional home rule powers, the Eugene City Charter grants the City Council broad authority over matters within the city's boundaries. The City Council may implement a payroll tax by ordinance. Alternatively, the tax may be placed on a ballot by the Council, by citizen initiative or through a successful referendum petition. In 2019, City Council adopted by ordinance the Community Safety Payroll Tax (CSPT) to support community safety services, generally allocated among services as follows: 65% for police services; 10% for fire and emergency medical services; 15% for municipal court and prosecution services; and, 10% for prevention and homelessness services.
Precedence	The Eugene City Council passed the Community Safety Payroll Tax Ordinance (No. 20616) on June 11, 2019 to provide long-term funding for community safety services. The Community Safety Payroll Tax became effective January 1, 2021. The State of Oregon collects a transit tax on subject wages paid for services performed within the Lane Transit District (LTD) in Eugene/Springfield area and the Tri-County Metropolitan Transit District (Tri-Met) in the Portland area to provide partial funding for those districts. Transit districts do not have the home rule authority and so may not impose these taxes unless specifically allowed by the state statute.
Revenue Yield & Stability	In the 2023-2025 biennium, revenues are forecasted to be $46.0 million ($22.6 million in FY24 and $23.4 million in FY25) and expenditures to be $51.3 million. FY23 revenues were $21.8 million. The tax is imposed quarterly on every employer, except the federal government, State of Oregon or any political subdivision of the state, with a physical address in the city at a rate of 0.0021 of wages paid by the employer; or on the first $100,000 of wages paid by an employer with two or less employees at a rate of 0.0015; or on every employee working at an employer located in the city at a rate of 0.0044 of employee's wages. The tax rate imposed on every non-minimum wage employee making a wage of $15.00/hour or less working at an employer located in the city is 0.0030 of the employee's wages. Generally stable, this revenue source is subject to the fluctuation of economic cycles and contraction of payroll due to recessionary impacts.

Administrative Effort	The City collects this tax utilizing an online self-service option provided through a contract with MUNIRevs; paper filing options are provided to taxpayers as well. The City uses 4.5 FTE for administration and management of the program (as of October 2023). For details on how the Community Safety Payroll Tax is administered, see Administrative Order 44-21-07-F (applicable for tax periods after January 1, 2022).
Timeline	Implementation took approximately 18 months, from the signing of the ordinance to the effective date (date the City began collecting the tax). Initial revenue projections were slowed due to impacts of the pandemic; but forecasts are now on track to collect the target of $23.6 million in annual revenues by FY25.
Who Pays	Employers and employees are liable for the tax for wages or salaries paid by an employer with a physical business location in the City. The employer is responsible for reporting and remitting the employee's contributions to the Payroll Tax.
Fairness & Indirect Implications	In many or most instances a payroll tax paid by the employer will be passed on either to the employee through downward pressure on wages and salaries or to the consumer in the price of goods and services. Structuring the tax as a rate applied to wages and salaries makes the tax more progressive. Employee-paid payroll tax is deductible on state and federal income taxes.
Sustainability Impact	A payroll tax with an employer-paid tax component could discourage new businesses from establishing in Eugene and could also encourage existing businesses to move to a lower tax city, resulting in an overall loss in tax revenue for the city. Businesses could experience an impact on net profits as total payroll costs increase. The Community Safety Payroll Tax is structured to lessen the impact on small employers by allowing for a reduced tax rate on the first $100,000 in payroll. A payroll tax with an employee-paid tax component could make employers in the city less competitive with hiring and retaining workers. While payroll taxes can be more impactful to lower wage workers, the tiered tax rate structure of the employee-paid component of the CSPT tax is intended to mitigate the financial impact to this population. The environmental impact of a payroll tax is contained to an increase of physical mail distribution both by the city and taxpayers who choose to file on paper. The environmental impact can be limited by providing online filing options and encouraging taxpayers and tax preparers to file in that format. In FY23, the CSPT received 33% of all tax filings in a paper format, which is expected to decline as taxpayers become more familiar with online self-serve options.

2023 Staff Revenue Team
Revenue Source Summary

Personal Income Tax	
Description	A tax on income of residents of Eugene; may also be assessed on employees working within city limits.
Legal Authority & Restrictions	Under Oregon's constitutional home rule powers, the Eugene City Charter grants the City Council broad authority over matters within the city's boundaries. The City Council may implement a personal income tax on residents by ordinance. Alternatively, the tax may be placed on a ballot by the Council, by citizen initiative or by referendum petition. Unless otherwise restricted by Council ordinance, revenue would be unrestricted and available to the General Fund.
Precedence	About a third of all states allow their counties, municipalities, and other local jurisdictions to impose an income tax. However, not all states have a local tax in every jurisdiction. Only five cities in Colorado impose the tax, while Iowa has hundreds of school districts that levy income taxes. The greater Portland area (Metro) imposes a 1% personal income tax for individuals with Metro taxable income over $125,000 ($200,000 if married filing jointly). Multnomah County has a 1.5% "Preschool for All" tax on those same income groups, with an additional 1.5% tax on Multnomah income over $250,000 or $400,000 for joint filers. As of 2023, Lane County Transit District imposed an income tax for employers within the district at a rate of 0.78%. Eugene has had several income tax proposals fail the public vote (or before reaching the ballot) in the past; most recently, in a May 2011 special election, Eugene's Measure 20-182 proposed a temporary City income tax for schools. 62% voted against the measure. In January 2010 two statewide tax measures were passed by voters, one of which raised tax rates on income above $125,000 to fund education, health care, public safety and other services. In 2019, Council passed the Community Safety Payroll tax, setting a tax rate on employee wages (for persons working within city limits) ranging from 0.30%-0.44%, and 0.21% for employers. The tax went into effect January 1, 2021. Any additional personal income tax imposed by the City would double tax income of City residents that work inside city limits.
Revenue Yield & Stability	In 2011, Eugene's Temporary City Income Tax for Schools was structured with tiered rates applied to Oregon Taxable Income: incomes below $22,000 were not taxed; between $22,001 and $35,000 had a rate of 0.35%; between $35,001 and $50,000 had a rate of 0.47%; between $50,001 and $75,000 had a rate of 0.75%; and income above $75,000 had a rate of 1.2%. These rates were for joint incomes and single filer income levels were half of the joint levels. It was estimated that this would generate a net amount of $16.8 million per year, after subtracting tax avoidance and evasion, exemptions, and administration. Tax revenues would fluctuate with changes in personal income and mirror economic conditions.

Administrative Effort	If a new personal income tax were implemented, Eugene could potentially contract collection out to the City of Portland Revenue Bureau or the Oregon Dept. of Revenue, reducing the administrative burden and confusion with the Payroll Tax. A new tax would likely face significant, aggressive political opposition making implementation difficult, lengthy, and increasing costs.
Timeline	A new tax would take up to two years; the City would have to establish a collection mechanism, either in house or through contract with another entity, such as DOR, and establish procedures around the distribution of the tax.
Who Pays	Many localities assess income tax on residents and any non-residents who work in city/district limits.
Fairness & Indirect Implications	Personal income taxes are generally considered progressive, since you pay more if you earn more, and there are multiple allowable deductions for low-income and health/disability-burdened earners. A new tax could be structured to provide exemptions for low-income households, however this would increase the rate needed to generate a particular dollar amount and increase the associated administration costs.
Sustainability Impact	Generally, an income tax is designed to be progressive, but the structure of the tax can increase or decrease progressivity. Due to Oregon's state income tax being ranked as one of the highest in the nation, an additional local income tax may not be sustainable long-term. Impact on low-income residents would depend on the structure of the tax and what exemptions are included. May slightly negatively impact the City's economic prosperity goals and initiatives. Impact on the city's business climate is uncertain; a higher local income tax rate could discourage in-migration and encourage workers to relocate, reducing economic activity and negatively impacting businesses in city limits. There is no direct environmental impact apparent.
Viability in Solving Funding Issues	Due to Oregon's already-high personal income tax rate, and the City's Payroll Tax, a new tax is likely to face strong opposition. Tax revenues would fluctuate with changes in personal income and mirror economic conditions. • **On-going Service Costs**: Viable, sufficient revenue, better feasibility politically since payees of the tax could also benefit from City services (indirect nexus). • **Capital Acquisition & Replacement**: Viable, sufficient revenue, no direct nexus and unlikely one could be created; political feasibility is low. • **Climate/ Sustainability Services**: Viable, sufficient revenue, no direct nexus; might be possible to direct revenues towards services/actions addressing this issue, depending on specific service funded may or may not face strong political opposition.

	• **Unhoused Services**: Viable, sufficient revenue, no direct nexus and one could be created but might face opposition in directing revenues to address this issue. • **Affordable Housing**: Viable, sufficient revenue, no direct nexus and unlikely one could be created; political feasibility is low. • **City Hall Loan Repayment:** Not viable; funding is sufficient but not politically feasible and likely wouldn't be available in timeframe needed; no direct nexus. • **City Contributions to Community Partnerships (infrastructure)**: Viable, sufficient revenue (though may not be available within timeframe needed), no direct nexus.

2023 Staff Revenue Team
Revenue Source Summary

Photo Red Light Cameras	
Description	A citation for violation of ORS 811.265 (Driver failure to obey traffic control device) may be issued on the basis of photographs from a camera taken without the presence of a police officer. Photo Red Light Camera programs are most often put in place to promote public safety. It should be noted that EPD enforces traffic laws for public safety, not for the purpose of generating revenue.
Legal Authority & Restrictions	If a city chooses to operate a camera that complies ORS 810.434 (Photo red light), a citation for violation of ORS 811.265 (Driver failure to obey traffic control device) may be issued on the basis of photographs from a camera taken without the presence of a police officer if certain conditions are met. ORS 810.434 Photo red light requires: (1) Any city may, at its own cost, operate cameras designed to photograph drivers who: (a) violate ORS 811.265 (Driver failure to obey traffic control device) by failing to obey a traffic control device; or (b) Violate the speed limit established in ORS 811.111 (Violating a speed limit) by 11 miles per hour or greater or violate the designated speed posted under ORS 810.180 (Designation of maximum speeds) by 11 miles per hour or greater. (2) Cameras operated under this section may be mounted on street lights or put in other suitable places. (3) A city that chooses to operate a camera shall: (a) Provide a public information campaign to inform local drivers about the use of cameras before citations are actually issued; and (b) Once each biennium, conduct a process and outcome evaluation for the purposes of subsection (4) of this section that includes: (A) The effect of the use of cameras on traffic safety; (B) The degree of public acceptance of the use of cameras; and (C) The process of administration of the use of cameras. (4) By March 1 of each odd-numbered year, each city that operates a camera under this section shall present to the Legislative Assembly the process and outcome evaluation conducted by the city under subsection (3) of this section. Effective Jan 1, 2023, ORS 810.437 permits a citation for speeding to be issued on the basis of photographs from a camera and other technology, including but not limited to sensors, that measure the

	speed of a vehicle without the presence of a police officer if certain conditions are met. Revenue generated from the Photo Red Light Cameras could be used for the General Fund, net of any operational expenses.
Precedence	Portland, Beaverton, Medford, Salem, Albany, Madras, Tigard, Wilsonville, and Newburg all utilize Photo Red Light Cameras as allowed by ORS 810.434. In 2018, the City's five-year Vision Zero Action Plan included a two-Year initiative to install automated enforcement cameras for red light violations on the Vision Zero High Crash Network using a data-driven process. Direct revenue generated by traffic citations would be directed to the City's Vision Zero Program. As of 2023, no photo red light cameras have been installed.
Revenue Yield & Stability	It is unknown if this program would generate any net revenue or incur ongoing liability. The City of Eugene's Public Works Department and EPD are currently exploring the possibility of launching a Photo Red Light pilot program with the goal of creating a cost-neutral system designed to reduce traffic safety violations at up to three intersections in Eugene. The purpose of these Photo Red Light Cameras would be to prevent traffic fatalities and injuries—not to generate revenue. Many jurisdictions with photo red light cameras operate the cameras either in a cost-neutral manner or at a net loss, due to the costs involved in paying the vendor, processing the tickets, increased municipal court caseloads, increased records requests, and the cost of an officer's time when summoned to court for trial. It is notable that there may also be some cost savings associated with mitigating severe intersection crashes, such as officer and court time that might have been spent investigating and prosecuting crashes that involve red light or speed violations. Revenue generated from the photo red light cameras would go toward City staff time associated with the program, but very likely would not generate additional revenue beyond covering, or partially covering, program costs. When Photo Red Light Cameras were initially explored by Eugene in 2002 and 2004, estimates showed a negative impact to the General Fund, however these previous studies may not reflect current market conditions. As of October 2023, City of Eugene staff are consulting with other communities in Oregon who have successful cost-neutral red light camera systems to help gain insight on how a pilot program might be structured.
Administrative Effort	There are currently no specific estimates of the cost of administration, additional FTE, vendor contracts, or collection associated with this revenue source. Start-up cost estimates including the identification and survey of intersections would also need to be included. Additionally, it is estimated that FTE may need to be added to both the City's Municipal

	Court, EPD, and the Prosecutor's Office to process the additional citations that the program would create.
Timeline	This would take one to two years to implement due to the process to contract with a vendor, install, hire associated FTE, and begin issuing citations.
Who Pays	Individuals violating ORS 811.265: Driver failure to obey traffic control device. This could be both residents and non-residents of the city.
Fairness & Indirect Implications	The issuance of citations would directly affect only those violating traffic laws in intersections where the system is installed.
Sustainability Impact	A higher rate of compliance with red light signals may reduce collisions directly related to red light or speed violations and enhance public safety. Opponents of photo red light camera programs frequently cite privacy concerns and scope creep (fear of cities using the cameras for anything other than traffic infractions) as arguments against implementation.
Viability in Solving Funding Issues	This is not a viable solution for solving the City's organizational funding issues, however may be an appropriate cost-neutral public safety program to be further considered by EPD and Public Works. A photo red light camera program would support traffic safety goals and community well-being, but could also be potentially burdensome to low-income community members. More research is needed as to the revenue generating potential of this program. EPD and Public Works staff will continue their research into the feasibility of photo red light enforcement. It would take one to two years to implement this type of program due to the time required for surveying intersections, getting vendor proposals and securing a vendor contract, installing equipment, and hiring new FTE to support the increased administrative and legal work required.

2023 Staff Revenue Team
Revenue Source Summary

Private Foundation Endowment	
Description	A legal structure for accepting and managing pooled funds or donations, often in perpetuity, to earn interest. Interest revenues can be applied to annual funding needs as allowed by the endowment terms. This option would be for a private foundation to be formed or an existing foundation to be expanded, to create an ongoing revenue stream to fund services and/or to pay for capital projects.
Legal Authority & Restrictions	ORS 128.322 outlines the responsibility a foundation has to use funds received for an endowment in a manner consistent with the donor's instructions. A private foundation endowment can invest funds at higher earnings rates, and higher risk, than the City could invest those same funds. ORS 294.035 governs the investment of public funds.
Precedence	The City of Eugene currently partners with the Eugene Parks Foundation, Eugene Public Library Foundation, the Friends of the Library, and the Police Foundation, which were founded by donor contributions. Those organizations hold, invest, and distribute the funds. The City is the recipient of the endowment funds. The Eugene Public Library Foundation contributed $5 million towards construction of the Downtown Public Library. The City of Portland has a Parks Endowment Fund that comprises four separate endowments. Corvallis' Friends of Corvallis Parks and Recreation is a non-profit organization that partners with the City to provide financial support above and beyond what is included in the City of Corvallis Parks and Recreation Department annual budget.
Revenue Yield & Stability	A private foundation or endowment would likely need multiple donors in order to provide sufficient revenue to meet funding needs year after year. For an annual revenue to support ongoing services of at least $4.8 million, not considering inflation or administrative costs, the initial endowment principal amount would need to be at least $64 million. See last page for full sensitivity analysis. An endowment provides long-term stability as it will likely grow over time and can garner additional donations throughout its life. However, as original endowments are non-spendable in nature and revenue is based on interest earnings, they are susceptible to fluctuations in market interest rates. If endowments are invested in equity investments, then the principal of the endowment is also subject to fluctuation, and the principal could drop below the initial endowment level.
Administrative Effort	Initial fundraising would require significant effort, which would vary depending on the size of the principal needed. City staff would need to connect with this effort in order to ensure that the fundraising effort was consistent with the City's goals and services.

	Once created, management of an endowment would be handled by the private foundation, reducing the internal administrative effort required.
Timeline	Depending on the size of the endowment needed, it would likely take at least five years to raise funds from donors or through City surplus property sales. Property sales would need Council review and approval, increasing the timeline.
Who Pays	Private citizens who choose to donate to the foundation, or City taxpayers, through the sale of surplus property.
Fairness & Indirect Implications	Since donations would be voluntary, this option would be fair and not place an inequitable financial burden on low-income families.
Sustainability Impact	A sustainable source of revenue for small projects; interest earnings only would be used to meet funding needs, while the principal amount would remain in the endowment fund to continue earning interest annually.
Viability in Solving Funding Issues	This could potentially be a long-term solution to funding certain services sustainably. It is not a viable solution for paying for ongoing service costs in the short term. A capital campaign could be created to fund large capital projects that have general public appeal (such as was done for the Eugene Public Library). There would need to be a group of private community members who were willing to form a foundation and generate donations for any of the specific uses, such as climate/sustainability services, unhoused services, affordable housing or community partnerships. This would not be a viable solution for City Hall Loan Repayment.

Parks Endowment Scenarios						
		FY24	**FY25**	**FY26**	**FY27**	**FY28**
Scenario 3						
Annual Interest Revenue Earned		$ 5,400,000	$ 5,800,000	$ 6,200,000	$ 6,600,000	$ 7,100,000
Principal Needed at Interest Rate of	2.1%	$ 257,142,857	$ 276,190,476	$ 295,238,095	$ 314,285,714	$ 338,095,238
Principal Needed at Interest Rate of	5.3%	101,886,792	109,433,962	116,981,132	124,528,302	133,962,264
Principal Needed at Interest Rate of	7.5%	72,000,000	77,333,333	82,666,667	88,000,000	94,666,667
Scenario 2						
Annual Interest Revenue Earned		$ 4,800,000	$ 5,100,000	$ 5,500,000	$ 5,900,000	$ 6,300,000
Principal Needed at Interest Rate of	2.1%	$ 228,571,429	$ 242,857,143	$ 261,904,762	$ 280,952,381	$ 300,000,000
Principal Needed at Interest Rate of	5.3%	90,566,038	96,226,415	103,773,585	111,320,755	118,867,925
Principal Needed at Interest Rate of	7.5%	64,000,000	68,000,000	73,333,333	78,666,667	84,000,000

[1] Interest rate of 2.1% was earned by the City of Portland's Parks Endowment Fund in 2019, pre-pandemic

[2] Interest rate of 5.3% is the average annualized interest rate earned by non-profit endowments 2009-2017

[3] Interest rate of 7.5% is the historical average annualized interest rate earned by college and university endowments over a ten-year period; this is generally accepted as the target average return over 10 ears

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Revenue Source Summary

<table>
<tr><th colspan="2">Rental Housing Fee Increase</th></tr>
<tr><td>Description</td><td>The City's Rental Housing Door Fee (the "Door Fee") was established in 2004 at $10 per door per year when Council adopted the Rental Housing code with habitability standards. The Door Fee was increased in FY23 following Council's approval of Renter Protections phase I by $10 to be a total of $20 per door per year.</td></tr>
<tr><td>Legal Authority & Restrictions</td><td>Council determines eligible uses for the Door Fee in the Rental Housing Code. On July 11, 2022, City Council approved Ordinance No. 20670, amending sections 8.405, 8.415, 8.425, 8.430, and 8.440 of the Eugene code to provide a phase 1 of renter protections. The ordinance expanded the use of the Door Fee by adding EC 8.440(2)(b).

EC 8.440(2)… "The revenues generated by the fee may be used for:
(a) Offsetting the costs to the city associated with the enforcement of this City Rental Housing Code; and
(b) Costs associated with providing services to tenants and owners and managers of rental housing, including but not limited to a rental housing navigator position, rental housing data collection, and tenant support services."

As currently described, the door fee could likely be used for some ongoing service costs and Affordable Housing services related to renters and renter protections.

Council could amend the Code to expand the scope of the fee to encompass additional activities, with articulable and reasonable relationship between the fee, the folks who pay the fee, and the services the fee is used to fund.

The City Manager sets the amount of the Door Fee in the Administrative Rule. Admin Order 53-22-08-F increased the annual Door Fee by $10 (for a total of $20/unit annually or $1.67/unit each month).</td></tr>
<tr><td>Precedence</td><td>The City has an existing Door Fee in place. (See above info). Several other jurisdictions have Rental Housing license programs. However, there is variability in local ordinances that govern what the programs do. As of October 2022, other jurisdictions had the following rates for their Rental Housing Programs:

<table>
<tr><th>Community</th><th>Type of Code</th><th>Annual Fee</th></tr>
<tr><td>Beaverton</td><td>Rental Housing Code</td><td>Houses: Business License required after 3 units: $75 base fee plus $8.75 per person involved in management.
Apartments: $75 per unit for first 40 units plus $1.25 for each additional unit, plus Business License.</td></tr>
<tr><td>Corvallis</td><td>Rental Housing Code</td><td>$15 per unit, $1 increase in odd-calendar years (next in 2023)</td></tr>
<tr><td>Gresham</td><td>Rental Housing Code</td><td>$55 for first 2 units, plus sliding scale of $20 to $45 on additional units</td></tr>
<tr><td>Medford</td><td>Rental Housing Code</td><td>$40 base fee after first unit, plus $1 for each additional unit</td></tr>
<tr><td>Portland</td><td>Business License Code</td><td>$65 per unit, plus registration and applicable taxes with City of Portland Revenue Division</td></tr>
</table>
</td></tr>
</table>

Revenue Yield & Stability	FY23 revenue was $687,213 for the $20 per unit per year fee. The program revenue for the first year of the increased Door Fee generated just over $340,000 (FY23) for the implementation of Phase I Renter Protections for a rental housing navigator, data collection/management, program oversight, enforcement, and support services. As a new program, and depending on the impacts of Council's recently approved Phase II and any future Council direction, some adjustments may be needed to the Door Fee, especially since the initial estimate of renter protections program costs exceeded the projected revenue. Staff will review the fee annually to ensure the fee is set appropriately to fund the tasks included in renter protections program. Currently, there are approximately 34,000 rental units registered with the City. Changes in the number of rental units and the number that are registered with the City would impact revenue.
Administrative Effort	Increasing the Door Fee for uses already in the Rental Housing Code would require an Admin Order (PDD and CAO staff time) and public outreach (the required comment period plus notification to the RHC interested parties list at a minimum). To be able to spend Door Fee revenue on uses not currently in the Rental Housing Code would require Council to amend the code, which would involve staff time for at least a public hearing and action item plus public outreach. The mechanics of collecting a higher amount would have relatively little impact because sending bills and processing payments is an existing annual process.
Timeline	This depends on what the new Door Fee revenue would be used for. It would take about three months to increase the fee to use funds for an existing eligible purpose. Bills are sent annually in the fall. It would likely be FY25 at a minimum before new revenue would be received. For authorizing new uses of the funds, it would take longer. Lead time would be necessary to navigate political and practical matters, especially considering how the new use of funds relates to the Renter Protections Phase III work currently in progress (estimated to go to Council once Phase II implementation is completed for initial feasibility discussion).
Who Pays	Although an increased Door Fee is imposed on landlords, there is likely to be an indirect impact on renters because some or all of the cost of the door fee would presumably be added to the monthly rent to be paid by the tenant.
Fairness & Indirect Implications	Over half of the Eugene community are renters; 56% of all renters are rental cost burdened (a household that pays 30% or more of their income for housing). A very large increase would be needed before the annual Door Fee would have a meaningful impact on rent. (Currently, the fee is $1.67/unit/month.) If landlords perceive the Door Fee to be too high, they might not register their unit(s). Perceived concerns from some that the Door Fee will impact landlords' interest in continuing to rent their property(ies).
Sustainability Impact	It depends on the amount of the Door Fee and the uses for the revenue. A modest increase could generate revenue that would make a difference in the lives of low-income community members, if for example, the revenue was used for Unhoused Services.

Viability in Solving Funding Issues	The Door Fee is currently a viable source of funds to offset the costs to the City associated with the enforcement of the Rental House Code and costs associated with providing services to tenants and owners/managers of rental housing, including but not limited to: a rental housing navigator position, rental housing data collection, and tenant support services. Under the existing Code, the Door Fee could likely be used for some ongoing service costs and Affordable Housing services related to renters and renter protections. Council could amend the Code to expand the scope of the fee to encompass additional activities, with articulable and reasonable relationship between the fee, the folks who pay the fee, and the services the fee is used to fund. This most likely amounts to using increased fee revenue for renter related costs of Affordable Housing or unhoused services. There are political factors to consider regarding spending the Door Fee on non-rental housing or housing/homeless related things. Timing for new revenue depends on what the use is (how much deliberation Council would need to do to come to a decision) and how it would be integrated with the Renter Protections Phase III work already underway. (Council just approved Phase II and will pick up Phase III, once phase II is implemented.) Soonest would by FY25 for new Door Fee revenue, if code change and admin rule in place by summer 2024. Though this fee could be a viable option to addressing some of the following funding issues in the mid-term, the City would need to show articulable and reasonable relationship between the fee, the folks who pay the fee, and the services the fee is used to fund. • **On-going Service Costs:** Viable with articulable and reasonable relationship between the fee, the folks who pay the fee, and the services the fee is used to fund; no direct nexus; insufficient revenue, low political feasibility • **Capital Acquisition & Replacement:** Not viable, no direct nexus, insufficient revenue, low political feasibility • **Climate/ Sustainability Services:** Viable with articulable and reasonable relationship between the fee, the folks who pay the fee, and the services the fee is used to fund; no direct nexus; insufficient revenue, low political feasibility • **Unhoused Services:** Viable, direct nexus for renter related uses, sufficient revenue for partial support of funding issue (any funding is better than none) • **Affordable Housing:** Viable, direct nexus, sufficient revenue for partial support of funding issue (any funding is better than none) • **City Hall Loan Repayment:** Not viable, no direct nexus, insufficient revenue available in timeframe needed, no political feasibility • **City Contributions to Community Partnerships (infrastructure):** Not viable, no direct nexus, insufficient revenue available in timeframe needed, little to no political feasibility.

2023 Staff Revenue Team
Revenue Source Summary

Restaurant Tax	
Description	Tax on sales of food and non-alcoholic beverages served by restaurants in Eugene. The tax is typically applied as a rate and paid by customers on their restaurant bill.
Legal Authority & Restrictions	Under Oregon's constitutional home rule powers, the Eugene City Charter grants the City Council broad authority over matters within the city's boundaries. The City Council may implement a restaurant tax by ordinance without state enabling legislation. Alternatively, the fee may be placed on a ballot by the Council, by citizen initiative or by referendum petition. Revenue would be unrestricted and available to the General Fund. While ORS 317A.158 restricts commercial activity taxes based on the receipts from grocery sales, the definitions for ORS 317A.100 expressly exclude from preemption "(U) Local taxes collected by a restaurant or other food establishment on sales of meals, prepared food or beverages." More legal analysis might be needed to understand how this statute would affect any restaurant tax.
Precedence	Currently, there are three cities in Oregon that collect a prepared foods tax: Ashland, Yachats, and Cannon Beach, who all have city retail sales taxes of 5% on prepared foods. In 2021, Newport voters rejected a similar proposal for a 5% sales tax on prepared foods. Cannon Beach voters narrowly approved the 5% prepared food tax that went into effect in July 2022. The revenue generated will be split between the City of Cannon Beach and the Cannon Beach Rural Fire Protection District for emergency services and city infrastructure. The city offered businesses grants of up to $5,000 to help with the costs associated with modifying point of sales systems to collect the tax. The City of Yachats 5% tax applies to most prepared foods and dispensed beverages, not including alcoholic beverages. Tax proceeds are dedicated to debt payments on the wastewater treatment plant. The ordinance that imposed the tax does not have a sunset clause, and contains a provision allowing the city council to increase the tax rate in the future after a public hearing. The City of Ashland collects a 5% tax on all prepared food. One percent is used to purchase open spaces for parks and four percent is used to offset the costs associated with the building of the new wastewater treatment plant. The tax was to sunset in 2010, however, 59% of Ashland voters voted to extend the tax to 2030. One of the factors in this vote was that the wastewater rates would have gone up by 55% had the tax not been renewed. In 2021, Newport voters rejected a proposed 5% restaurant tax that would have supported service costs including police, fire, library, and parks. In 2011, Cottage Grove City Council rejected a 3% restaurant tax proposed to support aquatic center operations. In March 1993, the City of Eugene proposed a 3% restaurant tax to be

	used as a general revenue source; the proposal failed at public vote with 60% opposed and 40% in favor. In 2010, the City's Meeting the Challenge Task Force recommended a restaurant tax as one of the three preferred potential revenue raising options. Some major cities have a "meals tax" in addition to sales tax – the combined taxes on meals range from 5% to almost 11%. The meals tax rates alone range up to 5.5% with the average being just over 2%.
Revenue Yield & Stability	Revenue would fluctuate with changes in personal income and the economic environment. The 2017 Economic Census reported $943 million in annual Restaurant and Accommodations sector sales in the Eugene-Springfield Metro Area; we can presume at least 50% of the sales are in Eugene ($472 million). It is unknown what portion of this figure is from restaurant/prepared foods sales; the following projections assume 50%, or $236 million. The estimates contain a lot of unknowns, and further research is required. If levied at a 5% tax rate, which is the rate imposed by Yachats, Ashland, and Cannon Beach, the tax could yield approximately $12 million annually. At a 3% rate, it could raise approximately $7 million, and a 1% rate could yield slightly over $2 million annually. These figures do not account for the costs to administer the tax, the possibility of delinquency, or possible exemptions, such as fast-food sales. It would be advisable to round down the ranges to something more like $2-10+ million until more is known about the potential yield. The 2017 census shows that Oregon's total restaurant and accommodations sales were $11.8 billion. The results of the 2022 Economic Census will be released in March 2024.
Administrative Effort	If patterned after Ashland's process, businesses would remit the tax quarterly to the City. After the initial registration of all eligible businesses, staff time would be required to post payments, work with business owners and enforce the tax uniformly. Dedicated staff would be needed to perform this function. An effort will need to be made to clearly identify foods and beverages that are subject to this tax to make compliance easier for local businesses. A portion of the proceeds may be retained by the restaurants to help defray the costs associated with collections and remittance activities.
Timeline	This tax would take a longer period of time to implement, possibly two years or more. Lead time would be necessary to establish administrative and enforcement mechanisms.
Who Pays	Restaurant patrons; residents and non-residents. Determining how much of this amount would be paid by out-of-town visitors vs. City residents would require additional research, as this data is not readily available.
Fairness & Indirect Implications	In the current economic environment, an additional tax on food and beverages may be seen as unfair by some segments of the local community, including businesses and those representing low-income populations. One way to possibly address this concern is to exempt fast

	food. Although it is possible that some consumers may choose to go outside of city limits to avoid the tax, a small tax is unlikely to significantly impact local restaurant revenues, similar to the implementation of the gas tax. However, it may result in some lost business for Eugene restaurants. Restaurant margins may be too slim to absorb administration costs.
Sustainability Impact	There is disagreement over whether a restaurant tax is equitable. Some argue that low-income households spend a larger portion of their income on prepared food. However, multiple studies have shown that higher-income households spend a greater portion of their food budgets on prepared food. Low-income households tend to spend more on fast food than restaurant food. Some restaurant taxes specifically exempt fast food restaurants in order to reduce the impact on low-income households. Even with this exemption, the tax is still regressive since it levies same percentage on goods purchased regardless of the buyer's income. Businesses tend to be very opposed to these types of taxes due to the possibility that consumers will reduce their purchases. Even if consumer behavior does not change, it could lead to a tense relationship with the business community.
Viability in Solving Funding Issues	A restaurant tax of 1-5% could be a viable funding solution, though there is no direct nexus with any of the areas needing funding. The potential gross yield of $2-10+ million, depending on the rate, makes this tax a candidate for supporting ongoing service costs. However, there is likely to be significant opposition from the business community and other community members that are concerned about the impacts a restaurant tax would have on businesses and consumers, especially low-income households. Although Council can create this tax by ordinance, citizen initiative would likely result in a ballot measure and a highly politicized electoral environment.

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Revenue Source Summary

Sale of Surplus Property	
Description	Sale of surplus property owned by the City, which could be used to seed an endowment or used to cover a one-time cost. The City owns hundreds of parcels, most of which support City services, that should not be considered for sale. However, there are underused parcels that could be considered for sale to raise one-time revenue.
Legal Authority & Restrictions	Analysis completed in 2021 determined that City Ordinance 2.864 grants the City Manager the authority to declare real property as surplus subject to disposal. ORS 221.725 specifies the requirements for public noticing. City Council established a disposition process in 2017. Staff also follow these protocols when selling property in the Urban Renewal District. Individual parcels may have specific deed restrictions that limit their disposal; research should be conducted for each parcel.
Precedence	March 2018 - City of Eugene sold a 0.24-acre parcel to a private party. The former surface lot is now being developed into housing. The City sold property as one of the multiple sources of funding for construction of the Downtown Public Library. The property sale took many years to accomplish, and proceeds were not available to pay for construction costs when needed. The City had to provide cash flow funding for several years until property sale proceeds were realized.
Revenue Yield & Stability	Actual revenue generated would vary depending on the size and location of the parcel is sold. Some examples: • 255 Lincoln Street. 2.39 acres, Assessor estimates real market value at $3.4 million. • 1545 Jefferson Alley. 3.97 acres, Assessor estimates RMV at $300,000, but actual market value would be much higher, given scarcity of flat parcels of that size in the center of Eugene. For the sale of any surplus property, the original source of funding to purchase the property would need to be understood, and any restrictions on those original dollars would need to be honored.
Administrative Effort	The City would need to identify parcels that are not needed at this time. Some work was done early in the pandemic to identify City-owned sites that could be used as shelter sites for the unhoused. That research could be a foundation for an effort to identify disposable property. It may take up to 80 hours of staff time to assemble a list of potential surplus properties. The amount of staff time depends on the process used to sell the property. If Council chooses to issue an RFP, with specific development requirement, the project can take 1.5 years and 500 to 1,000 hours of staff time. Alternatively, the City can simply list a property as for sale, which would take less than 200 hours of staff time.

Timeline	Timing would vary, based on the disposal process. The 2021 analysis concluded that it would likely take at least one to two years to identify disposable property, propose to Council and gain Council's approval, and obtain a buyer. The process could take less than one year if the parcel were already identified, and Council opted to list the property with a broker. It is recommended that the sale of property only be used as a funding source for a project once property sale proceeds are in hand to reduce the risk to the project of timing of receipt and/or amount of proceeds.
Who Pays	The purchaser of the property pays.
Fairness & Indirect Implications	Sale of public property could negatively impact future opportunities to serve areas of the city and could be negatively received by the public if it is viewed as contradictory to the City's pledge to increase accessibility to parks and open spaces. The impact could be seen as positive if an underused parcel can be redeveloped into a productive use. The City runs a land bank program for Affordable Housing. Federal HUD dollars are used to acquire land and then sell it at a greatly reduced cost to providers of income-qualified Affordable Housing. Surplus properties could be used to bolster the supply of land for Affordable Housing and allow the City to leverage the federal dollars.
Sustainability Impact	By nature, sales of public property are one-time events. They can be used to fund one-time events. If the funds are used to seed an endowment, they can be sustainable if properly managed.
Viability in Solving Funding Issues	It is reasonable to dispose of unused parcels to fund one-time needs that benefit the community. There is a nexus with these funding issues: • Capital Acquisition & Replacement (such as parks) • Affordable Housing (if sites were used for Affordable Housing) • City Hall Loan Repayment • City Contributions to Community Partnerships (infrastructure) The sale of property could begin in the Near Term but may not be completed, with funds available for use on a particular purpose, in the near term.

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Sales Tax: General	
Description	A retail sales tax is an excise tax levied on a range of goods and services at the point of final sale to an end-user or consumer. It can be imposed as a general sales tax applying to a broad range of goods and services. It can also be made quite narrow and selective in the range of goods and services subject to the tax (SEE SALES TAX: SELECTIVE). The tax can be structured to apply to leases and rentals as well as sales. It is usually levied only on sales of tangible personal property (goods). Services, real estate, and financial instruments such as stocks and bonds are not tangible personal property and are usually exempt, although some jurisdictions do include specific categories of services as taxable services. Purchases of goods and services by households are generally retail sales and are taxable. Purchases by businesses are also taxable if consumed by the business, and goods consumed by business such as machinery and equipment (which wear out or are consumed slowly) and supplies that are used up in the production process but do not become part of the final product, are also retail sales. Wholesale sales are not taxable because those sales are not made to final consumers. Typical exemptions from sales taxes include food for human consumption, prescription medicines, utilities, gasoline, animals and feed for animals, agricultural supplies, and items that become a component of goods manufactured for later retail sale. It is typically structured as a tax rate applied to the value of the sale. Different rates may be applied to specific categories of goods and services.
Legal Authority & Restrictions	Under Oregon's constitutional home rule powers, the Eugene City Charter grants the City Council broad authority over matters within the city's boundaries. The City Council may implement a retail sales tax by ordinance. Alternatively, the tax may be placed on a ballot by the Council or by referendum petition. Revenue would be unrestricted and available to the General Fund. State law prevents local retail sales taxes on alcohol, tobacco and vape products, and real estate transactions. Local taxes on motor vehicle fuel, transient lodging, and marijuana are restricted. In 2018, the U.S. Supreme Court ruled a state may collect sales tax from taxpayers located outside the state if they are selling to state residents and there is a sufficient connection between the taxpayer and the state (Wayfair Decision). The definition of retail sales and what goods and services are taxable vary among taxing jurisdictions that have them. Nearly all jurisdictions provide numerous categories of goods and services that are exempt from sales tax, or taxed at reduced rates. The purchase of goods for further manufacture or for resale is uniformly exempt from sales tax. Most jurisdictions exempt food sold in grocery stores, prescription medications, and many agricultural supplies.

Precedence	Forty-five states impose general sales taxes that apply to the sale or lease of most goods and some services. Many cities and counties across the nation also have local general sales taxes. Oregon has no general retail sales taxes, but a number of selective retail sales taxes are in place.
Revenue Yield & Stability	Revenue would depend on the structure and rates of the tax, and the range of goods and services to which the tax would apply. Census data estimates $3.2 billion per year in total retail sales for Eugene. If we assume that half of this amount would be taxable, a 1% general retail sales tax could generate an estimated $16 million per year. Tax revenues would fluctuate with general economic conditions. Changes in consumer spending may occur due to tax-avoidance behavior. Local sales tax is sensitive to interjurisdictional competition. Previous studies estimate that a 1 percent rate differential in local sales tax leads to a 3 to 7 percent decrease in retail sales.
Administrative Effort	Because there is no existing infrastructure in Oregon to collect a general sales tax, the effort to implement, administer and collect a local general retail sales tax would certainly be high, requiring several FTE to implement, administer, collect, and enforce.
Timeline	Implementation would likely take at least two years or more.
Who Pays	This will depend on the structure and coverage of the tax. A general retail sales tax could apply to a much broader range of consumers than a more selective retail sales tax.
Fairness & Indirect Implications	A broad, general retail sales tax is regressive because lower income households spend a larger percentage of their available income on goods and services subject to the tax, while households with higher incomes spend a smaller percentage of their available income on taxed goods and services. Typical exemptions for food for human consumption, prescription medicines, utilities, and similar essential goods and services mitigates, but does not eliminate, the regressivity of a general sales tax.
Sustainability Impact	Lower income households will experience a larger negative impact if a general sales tax is enacted. Businesses may experience an increase in costs associated with administration of a tax that is generally not applied in Oregon. This could be mitigated by allowing businesses to withhold some of the tax to help cover administrative costs, similar to Eugene's lodging tax which allows 5% withholding for this purpose.

Viability in Solving Funding Issues	A general retail sales tax is a viable funding source for all funding issues, including On-going Service Costs, Capital Acquisition & Replacement, Climate/Sustainability Services, Unhoused Services, Affordable Housing, City Hall Loan Repayment, and City Contributions to Community Partnerships. A general sales tax has the potential to generate significant revenue. However, a general sales tax has never been implemented in Oregon, so it may face resistance from voters. If Council chooses to not put it out for a vote, it's possible a citizen referendum petition could be successful to get it on the ballot. A general sales tax would likely take at least two years or more to implement, which makes it a mid-term funding option (2025-2027 biennium).

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Sales Tax: Selective	
Description	A retail sales tax is an excise tax levied on a range of goods and services at the point of final sale to an end-user or consumer. It can be made quite narrow and selective in the range of goods and services subject to the tax. It can also be imposed as a general sales tax applying to a broad range of goods and services (SEE SALES TAX: GENERAL). The tax can be structured to apply to leases and rentals as well as sales. It is typically structured as a tax rate applied to the value of the sale. Different rates may be applied to specific categories of goods and services.
Legal Authority & Restrictions	Under Oregon's constitutional home rule powers, the Eugene City Charter grants the City Council broad authority over matters within the city's boundaries. The City Council may implement a retail sales tax by ordinance. Alternatively, the tax may be placed on a ballot by the Council or by referendum petition. Revenue would be unrestricted and available to the General Fund. State law prevents local retail sales taxes on alcohol, tobacco and vape products, and real estate transactions. Local taxes on motor vehicle fuel, transient lodging, and marijuana are restricted. In 2018, the U.S. Supreme Court ruled a state may collect sales tax from taxpayers located outside the state if they are selling to state residents and there is a sufficient connection between the taxpayer and the state (Wayfair Decision).
Precedence	Most states levy selective sales taxes on the sale or lease of particular goods or services. Many cities and counties across the nation also have local selective sales taxes. Several selective retail sales taxes are in place in Oregon. The state and a number of cities and counties, including Eugene, charge taxes on transient lodging and marijuana sales. Eugene's local lodging tax rate is 4.5% and Eugene's local marijuana tax rate is at the 3% maximum allowed by state law. Other examples include Ashland, Yachats, and Cannon Beach, who all have city retail sales taxes of 5% on prepared foods. In 2021, Newport voters rejected a similar proposal for a 5% sales tax on prepared foods. In Oregon, state taxes on tobacco, vape products, and alcohol, as well as state and local taxes on motor vehicle fuel are collected at the wholesale or distributor level. While these are excise taxes, they are not retail sales taxes.
Revenue Yield & Stability	Revenue would depend on the structure and rates of the tax, and the selective goods and services to which the tax would apply. As examples, Eugene's local lodging tax generated $4.1 million in FY22, and Eugene's local marijuana tax generated $1.7 million in FY22. Tax revenues would fluctuate with general economic conditions. Changes in consumer spending may occur due to tax-avoidance behavior. Local sales tax is sensitive to interjurisdictional competition. Previous studies estimate that a 1 percent rate differential in local sales tax leads to a 3 to 7 percent decrease in retail sales.

Administrative Effort	Implementation, collection, and administration of a selective sales tax by the city would likely require a few FTE, depending on the number businesses that sell taxed items. Businesses would have the administrative responsibility to collect and remit taxes to the city.
Timeline	Implementation would likely take up to two years.
Who Pays	This will depend on the structure and coverage of the tax. A selective retail sales tax could apply to a much smaller number of consumers than a general retail sales tax.
Fairness & Indirect Implications	Retail sales taxes are regressive because lower income households spend a larger percentage of their available income on goods and services subject to the tax, while households with higher incomes spend a smaller percentage of their available income on taxed goods and services. Selective, targeted retail sales taxes can be much less regressive, in particular when applied to goods and services that are non-essential or luxury purchases.
Sustainability Impact	Lower income households will experience a larger negative impact if a selective sales tax is enacted. Businesses may experience an increase in costs associated with administration of a selective tax. This could be mitigated by allowing businesses to withhold some of the tax to help cover administrative costs, similar to Eugene's lodging tax which allows 5% withholding for this purpose.
Viability in Solving Funding Issues	A selective retail sales tax is a viable funding source for all funding issues, including On-going Service Costs, Capital Acquisition & Replacement, Climate/Sustainability Services, Unhoused Services, Affordable Housing, City Hall Loan Repayment, and City Contributions to Community Partnerships. However, no specific goods or services have been identified as a potential for a selective retail sales tax at this time, reducing the potential viability of this option. A selective sales tax would not generate as much revenue as a general sales tax. However, a number of selective sales taxes are already place in Eugene and across Oregon, so it may face less resistance from voters compared to a general sales tax. If Council chooses to not put it out for a vote, it's possible a citizen referendum petition could be successful to get it on the ballot. A general sales tax would likely take at least two years or more to implement, which makes it a mid-term funding option (2025-2027 biennium).

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SDC Financing Repaid by Property Taxes	
Description	Generally, a property owner that wishes to develop their property must pay a Systems Development Charge (SDC) imposed when new development, expansion, or an intensification of use of property occurs that is served by city infrastructure. The fees are used to fund the non-assessable portion of the construction of infrastructure (wastewater, stormwater, transportation, and park facilities) needed to support growth in the community, and to recoup a portion of the community's investment in the infrastructure already in place. In order to support a desired development project, City Council can waive SDCs for the owner. However, to ensure that the city's SDC Fund is able to pay for the infrastructure upon which the city's SDC methodology is based, the city can make the SDC Fund whole by paying the waived SDC fees from future property tax revenue that the city will receive in the General Fund from the new construction.
Legal Authority & Restrictions	City Council can direct the City Manager to execute an agreement that provides for the city's payment of SDCs from future property tax revenue that the City will receive from the development. The City will pay the city-imposed SDCs for the local wastewater, stormwater, transportation, and parks/recreation systems related to the project. SDC payment for the regional wastewater system will remain the property owner's responsibility. An Administrative Order is needed to provide that the SDCs subject to the agreement will not accrue any interest. Pursuant to Eugene city code 7.720(4), when paying by installment payment, the obligation to pay the unpaid SDCs will be secured by a lien against the property upon which development is to occur or, in lieu of such lien, an alternative security that is approved by the City Manager (or designee). The City Manager may find that city's financial solvency and commitment to pay the SDCs subject to the agreement are sufficient alternative security for purposes of satisfying Eugene city code 7.720(4).
Precedence	In May 2014, City Council authorized payment of the Veterans Affairs (VA) Clinic SDCs with future property tax revenue from construction of the Clinic located at 3355 Chad Drive. This resulted from previous Council direction to look at what action the city could take in order to remain competitive for the siting of a new VA Clinic. Ten annual SDC installments will be paid from property taxes from FY18 through FY27. In June 2019, City Council authorized payment of the non-residential portion of the Midtown Arts Center SDCs with future property tax revenue from construction of the Center located at 174 E 16th Avenue. This action assisted the Eugene Ballet with the purchase of space in the building because the developer provided a reduction in the purchase

	price in an amount equivalent to the SDC reduction. A savings in the cost of acquisition helps the Eugene Ballet maintain lease terms and rental fees below market for nonprofit and community use of the Center. Ten annual SDC installments will be paid from property taxes from FY23 through FY32.
Revenue Yield & Stability	Future property tax revenue resulting from SDC financing agreements would depend on the number of agreements and the taxable assessed value of improvement projects that result from such agreements. Property tax revenue is a stable, ongoing revenue source. The SDC financing agreement for the VA Clinic includes ten annual interest-free installments of approximately $138,000 for a total SDC amount of $1.38 million repaid from property taxes from FY18 through FY27. Over the same ten-year period, the Clinic will generate an estimated $2.5 million in General Fund property tax revenue. In FY28, after the SDC repayments are over, the Clinic will generate an estimated $310,000 per year for the General Fund. The SDC financing agreement for the non-residential portion of the Midtown Arts Center includes ten annual interest-free installments of approximately $16,200 for a total SDC amount of $162,000 repaid from property taxes from FY23 through FY32. The non-residential portion of the Center will not generate property tax revenue because it's owned by a tax-exempt entity (Eugene Ballet) and used for tax-exempt purposes. However, the taxable residential portion of the Center will generate an estimated $1.3 million in General Fund property tax revenue over the ten-year SDC repayment period. In FY33, after the SDC repayments are over, the residential portion of the Center will generate an estimated $160,000 per year for the General Fund. In order to offer this arrangement, the City would have to identify a source of funding for the upfront SDC payments that could be used until the developer has repaid the full amount. There is a loss of interest earnings on the amount that is used to make the upfront payment.
Administrative Effort	Some administrative effort is needed to implement an SDC financing agreement, including City Council approval and an Administrative Order, but it would not be substantial. Also, a low amount of administrative effort would be needed to process the annual SDC installment payments from future property tax revenue. Property taxes are administered by the county. The county prepares the tax bills, collects the funds, and remits the appropriate amount to the city on a regular basis. Enforcement is performed by the county in the foreclosure process.
Timeline	An SDC financing agreement is typically approved before building permits are issued for a development project. It can take three to four years from the time of an approved agreement to get through the building permit process, construction, and eventually make it on the

	property tax roll to generate revenue. The first SDC installment payment to the SDC Fund is projected to coincide with the first year the new construction generates property tax revenue for the General Fund.
Who Pays	The owner of the property developed as a result of an SDC financing agreement is the taxpayer responsible for paying the property taxes used to make the SDC installment payments.
Fairness & Indirect Implications	The owner receives the benefit of having city-imposed SDCs waived for the approved development project. Alternatively, this benefit can be passed along to another entity, such as the Midtown Arts Center, who passed the SDC savings along to the Eugene Ballet by reducing the purchase price of space in the Center. SDC financing agreements can be perceived as unfair by other owners who develop their properties and are required to pay the full cost of SDCs. Property taxpayers at large may also perceive SDC financing agreements as unfair given that their property tax dollars go toward providing General Fund services, while a portion of the property tax dollars resulting from an SDC financing agreement goes toward reducing costs for a developer.
Sustainability Impact	SDC financing agreements can be used to promote a healthy business environment by making Eugene more attractive for the siting of new facilities, such as the VA Clinic. SDC financing agreements can also be used to benefit nonprofits and the broader community, such as the non-residential portion of the Midtown Arts Center occupied by the Eugene Ballet.
Viability in Solving Funding Issues	If an SDC financing agreement enables development that otherwise would not occur, additional property tax revenue is generated over time and the net revenue generated makes this option a viable funding source for Capital Acquisition & Replacement and City Contributions to Community Partnerships. However, there are two reasons why this might not be on the short list. First, there needs to be a funding source to make the upfront payments to cover the SDCs for the initial project. If the tool were to essentially allow anyone to repay their SDCs over 10 years, there would likely be cash flow issues. Second, this tool has been used on a limited basis for two projects that had a significant public purpose attached to them. In the case of the VA Hospital, there was a real possibility that the hospital would locate elsewhere. If that had happened, then the City would not have received the additional property taxes, so there was a net financial benefit from the transaction. It can take three to four years from the time of an approved SDC finance agreement to eventually generate property tax revenue, which makes it a mid-term funding option (2025-2027 biennium).

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Solar Power Generation	
Description	Generate and sell own solar power. Other revenue/cost-saving models: • Selling Renewable Energy Credits (RECs): Cities can sell the environmental attributes of the clean energy produced by their solar projects as RECs. These credits can be purchased by companies seeking to offset their carbon emissions. Echo Hollow pool generates RECs. • Leasing City-Owned Land: If the city owned suitable and sufficient land, leasing it to solar developers for installations could generate rental income. The city could also try to negotiate a percentage of the revenue from the energy generated. • "Payment in lieu of property taxes": other counties in Oregon use this model, however there are not solar facilities within Eugene city limits that would provide sufficient revenue. • Direct ownership/independent power producer: The City would own/operate a large-scale solar facility, operate as an independent power producer (IPP) and sell electricity generated by facility to utilities at a wholesale/avoided cost rate. However, the city would need to own the land, and being an IPP is complicated and expensive. Payback period on such an investment would likely be >30 years. • Direct ownership/energy cost savings/net metering: invest in solar installations on municipal buildings, facilities, and public spaces. By owning and operating these systems, cities can benefit from energy cost savings by eliminating some retail electricity purchases, and excess power generation can be net metered at avoided cost. Echo Hollow Pool does this, but the cost savings from any excess net metering is modest.
Legal Authority & Restrictions	Many renewable energy projects in Oregon are exempt from local property taxes by two provisions of state law. First, alternative energy systems that are net metering facilities or are "primarily designed to offset onsite electricity use" are exempt from property tax. Second, publicly owned property that is used for public purposes is exempt from property tax. This shields publicly owned renewable energy projects from property taxation, even if the projects are not net metering systems or primarily designed to offset onsite electric use. As a rule, only privately owned renewable energy projects that primarily produce electricity for use offsite are subject to property taxes in Oregon. Oregon law also states that any change in real market value to property due to the installation of a qualifying renewable energy system is exempt from assessment of the property's value for property tax purposes. Qualifying renewables include solar, geothermal, wind,

	water, fuel cell or methane gas systems used to heat, cool or generate electricity. This exemption is intended for end users and only applies to systems that are net metered or primarily intended to offset on-site electricity use. (ORS § 307.175)
Precedence	There are currently no solar photovoltaic power plants near Eugene. As of 2019, thirteen counties—Clackamas, Crook, Deschutes, Jackson, Jefferson, Klamath, Lake, Malheur, Marion, Multnomah, Polk, Umatilla, and Yamhill Counties—had solar facilities subject to property taxes in Oregon. Solar projects subject to property taxes have been proposed in additional counties, including Gilliam, Morrow, and Wasco Counties.
Revenue Yield & Stability	With no current infrastructure in place, it is difficult to estimate what the revenue yield could be if the City were to generate its own solar power for use and sale. Likewise, there are no existing solar photovoltaic power plants (privately or publicly owned), and therefore there are no entities that would be subject to taxes or payments in lieu of taxes. In tax year 2017–2018, direct payments to Oregon counties and taxing districts from renewable energy (including, but not limited to solar) projects totaled over $31.7 million. Solar, a relative newcomer in the renewable energy generation sector in Oregon, currently comprises a relatively small amount (8.5%) of Oregon's total renewable energy generation capacity. However, that amount has been growing rapidly. One 2023 estimate reports that on average, one can expect a return on investment of $21,250- $42,500 per acre every year for solar power. However, these figures will vary depending on individual projects.
Administrative Effort	Building infrastructure and implementing mechanisms for the sale of solar power would be a massive undertaking, requiring the City to become a utility provider. Establishing a tax on private solar providers (or payments in lieu of taxes for publicly owned providers) would require less, but still substantial administrative effort. Negotiating completely new agreements with providers and creating collections processes and systems would require multiple FTE and significant legal assistance.
Timeline	Depending on how revenue is generated it could take many years to implement. If revenue is to be generated by the City creating solar power infrastructure, and producing and selling power to utilities or the community, it would likely take more than 5 years to begin earning revenue. However, a tax or payments in lieu of taxes on solar-generating companies would take 1 to 2 years.

Who Pays	Depends on the revenue model, but likely utility providers such as EWEB or EPUD, who would then re-sell the power to residents and businesses within their jurisdictions.
Fairness & Indirect Implications	Creating a new solar power plant/farm could have negative impacts on local agricultural businesses, especially if the land used affects livestock or migratory animal habitats.
Sustainability Impact	New solar photovoltaic farm(s) near Eugene could make renewable energy more accessible and prevalent in the community, reducing our reliance on fossil fuels and nuclear power. However, in order to generate sufficient power, solar farms require many acres of land, and there are concerns on the impact to wildlife and natural habitats. Creating solar power infrastructure could have negative implications for agricultural businesses near Eugene, and any payments in lieu of taxes would likely discourage solar producers from doing business in city limits. Increased solar power infrastructure would have positive impacts on the City's climate and sustainability goals.
Viability in Solving Funding Issues	This option is not a viable solution to address any of the current funding issues, due to prohibitive costs of implementation and lengthy payback period. Legal restrictions, current status of the industry, and land availability in Eugene also limit the viability of other solar power related revenue streams (taxes/payments-in-lieu of taxes on existing producers, leasing land, etc.). Though there is a direct nexus with funding Climate & Sustainability Services, the upfront investment costs of building infrastructure to generate and sell our own solar power, as well as administrative effort required to establish pathways to the market and/or agreements with other utility providers, make this inviable. Additionally, this option could face political opposition for many reasons, including potential negative impacts to agricultural businesses whose land/livestock could be affected by new solar power plants.

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Solid Waste Collection Fee	
Description	The solid waste fund comprises fees paid to the City from each of Eugene's licensed hauling businesses, based on hauler revenue. Nearly 30 years ago, the solid waste special revenue fund was created to provide programs for waste prevention, recycling, and material recovery, and relevant reporting that is required by the State of Oregon. This special revenue fund was set up separate from the general fund to ensure that this stream of revenue was not redirected and thus available to meet these state requirements. Local haulers and an advisory committee played a significant role in this decision, the establishment of which required an increase in the hauler paid license fees, and with that, the expectation that license fee revenues would be dedicated to waste recovery efforts and related projects as well as solid waste related regulation and enforcement. Solid waste collection rates (paid by users) are reviewed on an annual basis as outlined in AO 53-21-07-F (R-3.250-T) to ensure that Eugene residents and businesses pay no more than is reasonable and necessary for trash collection services. A proposal was made in 2014 to implement a 2.5% user fee, imposed on users, that would be collected by the haulers on the City's behalf through the haulers' billing systems. The 2014 proposal was separate from the long-standing license fee imposed on haulers. That fee was not implemented. Lane County recently presented to the County Commission regarding a proposal to build a material recovery facility (MRF) in the Goshen/Glenwood area, to be funded at least in part by an increase to the cost per ton for trash collected for landfill (landtip fees). While these fees are not direct user fees, any increases would still impact the rates Eugene residents pay for trash collection.
Legal Authority & Restrictions	The City Council could implement a solid waste collection fee (imposed on the users or an increase to hauler licensing fees) by ordinance without state enabling legislation or elect to place a fee proposal on a ballot by the Council decision, by citizen initiative, or by referendum petition.
Precedence	In previous years, City Council has voted ***not*** to adopt proposals that would increase user fees associated with hauling solid waste.
Revenue Yield & Stability	A rate analysis (to determine user rates) is currently underway using financial information submitted by Eugene's licensed haulers and market-based adjustments to the current rate structure. The rate analysis is in process and therefore details about the rate recommendations are still confidential. The projected revenue generated by a 2.5% user fee based on the 2022 hauler financials would be approximately $35,000. It isn't possible to accurately project what revenue would be generated in future years since that requires evaluating future hauler financial data, however, future revenue generated by a 2.5% user fee would be of a similar scale.

	A similar 2.5% increase to the licensing fees that the City collects from haulers could generate $350,000 -$400,000 annually, depending on its application.
Administrative Effort	The City's solid waste rate structure is reviewed annually to ensure the largest licensed hauler (by market share) achieves a target profit level of 11%. A 2023 rate analysis that reviews hauler margins relative to inflation, CPI increase, labor costs, and fuel costs is in process as of August/Sept 2023. An additional 2.5% fee would be added to any market-based rate increase that may be required as part of this review/analysis. A new solid waste collection fee would have administrative costs for the haulers associated with this added billing function and these costs would factor into the annual rate analysis as required to keep haulers at the target profit level, potentially also contributing to additional rate increases. A fee that would need to be processed in addition to existing license revenue collection would require additional FTE for City staff administrative oversight to ensure revenues received aligned with yearly customer counts and amounts collected. Eugene's licensed haulers are private businesses. Implementing a requirement that haulers act as fee collectors for the City's General Fund and directing this revenue to non-related waste prevention/recycling related activities could be met with political opposition and/or legal response from haulers.
Timeline	Implementation of a fee attached to trash hauling service would require further analysis and review in order to fully evaluate the following: • Projected fee revenue based on the rate that was currently in place per Administrative Order since the proposed fee would be linked to the rate as it changes over time per AO 53-21-07-F (R-3.250-T), • Administrative and compliance costs that might negatively impact any revenue generated from a proposed fee, and • The lead time needed to establish administrative and compliance mechanisms. It is therefore difficult to estimate the amount of time it would take to implement the proposed fee, and when the collection of revenue from this fee would be realized, since the administrative process would be limited by staff capacity and legal review, as well as any potential political or legal challenges that would need to be navigated before/during implementation.
Who Pays	Although haulers would be responsible for collecting and remitting the fee to the City, residents and businesses would pay either in the form of a direct line item on their bill or through increased rates. The proposed 2.5% solid waste collection fee would be in addition to any rate adjustment, compounding the total cost to residents and businesses. This cumulative effect would create a noticeable impact on the average customer's monthly bill. Additionally, the City's minimum solid waste collection rate is also subject to (as per R-3.250-S) an additional up to 10% collection rate above the minimum rate at the discretion of any licensed

	hauler, so dependent on service provider, users would likely see increases that are more significant than the minimum rate + proposed 2.5% fee. Hauler license fees are a pass-through expense for Eugene's licensed solid waste haulers, so an increase in license fees would also likely increase collection costs for rate payers.
Fairness & Indirect Implications	Any percentage-based user fee added to the solid waste rate structure would impact both residential and commercial rate payers in Eugene, essentially raising the cost of solid waste disposal for both residents and businesses. Residential rate increases are based on service levels which would mean that an additional fee would disproportionately impact those that are low-income. Fees added to the commercial rate structure would also increase disposal costs for businesses, including those businesses that provide multifamily housing, an increase that would likely be passed on to renters. A fee would also compound any market-based rate increases that result from inflation, labor, and fuel costs, and the consumer price index.
Sustainability Impact	When residential customers perceive rates to be too high, they might haul their own garbage or illegally dump garbage creating additional disposal costs and potential environmental hazards. Cost is also a driver when residents and businesses are looking to clean up or otherwise improve property, on construction/demolition projects where disposal costs impact the overall cost of a project, and when nuisance abatement or the disposal of abandoned property that is paid for by businesses or local government.
Viability in Solving Funding Issues	Solid waste collection rates are highly regulated, with Eugene's haulers already paying negotiated fees that support activities allowed in the Solid Waste Fund. If the County funds construction of a new MRF with an increase to solid waste disposal/landfill tip fees, it will impact Eugene rate payers as that cost is factored into what residents and businesses pay for trash collection at the curb. This could reduce the feasibility of the City implementing a solid waste collection fee. A license fee increase may be met with opposition from the haulers, who might publicly advocate on behalf of their customers and/or collectively attempt legal action against the City. Expanding the fee has no clear nexus with any of the funding issues.

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Special Districts	
Description	Special districts are governmental entities that provide a single service or a group of services within a delineated local service area. Oregon state law authorizes formation of many different special districts for particular purposes. Each special district has services, formation requirements, governance structure, revenue authority, and other powers and limitations described in the Oregon statutes, usually in a "principal Act" for each type of district.
Legal Authority & Restrictions	Some types of special districts may provide urban services that may also be provided by a city, such as fire protection or park services. However, a special district and a city may not provide the same services to the same territory. The formation process for most types of special districts is covered in ORS Chapter 198 – "Special Districts Generally" and ORS Chapter 255 – "Special District Elections". Some types have additional formation requirements that are found in the district's principal Act. Applicable law also addresses annexation to an existing special district. Formation of or annexation to a special district requires voter approval. Each type of district's principal Act describes its governing structure, service areas, revenue authority, and debt authority. Most kinds of districts are operated under a separate elected governing board. Many, but not all, special districts can levy property taxes with voter approval, and some may charge fees or assessments for services. Special districts are subject to Oregon Constitutional property tax limitations. A new special district could be established within a city, or city territory could be annexed to an existing special district, if the applicable urban land use plan permits it. The adopted Eugene-Springfield Metropolitan Area General Plan (Metro Plan) currently restricts the use of special districts within the city. The Metro Plan views special districts as interim solutions for provision of services to urban transition areas prior to annexation by a city, and existing special districts within the Plan's boundary are not permitted to expand their service territories. The Metro Plan would first need to be amended if a special district were to be established. If permitted by the Metro Plan, special districts could be considered to provide fire, emergency medical, park and recreation, or library services now provided by the city. In the case of formation of a new special district, a vote would need to be held on the establishment of the district, election of a governing board, and a separate vote would be needed to approve a permanent property tax rate to support the district's services. If annexation to an existing district were proposed, a vote would be required on the annexation question, but the existing governing board and permanent rate of the district would automatically apply to the annexed territory if the voters approved the proposal. With either a new district or annexation to an existing district, the city would need to terminate or transfer to the special district all current city services that would be provided by the district within the city's territory.

Precedence	Special districts have a long history and are found throughout Oregon. Most districts provide services in rural or unincorporated urban areas but, as long as there is no duplication of services, special districts may also provide services within city boundaries. Dozens of districts currently provide services throughout Lane County. Within the Eugene-Springfield metropolitan area, special districts currently provide fire protection, ambulance services, library services, park and recreation services, and soil and water conservation services.
Revenue Yield & Stability	Each special district is granted particular revenue and debt authority by its principal Act. Some types of districts can charge fees or collect assessments for services. Many types are authorized to establish a permanent property tax rate and levy local option property taxes with voter approval. Property tax revenue yield depends on the tax rate and the taxable assessed value of property within the district. The following lists a number of districts within the Eugene-Springfield urban area, with their tax rates per $1,000 of assessed value as of FY23. *Willamalane Park & Recreation*: 2.0074 permanent, 0.1840 bond *River Road Park & Recreation*: 3.0559 permanent, 0.4700 local option *Santa Clara Rural Fire Protection*: 1.0439 permanent, 0.4500 local option *River Road Water District*: 1.9694 permanent *Lane Fire Authority*: 2.0388 permanent, 0.3500 local option *Willakenzie Rural Fire Protection*: 3.0669 permanent *Lane Library District*: 0.5900 permanent *Upper Willamette Soil and Water Conservation District*: 0.07 permanent Special districts are subject to property tax limitations under the Oregon Constitution, including compression of property tax revenue under certain conditions. Overlapping taxing districts providing general governmental services share the general government property tax cap of $10 per $1,000 of real market value. Any proposal for the formation of a new special district would require careful fiscal analysis. The likelihood of property tax compression should be particularly examined and understood. When a special district is formed within a city or a city's territory is annexed to a special district, the city's permanent maximum property tax rate limit would not change. Tax revenue that might have been budgeted on the transferred services would now be available to fund other services. City Council could choose to decrease the tax levies below the maximum rate limit in recognition of reduced provision of services from the city, or the Council could budget to redirect the funds to other services.
Administrative Effort	A very high and sustained level of effort would be required to establish a new special district within the city or to annex city territory to an existing special district. Forming a new government would result in duplicating the administrative infrastructure that is currently used to manage those services, such as governing board, financial services, human resources, technology services, and so on.

Timeline	The formation process for a special district would likely take three to four years or more. The Metro Plan would first need to be amended, which could take one to two years or more. District formation or annexation could then take another one to two years or more, some of which could potentially happen concurrently with the Metro Plan amendment. Finally, the formation proposal would need to go to the ballot for voter approval. Following a successful vote, a formation order must be filed in final approved form with the Oregon Department of Revenue by March 31 in order for the change to be effective for the tax year beginning on July 1. If this deadline is missed, the district's tax levy cannot be imposed on the territory subject to the district formation, and the district will receive no revenue from the change until the subsequent tax year. In the case of a measure on the May ballot, notice of a "proposed change" may be filed by March 31 instead of a final order. If the ballot measure passes, the tax revenue may then be collected that same year.
Who Pays	After formation or annexation, owners of taxable property would be liable for district property taxes as well as city property taxes. A district may also be able to charge fees or assessments for services provided.
Fairness & Indirect Implications	A special district is established and levies property taxes only with the approval of its voters. If a district serves territory within a city there may be increased likelihood of tax compression, which would reduce property tax revenue to both district and the city. The addition of a new governing board supporting specific services within the city could result in conflicting priorities and less overall coordination of urban services.
Sustainability Impact	Establishment of a special district could provide urban services that are important for urban quality of life, that otherwise could not be funded by a city. The additional property taxes levied by a district would increase the overall tax load within the city, and could be a burden to households with limited income. Increased property taxes could also have a negative impact on economic investment within the city.
Viability in Solving Funding Issues	Special districts are a viable funding option for Ongoing Service Costs because they can be used to fund certain city services, such as fire and emergency medical services, parks and recreation, and library services. However, the potential impact of property tax compression should be particularly examined and understood. If a special district is formed to provide existing city services, the city would not be required to levy less than the current General Fund permanent rate (although, that is an option and may be an expectation of voters). Tax revenue that was previously allocated to the transferred services could be made available to fund other city services, which makes it a viable option for Capital Acquisition & Replacement, Climate/ Sustainability Services, Unhoused Services, Affordable Housing, City Hall Loan Repayment, and City Contributions to Community Partnerships. The formation process for a special district would likely take three to four years or more, which makes it a long-term funding option (after 2027).

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Street Lighting District	
Description	A street lighting district is a special district formed to provide street lighting services for the specified geographical area. The area can be contiguous or non-contiguous. Each special district has services, formation requirements, governance structure, revenue authority, and other powers and limitations described in the Oregon statutes, usually in a "principal Act" for each type of district.
Legal Authority & Restrictions	ORS 372 provides the legal ability to create a highway/street lighting district. "The boundary lines of the district shall include only territory that abuts a portion, not less than 600 feet in length, of a highway." [Amended by 1971 c.514 §3]. With the limited territory allowed under this type of district, its utility is limited to street/highway lights, and no other road-related kinds of services. The principal Act describes the governing structure, service areas, revenue authority, and debt authority. A new special district could be established within a city if the applicable urban land use plan permits it. The adopted Eugene-Springfield Metropolitan Area General Plan (Metro Plan) currently restricts the use of special districts within the city. The Metro Plan would likely prevent a special district providing funding for urban service within the City of Eugene. It views special districts as interim solutions for provision of services to urban transition areas prior to annexation by a city, and existing special districts within the Plan's boundary are not permitted to expand their service territories. The Metro Plan would first need to be amended if a special district were to be established to provide services now provided by the City of Eugene. The amendments to the Metro Plan would need to demonstrate that formation or expansion of special districts would be a viable and reasonable strategy to provide desired urban service within City of Eugene boundaries. To amend the Metro Plan, elected officials from Eugene, Springfield, and Lane County must agree to the changes, following a citizen involvement process and public hearings. These processes would also be subject to approval by the Oregon Land Conservation and Development Commission. If allowed by the Metro Plan, a petition for formation of a new special district must be signed by 15% of the electors or 100 electors, whichever is greater, registered in the territory subject to the petition. Alternatively, the county commissioners may initiate the formation process by adopting an order in lieu of a petition. A formation petition/order must be accompanied by a City Council resolution approving the petition/order. Formation of a new special district requires a vote to be held on the establishment of the district, election of a governing board, and to approve a permanent property tax rate to support the district's services. A new district

	proposal must be on either a May or November ballot and a simple majority is required for approval.
Precedence	Special districts have a long history and are found throughout Oregon. Most districts provide services in rural or unincorporated urban areas but, as long as there is no duplication of services, special districts may also provide services within city boundaries. The City is not part of any street lighting district. Clackamas County has a special district to fund streetlights throughout the County, with City of Happy Valley being included in the district as well. Additional subdivisions and neighborhoods have been annexed into the district over time. The County Commissioners serves as the governing board for the special district. The district contracts all street lighting repairs and maintenance out to PG&E; it has no staff. The costs for the district are passed through to property owners through a special assessment on their property tax statements. White City, Oregon, in Jackson County, formed a special lighting district to provide lighting services in 2004 in response to under-lit areas. It has a permanent tax rate of $0.47 per $1,000 of assessed value. The Jackson County roads department is responsible for the program administration and maintenance of the lighting system, funded by the special district.
Revenue Yield & Stability	Street light districts are permitted to levy property taxes under a permanent property tax rate limit, levy local option levies, and charge fees for services. Property tax revenue yield depends on the tax rate and the taxable assessed value of property within the district. A district may also be divided into tax zones for the purpose of imposing and levying property taxes at different rates on property in each zone. The establishment of different zones shall be based upon differences in the services provided by the district to property in each zone and must be approved by voters. General Obligation (G.O.) bonding is not permitted, but revenue bonding is permitted. Special districts are subject to property tax limitations under the Oregon Constitution, including compression of property tax revenue under certain conditions. Overlapping taxing districts providing general governmental services share the general government property tax cap of $10 per $1,000 of real market value. Any proposal for the formation of a new special district would require careful fiscal analysis. The likelihood of property tax compression should be particularly examined and understood. After the creation of a new special district, the city's permanent maximum property tax rate limit would not change. Tax revenue that might have been budgeted on the transferred services would now be available to fund other services. City Council could choose to decrease the tax levies below the maximum rate limit in recognition of reduced provision of services from the city, or the Council could budget to redirect the funds to other services.

Administrative Effort	A very high and sustained level of effort would be required to establish a new special district within the City of Eugene. Forming a new government would result in duplicating the administrative infrastructure that is currently used to manage those services, such as governing board, financial services, human resources, technology services, and so on.
Timeline	The Metro Plan would first need to be amended, which could take a year or more. District formation could then take an additional year or more. Finally, the formation proposal would need to go to the ballot for voter approval.
Who Pays	After formation or annexation, owners of taxable property would be liable for district property taxes as well as city property taxes. A district may also be able to charge fees or assessments for services provided.
Fairness & Indirect Implications	A special district is established and levies property taxes only with the approval of its voters. If a district serves territory within a city there may be increased likelihood of tax compression, which would reduce property tax revenue to both district and the city. The addition of a new governing board supporting specific services within the city could result in conflicting services priorities and less coordination of urban services overall.
Sustainability Impact	Establishment of a special district could provide urban services that are important for urban quality of life, that otherwise could not be funded by a city. The additional property taxes levied by a district would increase the overall tax load within the city and could be a burden to households with limited income. Increased taxes could have a negative impact on economic investment within the city. There would not likely be an increased burden transferred onto future generations, however.
Viability in Solving Funding Issues	A street lighting district has the ability to generate a mid to high level of revenue, based upon the permanent tax rate established during the creation of the district. ORS restricts the revenue of a street lighting district to be spent only on street lighting expenses, and no other road-related services. This revenue option is a long-term option due to the significant establishment requirements. The Metro Plan would first need to be amended, which could take a year or more. District formation could then take an additional year or more. Finally, the formation proposal would need to go to the ballot for voter approval. In the cities and counties where a street lighting district has been formed, the absence of street lighting services was a significant factor in gaining voter approval. Since the City of Eugene currently provides street lighting, the political feasibility of this option may be less than needed to overcome the significant efforts to establish the district.

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Sweetened Beverages Distributor Tax	
Description	A distributor tax on sweetened beverages is an excise tax levied on distributors of sweetened beverages that are distributed within city limits. Distributors may or may not choose to pass the cost of the tax on to retail establishments. In turn, retail establishments may or may not choose to pass the cost of the tax on to retail consumers at the point of sale. The tax may be narrowly defined to include only products sweetened with sugar or may be applied more broadly to include any beverage that lists any form of caloric sugar-based sweetener, including sucrose, glucose, high fructose corn syrup, as well as artificial sugar substitutes, including stevia, aspartame, or other substitutes. The tax can be imposed on a per ounce basis to those products that are deemed as sweetened beverages. A variety of soda taxes have been in place for decades in some states and were mostly designed to generate revenue for particular projects or programs. These taxes were often in the form of a license or gross receipts tax. However, the more recent taxes on sugar-sweetened beverages have been imposed by municipalities as an excise tax on distributors, mostly with an intention to combat obesity by reducing consumption of sweetened beverages, which is evident by the tax's nexus to the caloric content of the product. The range of products subject to this type of tax varies greatly depending on the jurisdiction. The tax is generally applied on a per ounce basis, and the rate ranges from 1 cent per ounce to 2 cents per ounce. Unlike sales tax revenues, which are typically tied to the value of the sale of goods, a sweetened beverages distribution tax is an excise tax based on the volume of the beverage distributed rather than a product's sale value.
Legal Authority & Restrictions	Under Oregon's constitutional home rule powers, the Eugene City Charter grants the City Council broad authority over matters within the city's boundaries. The City Council may implement an excise tax on the distribution of sweetened beverages by ordinance. Alternatively, the tax may be placed on a ballot by the Council or by referendum petition. Revenue could be unrestricted and available to the General Fund or designated for a particular purpose. The City of Berkeley, for example, has designated the revenue from the tax for community health initiatives. In 2018, Oregon Measure 103 - the "Ban Tax on Groceries Initiative"- would have prevented local governments from taxing soda or sugary beverages. This measure failed with only 42.7% voting in favor. Under federal law, purchases made with benefits from the Supplemental Nutrition Assistance Program, or SNAP, are exempt from state and local taxes. The beverage industry has inserted this argument in lawsuits

	against cities that have the tax, arguing that cities are taxing SNAP recipients is ways that violate SNAP policies. However, cities have maintained that because the tax is on distributors and not a retail sales tax on consumers, the tax does not conflict with current SNAP policies. A commercial activity tax on sweetened beverages may be prohibited by ORS 317A.158, which excludes receipts on retail sales of groceries from a taxpayer's commercial activity. Further legal analysis is needed to confirm. The successful implementation of a sweetened beverage tax will depend on structuring the tax so that it does not conflict with this ORS provision.
Precedence	Seven cities currently impose a tax on sweetened beverages: Albany, California, Berkeley, California, Boulder, Colorado, Oakland, California, Philadelphia, Pennsylvania, San Francisco, California, and Seattle, Washington. Cook County, Illinois (the county that includes Chicago) passed a 1 cent per ounce soda tax in November 2016. However, that tax was in effect for only a few months before the county board reversed itself and repealed it in October 2017. Although this tax is an excise tax on distributors, all of the precedents are in jurisdictions are within states that also have a broad-based retail sales tax. No city in states without a retail sales tax (Alaska, Delaware, Montana, New Hampshire, and Oregon) has an excise tax on the distribution of sweetened beverages. Although Oregon has no general retail sales taxes, state excise taxes at the distribution level are in place for products like beer, alcohol, and tobacco products. The City has a local motor vehicle fuel tax that is collected at the wholesale or distributor level. The City also has a retail sales tax on marijuana items sold within City limits. The definition of a sweetened beverage for taxation purposes varies among the jurisdictions that currently have the tax. For example, Seattle's tax does not apply to diet beverages or beverages sweetened with sugar substitutes. However, Philadelphia applies the tax to diet or zero calorie beverages that use stevia, aspartame, or other sugar substitutes. In 2011, House Bill 2644 was proposed in the Oregon state legislature and would have imposed an excise tax on the sale of sugar-sweetened beverages and concentrates in the state of Oregon. It was estimated that this tax would have earned approximately $100 million annually with the tax being set at a rate of $0.005 per ounce ($0.06 cents per can of soda). However, the bill died in committee. Similar legislation was introduced in Oregon in 2013, 2016, and 2017, without success.
Revenue Yield & Stability	The amount of revenue collected from this tax would depend on the tax rate per ounce, and the range of sweetened beverages to which the tax would apply. In 2017, the Trust for Public Land produced a revenue

	estimate by beverage type, as well as sugary drinks overall for Eugene, with a total of approximately $4.7 million (see Exhibit A). This revenue estimate does not account for collection and enforcement costs, unpaid taxes, fluctuations in economic conditions or tax avoidance behavior in which consumers choose to buy these products in neighboring jurisdictions. A tax borne by consumers is sensitive to interjurisdictional competition. Previous studies estimate that a 1 percent rate differential in local sales tax leads to a 3 to 7 percent decrease in retail sales. Additionally, if some products are exempt, diet drinks for example, consumption patterns could shift towards untaxed beverages, resulting in less revenues.
Administrative Effort	There is no existing collection or administrative infrastructure at the City of Eugene to implement an excise tax on sweetened beverage distributors. The City's local motor vehicle fuel tax, the City's most similar tax to a sweetened beverage distribution tax, is administered by the Oregon Department of Transportation. The effort to implement, administer and collect a sweetened beverage tax on distributors would be high, likely requiring at least one additional staff person. These taxes have been challenged in court in many of the other jurisdictions, so it would be prudent to consider the potential legal costs as part of the administrative effort to implement the new tax.
Timeline	Implementation would likely take two years, possibly longer. Any legal challenges could delay implementation.
Who Pays	The tax would be collected and remitted by distributors at the time of initial distribution. The financial burden of the tax would likely be borne by consumers at the point of sale through an increased product price.
Fairness & Indirect Implications	Sweetened beverage taxes have a fairly high effective tax rate by using ounces as the basis. For example, a 1 cent per ounce tax on a 24-pack of soda would be $2.88, which is a relatively high tax rate based on the cost or value of the product. In general, excise taxes on retail products are considered regressive because lower income households typically spend a much larger percentage of their available income on goods subject to the tax, while households with higher incomes spend a smaller percentage of their available income on taxed goods. Similar to overall consumption, a tax on sweetened beverage distributors would be regressive tax because sugary drinks are consumed by individuals from all income groups and are not considered luxury goods. This tax could drive consumers to grocery shop or dine outside of City limits. It could also increase costs for restaurant and bar owners that purchase sweetened beverages from distributers, reducing their profit margins and discouraging them from doing business in Eugene.
Sustainability Impact	Lower income households may experience a larger financial impact if a sweetened beverage distributor tax is enacted.

	Distributor businesses may experience an increase in administrative and compliance costs associated with collection and remittance of the tax. One year after Philadelphia passed its beverage tax, sales of sugary and artificially sweetened beverages dropped by 38 percent in chain food retailers, according to Penn Medicine researchers who conducted one of the largest studies examining the impacts of a beverage tax. Distributors (including Pepsi and Coca-Cola) and franchise grocery store owners in Philadelphia blamed job cuts in 2017 on the tax, but an independent study in 2021 found "no evidence of a negative employment impact two and a half years post-tax". Sugary drink purchases have decreased in cities that have implemented the tax, possibly leading to better health outcomes for diseases such as Type II diabetes, obesity and childhood obesity, heart disease, and tooth decay. The long-term health impacts may be better understood in the decades ahead.
Viability in Solving Funding Issues	Though this tax could be a viable option to addressing some of the following funding issues in the mid-term, opposition from the restaurant and beverage distributor industry would be very high and could prohibit the implementation of this tax, affecting viability. Impact on low-income households could be negative if the added cost is passed from distributor to consumer, and impacts to the business climate and other Council goals are likely to also be somewhat negative. • **On-going Service Costs**: Viable, no direct nexus, sufficient revenue, low political feasibility • **Capital Acquisition & Replacement**: Viable, no direct nexus, sufficient revenue for partial support of funding issue, low political feasibility • **Climate/ Sustainability Services**: Viable, no direct nexus, sufficient revenue, low political feasibility • **Unhoused Services**: Viable, no direct nexus, sufficient revenue, low political feasibility • **Affordable Housing**: Viable, no direct nexus, sufficient revenue, low political feasibility • **City Hall Loan Repayment:** Not viable, no direct nexus, insufficient revenue available in timeframe needed, no political feasibility • **City Contributions to Community Partnerships (infrastructure):** Not viable, no direct nexus, insufficient revenue available in timeframe needed, little to no political feasibility.

Exhibit A

Penny-per-Ounce Sugar-Sweetened Beverage Tax			
Sugary Drink Type	**OR Gallons Sold***	**OR Annual Revenue**	**Eugene Estimated Annual Revenue****
Carbonated soft drinks	36,845,853	$47,162,691	$1,919,187
Fruit drinks	11,478,572	$14,692,572	$597,883
Sports drinks	13,276,036	$16,993,327	$691,508
Ready to drink tea	12,683,321	$16,234,651	$660,635
Energy drinks	11,872,066	$15,196,244	$618,379
Enhanced water	1,501,209	$1,921,547	$78,193
Ready to drink coffee	2,599,078	$3,326,820	$135,378
Sugary Drink Total	**90,256,135**	**$115,527,852**	**$4,701,164**
**2017 estimate*			
***based on population size*			
Source: The Rudd Center for Food Policy & Obesity			

Source: Trust for Public Land, 2017

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Transient Lodging Tax Increase	
Description	A transient lodging tax (TLT) is levied as a rate applied to the cost of rentals of temporary lodging. The tax is collected from hospitality providers (hotels, motels, lodges, bed & breakfasts) and RV parks and campgrounds, including private, city, county, and state. Federal parks are exempt.
Legal Authority & Restrictions	Under Oregon's constitutional home rule powers, the Eugene City Charter grants the City Council broad authority over matters within the city's boundaries. The City Council could increase the fee by ordinance. It could also be increased by citizen initiative, referral to the ballot by Council or by a successful citizen referendum petition. State law requires that 100% of the revenue from the City's current 4.5% tax must continue to go to tourism promotion and tourism-related facilities; it cannot be diverted to other purposes. While all revenue from the current TLT must continue to go to the Cultural Services Fund, state law permits an increase in the tax rate to generate additional revenue of which at least 70% shall be used for tourism promotion or tourism-related facilities, while a maximum of 30% may be used for city operations not directly related to tourism. An increase in the Transient Lodging Tax and assignment of increased revenues could be accomplished by ordinance; a vote would not be required. City Code would also need to be amended if part of the increased revenue were to be directed to city operations not directly related to tourism. The Oregon State Legislature has considered, and will likely continue to consider, changing state law to allow unrestricted use of transient room tax revenue.
Precedence	The City currently imposes a 4.5% tax under the authority of the City's Transient Lodging Tax Ordinance on all overnight stays in the City, including hotels and motels, campgrounds, retreat centers, RV parks, bed and breakfasts, and vacation rentals. The tax is collected by the lodging operator, who retains a collection fee of 5% of the amount collected and remits the balance to the city. City Code directs that all the revenue is placed in the Cultural Services Fund, which accounts for operation of the Hult Center, Community Events, Public Art, and Cuthbert Amphitheater. Lane County also levies a transient lodging tax (7%) as does the State (1.5%), making the current total tax rate within Eugene 13.0%.
Revenue Yield & Stability	The amount of taxes currently available for any given period varies with the lodging occupancy rate. In FY22, TLT revenue was over $4 million.

	The revenue source is generally reliable but may fluctuate based on economic conditions. Additionally, consumer behavior may change as a result of the higher tax rate. An increase in the tax rate from 4.5% to 5.5% would increase the revenue yield by $900,000 annually. A maximum of 30% or about $270,000 would be available for city services unrelated to tourism promotion or tourism-related facilities. A minimum of 70% or about $630,000 would have to be used for tourism promotion or tourism-related facilities.
Administrative Effort	Administrative effort would be very low. The Department of Revenue is already collecting the tax on the City's behalf.
Timeline	The tax could be implemented relatively quickly, though it could face political backlash that would draw out the timeline. The delay could be due to a citizen petition to vote on the rate increase.
Who Pays	Primarily non-residents, though Eugene residents without stable housing could also be subject to the tax if they are using temporary lodging.
Fairness & Indirect Implications	An increase in room rates would disproportionately affect those without stable housing or in transition. Depending on the size of any rate increase, this could make Eugene lodging less competitive and cause some visitors to obtain lodging outside the City. City revenue may not increase if our largest tourism-related events and conventions go to more affordable cities. A possible negative economic effect may extend to our restaurants, retail stores, and small businesses throughout Eugene.
Sustainability Impact	If consumers perceive taxes to be too high, they might obtain lodging outside the City. Businesses could lose customers and revenue. Eugene residents without stable housing could also be subject to the tax if they are using temporary lodging.
Viability in Solving Funding Issues	Generally, this is not a viable solution for many of the current funding issues due to the low unrestricted yield ($270k for a 1% rate increase available for non-tourism related expenses); if the state legislature approves unrestricted use of these funds in the future, it would become a much more viable revenue source. However, this option is worth considering in addressing Contributions to Community Partnerships, due to the tourism-related nature of the Ems Stadium. Increasing the current TLT rate would be administratively simple but could potentially face some political opposition. Due to the current use restrictions on this tax, a direct nexus only exists for Contributions to Community Partnerships.

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Urban Renewal-Increase Frozen Base	
Description	One or both of the City's Urban Renewal Districts could permanently increase the frozen base, which would result in less tax increment dollars for the District but more City General Fund dollars. Each UR District has a 'frozen base', which is the assessed value in the District at its creation. The tax revenue from the frozen base is distributed to all the overlapping taxing districts according to their rates. Assessed value over the frozen base is directed to the UR District. An Urban Renewal Agency can choose to 'raise' its Frozen Base, thereby increasing the revenue to the overlapping districts and diminishing the annual revenue directed to the UR district.
Legal Authority & Restrictions	ORS 457 enables Tax Increment Financing, the mechanism behind Urban Renewal. Both temporary and permanent frozen base increases are authorized under ORS 457.455.
Precedence	Eugene's 2023-2025 biennial budget includes $400,000 of General Fund revenue from an increase to the Urban Renewal Frozen Base. The City Council amended the Downtown UR Plan in June 2023, with no change to the Frozen Base. City staff are working in the summer and fall of 2023 to amend the Riverfront Plan. The financial projections assume the increase in the Frozen Base comes entirely from the Riverfront District.
Revenue Yield & Stability	The UR Districts' budget is set by the Agency and is called 'maximum indebtedness'. It is a spending limit (which could be in the form of debt or cash on-hand) over the lifetime of the District. The funds may only be spent on projects in the UR Plan. Reducing the revenue to the District would lengthen the number of years needed to pay back the borrowed funds.
Administrative Effort	This would be implemented through the budget process and submittal of the Form UR-50 to the Tax Assessor. The Budget Committee sets the taxes when they make their recommendation to Council; City Council and Urban Renewal Agency then approve the tax rates when they approve the budget. That is followed by staff notifying the Tax Assessor of the decision through Form UR-50, which is due in July for that same fiscal year (i.e., July 2024 form is for FY25). An alternate approach would be to temporarily reduce the increment to collect a lower amount of taxes and release more dollars to the overlapping taxing districts. Both temporary and permanent frozen base increases are authorized under ORS 457.455. These actions may be taken "If the maximum amount of funds under ORS 457.440 is not required to pay the principal and interest on indebtedness incurred for an urban renewal plan". The Agency must consult and confer with overlapping taxing districts before taking either of these actions.

Timeline	It is estimated at least 6 months is needed, before the end of a fiscal year, to ensure there is adequate time to consult with the overlapping taxing districts and build the change into the budget.
Who Pays	The UR District receives less revenue each year. Property taxes for individual property owners do not change.
Fairness & Indirect Implications	Increasing the frozen base may limit the ability of the UR districts to have a meaningful impact on the redevelopment of land and improvements to the public realm within the district.
Sustainability Impact	Increasing the Frozen Base lengthens the time a District will need to reach its maximum indebtedness, but otherwise does not negatively impact the District.
Viability in Solving Funding Issues	Raising the Frozen Base shifts property tax revenue from the UR District(s) to the City, 4J, and the County's General Fund. It would increase the City's GF revenue moving forward. It would be one small step to address On-going Service Costs. It could be implemented in the Near Term.

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Urban Renewal District-Riverfront Plan Amendment	
Description	Use Tax Increment Revenue resources in the Riverfront Urban Renewal District to fund improvements to City Hall or construction of a new fire station. The Riverfront UR Plan must include these projects in the list of eligible activities and the Plan must be amended to increase the District's maximum indebtedness.
Legal Authority & Restrictions	ORS 457 enables Tax Increment Financing, the mechanism behind Urban Renewal. To be eligible for UR funds (I.e., increment), a 'project' must be in the UR Plan. The Riverfront UR Plan would need to be amended before the end of calendar year 2023, and the existing language that identifies City Hall as potential use of funds is included in the amendment. On September 13, 2023, City Council (acting as the UR Agency Board) began a process to consider amending the Riverfront UR Plan. The proposed amendment includes the language from the previous amendment that identified eligible public buildings, including City Hall and a Fire Station. Council has moved 3 amendments forward, with 3 different increases to the maximum indebtedness. The smallest increase does not have adequate funds to support construction of or improvements to any public building.
Precedence	The City of Eugene has used UR for public buildings in the past, including the Library and the Farmers Market Pavilion. The recent change to state law is evidence of political pushback on using UR to fund public buildings.
Revenue Yield & Stability	The UR Districts' budget is set by the Agency and is called 'maximum indebtedness'. It is a spending limit over the lifetime of the District. The funds may only be spent on projects in the UR Plan. UR funds are restricted to capital projects; they may not be used for operations. Funds to support the renovation of the new City Hall would be a one-time use. The amount available to individual projects is determined by City Council, and will depend on whether Council amends the Plan and if it does, by how much Council increases the maximum indebtedness. The amendments do not identify specific amounts.
Administrative Effort	City Council has initiated the process to amend the River UR Plan. Staff have already committed time to complete the amendment process. The administrative effort is heavy, but including public buildings in the amendment does not measurably increase staff time. Council will consider the Riverfront Plan amendment in the fall of 2023, so it meets deadlines to prevent the expiration of the District. The draft Plan presented to Council on 9/13 has been revised to include language that continues the use of UR funds for the development of public facilities, including City Hall, fire facilities, and other public buildings.

	An amendment to the Riverfront UR Plan requires 'concurrence', or formal approval, from the 4J School District Board. City staff have requested to be on the agenda for two 4J work sessions (first, for the presentation of information and the request for concurrence and second, for the Board to vote). Staff also provide information to the County, but the County's concurrence is not required.
Timeline	The Plan must be approved by City Council by the end of calendar year 2023, or it will cease to exist.
Who Pays	UR revenue comes for property taxes. Adding a new project to the Plan would limit the funds available to invest in projects that would increase the tax base in the Riverfront District.
Fairness & Indirect Implications	Adding a public project to the Plan will limit the funds available to other projects in the District. The original purpose of Urban Renewal is to use public dollars to invest in the District, to encourage private investment, so that the District's tax base grows at a rate faster than what it would in the absence of the UR investment. Investing in public buildings may only indirectly affect the growth in the tax base in the District.
Sustainability Impact	The projects would be one-time investments from the District.
Viability in Solving Funding Issues	As described, the funding source could be applied to a single funding issue in the Near Term for City Hall Loan Repayment. Including public projects in the Riverfront UR Plan Amendment would increase the political risk that 4J would not concur with the Plan Amendment.

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Utility Consumption Tax	
Description	A tax on consumers for use of utility services; levied on the amount consumed or established as a flat fee per account. Utility services include electricity, natural gas, water, stormwater and/or wastewater.
Legal Authority & Restrictions	Under Oregon's constitutional home rule powers, the Eugene City Charter grants the City Council broad authority over matters within the city's boundaries. The City Council may implement a utility consumption tax by ordinance without state enabling legislation. Alternatively, the tax may be placed on a ballot by the Council, by citizen initiative or by referendum petition. Revenue would be unrestricted and available to the General Fund.
Precedence	The City of Ashland imposed an Electric Utility User Tax in 1976. The tax is designed as a surcharge of 25% on monthly energy use. This tax generates revenue to fund general City services. In the 2019-2021 biennium, this tax generated approximately $7 million. Ashland has a municipally-owned electric utility. In March 1996, the City of Eugene proposed a 1% utility consumption tax to fund low-income housing which failed at public vote; 61% no to 39% yes. That tax would have dedicated 10% of the proceeds for low-income energy assistance programs.
Revenue Yield & Stability	If the tax were structured as a surcharge on the use of electricity, natural gas, water, storm water and wastewater a rough estimate for potential yield (numbers from 2010 analysis) was about $2.2 million for every 1% surcharge. The monthly impact to the average residential user of electric, gas, water, storm water and wastewater services (numbers from 2010 analysis) was about $1.25 for every 1% surcharge. Impact to commercial users is not provided as commercial consumption varies greatly by business. Residential consumption accounts for approximately 60% of the electric retail revenue collected by EWEB. A portion of the tax revenue would be needed to offset administrative costs for utilities to collect and remit the tax. An annual allocation could be set to help mitigate the financial impacts of the tax on low-income households. Implementation of these items would reduce the yield estimates given.
Administrative Effort	Utility service providers (City, EWEB, NWNG) would be responsible for collection of the tax. An administrative fee for collecting and remitting the tax to the City could be negotiated with EWEB and NWNG. As an example, if an administrative fee of 5% of the tax were instituted, the foregone revenue would be approximately $110,000 at the 1% tax level.
Timeline	This tax would take a longer period of time to implement, up to 2 years, due to the negotiations and coordination with the utility providers who would collect the tax.
Who Pays	All consumers of the subject utilities in the city would pay.

Fairness & Indirect Implications	This tax would have a greater impact on large businesses, low-income residents or those who are out of work. The tax could be structured to provide relief for low-income households but this would increase the rate and the administrative costs associated with the collection.
Sustainability Impact	When the tax is established as a percent of consumption, large utility users are affected more than other users in the community. Developing a program to rebate some portion of the tax to large users could mitigate creating a barrier to economic development. The tax could lead to reduced consumption, a sustainable practice which is a high priority value for the City. An increase would be a greater financial burden to low-income households who have little to no discretionary income.
Viability in Solving Funding Issues	This tax could generate approximately $2M for a 1% charge on utility consumption (based upon a 2010 analysis), so could likely generate a little higher revenue today. After negotiations with EWEB and NW Natural Gas were completed, which could take up to 2 years, the ongoing administrative burden of collection would be relatively low. This tax would have a nexus with funding general City services, and climate related services, but has no close nexus with other funding issues. By contributing to a low-income assistance fund to help those who have difficulties paying their utility bill, some of the impact of this tax on low-income households could be mitigated. With the nexus to funding general city services and climate-related services, the ongoing administrative requirements (after initial negotiations) and the ability to generate a mid to high level of revenue, this fee should be considered. The drawback of this tax will be the time and political struggles of negotiating with EWEB and NW Natural Gas to carry out collections of this fee. The Meeting the Challenge Task Force recommended this in 2010 as one of three potential options to fund the budget gap.

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Vacancy Tax (Empty Dwelling Fee)	
Description	A vacancy tax is a tax levied on property owners who have vacant properties. The purpose of a vacancy tax is to disincentivize keeping properties empty, thus increasing the housing supply for renters. Alternatively, an Empty Dwelling Fee or Fine could be charged on properties or parcels that remain unused for an extended period. Depending on the goal of the policy, taxes or fees may be applied to vacant parcels, empty buildings or commercial space, individual housing units, or all of the above. Vacancy taxes, in different forms, have been enacted or considered by jurisdictions across the country and internationally. At a high level, the common goal is to incentivize the best use of land. The motivation behind this varies significantly based on local market conditions: to combat blight, to disincentivize empty lots, to discourage vacation or investment properties that are only in use part-time in tight housing markets.
Legal Authority & Restrictions	A Vacancy Tax by means of property taxes is restricted by Article 1 section 32: Section 32. *Taxes and duties; uniformity of taxation. No tax or duty shall be imposed without the consent of the people or their representatives in the Legislative Assembly;* ***and all taxation shall be uniform on the same class of subjects within the territorial limits of the authority levying the tax****.* However, under Oregon's constitutional home rule powers, the Eugene City Charter grants the City Council broad authority over matters within the city's boundaries. The City Council may implement a fee/fine on property owners by ordinance. Alternatively, the fee may be placed on a ballot by the Council, by citizen initiative, or by referendum petition. It would be important to further analyze the legality of this revenue source, and the City Attorney's Office would want to look closely at whether such assessments could be considered an unlawful "taking".
Precedence	No city in Oregon currently has a vacancy tax, though the City of Portland's Housing Advisory Committee (PHAC) recently evaluated an Empty Dwelling Fee. Vancouver B.C., Oakland, Washington D.C., and San Francisco all have vacancy taxes. (San Francisco's tax does not apply to residential properties, only commercial) Washington, D.C., has a version of a vacant property tax, according to the city's Office of Taxation and Revenue. Vacant property is taxed at $5.00 per $100 of assessed value and blighted property is taxed at $10.00 per $100 of assessed value. Voters in Oakland, California, passed the Vacant Property Tax Act in 2018. Homes that are in use fewer than 50 days a year will be subject to the tax, which is a $6,000 flat fee, according to the city's website. The annual tax was approved for 20 years, and will provide funding for affordable housing,

	services for the homeless and the clean-up of blighted properties and illegal dumping, according to the city. The City of Vancouver, B.C., implemented the vacancy tax in 2017 at a rate of 1% of a property's assessed taxable value. The "Empty Homes Tax" is calculated annually and is based off the property's assessed taxable value in the previous tax year. Since 2017, the tax rate has been increased twice (in 2020 and 2021); recently in May 2023, the City Council vote to keep the rate at 3%. In a workpaper published in August 2023, City of Seattle staff evaluated a vacancy tax, expecting that such a tax likely could be imposed without requiring a ballot measure. Staff also estimated the tax could generate between $5 million and $20 million annually, depending on definitions, rules, and tax rate.
Revenue Yield & Stability	A FY20 proposal from the City of Portland Budget Office estimated a that a $5,000 flat-rate fee, applied to residential units vacant for 120 days or more could generate $2.1 – $5.0 million annually, based on a 2.3% vacancy rate and a very low collection rate of 15%. Housing market data taken from the most recent 2022 American Community Survey census data, estimates Eugene's vacancy rate for residential properties at 4%. (3,861 vacant out of 77,395) At a collection rate of 15%, a $5,000 fee would generate about $2.85 million annually in Eugene based on estimated vacancy rates; however, it is unlikely that all vacant residential properties included in the above estimate would be subject to the tax. Since the fee is intended to discourage vacancies, revenues ought to decline over time. Increasing the rate/fee amount as revenues decline is not recommended as it could have counter-productive impacts on property development.
Administrative Effort	Likely quite high; a FY20 study by the City of Portland's Office of Management and Finance estimated that such a tax would require 3.0 FTE to administer. Staff would be required to assess which properties are subject to the fee; likely exemptions would include properties: • Undergoing renovation, • Listed for rent or sale, • Owner death or home in estate, • Hospitalized or disabled owner, • Low-income, • Limited-use properties, • Owned by non-profit organizations, • Parcels that are under construction or development The process of verifying residency involves a wide range of documents and databases and would likely require home visits to confirm the condition and

	circumstances of the unit. The data currently available does not identify what percentage of units are empty because they are second homes or vacation rentals, are new units that have not yet been leased or purchased, or are vacant/have been abandoned for financial or health and safety reasons. An independent appeals venue, which could generate additional administrative costs and workload, would be necessary to ensure the tax is fairly applied and enforced. Potential legal challenges could also delay implementation and increase implementation costs.
Timeline	Based on Portland's implementation proposal, the City would first need to establish a Vacancy Fee Reference Period, develop a registration process, an appeals process, and finally establish the fee. This work would likely take more than 2 years.
Who Pays	Property owners who have properties that are vacant for more than an allowable time period; for example, vacant for 120 consecutive days or more.
Fairness & Indirect Implications	Exemptions for low-income property owners, and other exemption examples listed above, could increase the fairness of the fee and mitigate negative impacts to low-income residents. The intent of this fee would be to provide a disincentive for property owners to leave habitable properties vacant, thereby increasing the supply of housing in the city and reducing rents. The fee could encourage speculative owners to rent vacant properties or sell properties to avoid remitting the fee. The fee could therefore allow more people to live in city limits, bringing economic activity.
Sustainability Impact	Depending on the fee's structure, it could have counter-productive impacts on property development and could have a negative impact on the city's business climate. Conversely, the fee could also encourage development of vacant properties, bring more residents into city limits and improve economic activity, leading to a healthier business climate. The burden on low-income residents would likely be low, since exemptions would likely be put in place to exclude low-income property owners. No direct environmental impact apparent.
Viability in Solving Funding Issues	Implementation would likely take more than 2 years and administration efforts needed would be very high, requiring hiring of 2-3 FTE. Impacts on Council's goal of Sustainable and Accountable Development and low-income residents are positive since the fee is designed to disincentivize vacant housing, likely increasing the supply of housing in the city and reducing rents. The fee could also encourage more in-migration, increasing local economic activity. • **On-going Service Costs:** Viable, no direct nexus.

	• **Capital Acquisition & Replacement**: Not viable due to lack of nexus, revenues not likely available within timeframe needed, community would not support directing funds to this issue. • **Climate/ Sustainability Services**: Viable, no direct nexus; could be argued that efficient use of property is good for the climate (reduces the need for new development) • **Unhoused Services**: Viable, indirect nexus. This option could be a good fit for addressing this issue. Directing funds towards unhoused services could increase community support. • **Affordable Housing**: Viable, direct nexus. This option could be a good fit for addressing this issue. Directing funds towards affordable housing projects will increase the likelihood of community support. • **City Hall Loan Repayment**: Not viable due to lack of nexus, revenues not available within timeframe needed, and not politically feasible to gain support in directing funds to this issue. • **City Contributions to Community Partnerships (infrastructure)**: Not viable; no nexus, funding is insufficient and not politically feasible to gain support in directing funds to this issue.

Revenue Options
Summary Matrix

Revenue Option	On-going Service Costs	Capital Acquisition & Replacement	Climate/ Sustainability Services	Homeless Services	Affordable Housing	City Hall Loan Repayment	City Contributions to Community Partnerships	Recommendation
Potential Need	$10 to $20 million	millions	depends on service level	depends on service level	depends on service level	$4 million	$15 million (ems) & other?	
Ongoing or One-Time	Ongoing	One-time	Both?	Both?	Both?	One-time	One-time	
City Service Fees	☑	☐	☐	☐	☐	✗	✗	**Most Viable**
Debt: General Obligation Bonds	✗	☑	☐	✗	✗	✗	☑	**Most Viable**
Restaurant Tax	☐	☐	☐	☐	☐	☐	☐	**Most Viable**
Admissions/Entertainment Tax	☐	☐	☐	☐	☐	✗	☐	Worth pursuing
Business License Fee	☐	☐	☐	☐	☐	✗	✗	Worth pursuing
Carbon Tax	☐	☐	☑	✗	✗	✗	✗	Worth pursuing
Construction Excise Tax (CET) Increase	☐	☐	☐	☐	☑	✗	✗	Worth pursuing
EWEB Wholesale CILT Increase	☐	☐	☐	☐	☐	✗	☐	Worth pursuing
First Responder Fee Increase	☑	☐	✗	☑	☐	✗	✗	Worth pursuing
Franchise Fees	☐	☐	☐	☐	☐	✗	✗	Worth pursuing
Local Option Property Tax	☑	☑	☑	☑	☑	☐	☐	Worth pursuing
Payment in Lieu of Taxes	☐	☐	✗	☐	✗	✗	✗	Worth pursuing
Rental Housing Fee	☐	✗	☐	☐	☐	✗	✗	Worth pursuing
Sale of Surplus Property	✗	☐	☐	☐	☐	☑	☑	Worth pursuing
SDC Financing for Contributions to Cmty Partnerships (Repaid by Property Taxes)	☐	☐	☐	☐	☐	✗	☑	Worth pursuing
Special District	☐	☐	☐	☐	☐	✗	☐	Worth pursuing
Transient Lodging Tax	☐	✗	✗	☐	☐	✗	☐	Worth pursuing
Urban Renewal District-Raise Frozen Base	☑	✗	✗	✗	✗	✗	✗	Worth pursuing

Revenue Option	On-going Service Costs	Capital Acquisition & Replacement	Climate/ Sustainability Services	Homeless Services	Affordable Housing	City Hall Loan Repayment	City Contributions to Community Partnerships	Recommendation
Potential Need	$10 to $20 million	millions	depends on service level	depends on service level	depends on service level	$4 million	$15 million (ems) & other?	
Ongoing or One-Time	Ongoing	One-time	Both?	Both?	Both?	One-time	One-time	
Urban Renewal District-Riverfront Plan Amendment	✗	☐	✗	✗	✗	☐	✗	Worth pursuing
Utility Consumption Tax	☐	☐	☑	☐	☐	☐	☐	Worth pursuing
Business Gross Receipts Tax	☐	✗	☐	☐	☐	✗	✗	Not recommended
Corporate Income Tax	☐	✗	☐	☐	☐	✗	✗	Not recommended
Debt: Revenue Bonds	✗	☐	☐	☐	☐	✗	☐	Not recommended
Fees for Service - New or Increased	☐	✗	☐	☐	☐	✗	✗	Not recommended
Heavy Vehicle Tax	✗	☐	☐	✗	✗	✗	✗	Not recommended
Internal Services Sold to Other Organizations	☐	✗	✗	✗	✗	✗	✗	Not recommended
Luxury Tax	✗	✗	✗	✗	✗	✗	✗	Not recommended
Marijuana Tax	☐	☐	☐	☐	☐	✗	✗	Not recommended
Motor Vehicle Rental Tax	☐	☐	☐	☐	☐	✗	✗	Not recommended
Parking Tax	☐	✗	☐	✗	✗	✗	✗	Not recommended
Personal Income Tax	☐	☐	☐	☐	☐	✗	☐	Not recommended
Photo Red Light Cameras	✗	✗	✗	✗	✗	✗	✗	Not recommended
Private Donations	✗	✗	✗	✗	✗	✗	✗	Not recommended
Sales Tax: General	☐	☐	☐	☐	☐	☐	☐	Not recommended
Sales Tax: Selective	☑	☑	☑	☑	☑	☑	☑	Not recommended
Sweetened Beverage Tax	☐	☐	☐	☐	☐	✗	✗	Not recommended
Vacancy Tax/Empty Dwelling Fee	☐	✗	☐	☐	☐	✗	✗	Not recommended
Bicycle Registration Fee	✗	✗	☐	✗	✗	✗	✗	Not considered
High CEO Pay Ratio Tax								Not considered
Payroll Tax Increase								Not considered

Revenue Option	On-going Service Costs	Capital Acquisition & Replacement	Climate/ Sustainability Services	Homeless Services	Affordable Housing	City Hall Loan Repayment	City Contributions to Community Partnerships	Recommendation
Potential Need	$10 to $20 million	millions	depends on service level	depends on service level	depends on service level	$4 million	$15 million (ems) & other?	
Ongoing or One-Time	Ongoing	One-time	Both?	Both?	Both?	One-time	One-time	
Solid Waste Collection Fee	☐	✕	☐	✕	✕	✕	✕	Not considered
Street Lighting District	☐	✕	✕	✕	✕	✕	✕	Not considered
Real Estate Transfer Tax								Not considered: Pre-empted
Solar Power Generation	✕	✕	✕	✕	✕	✕	✕	Not considered; Long-term/outside scope

Key:
- ▣ = Meets All Criteria/Viable (Not Necessarily Recommended)
- ☐ = Meets Some Criteria/Maybe
- ✕ = Does Not Meet Criteria/Not Viable
- ▪ = Not Applicable

Criteria Evaluation Summary
Evaluation Matrix

Revenue Option	Amount or Rate	Revenue Raising Capability ($ millions or H/M/L)	Action Needed to Implement	Revenue Administrative Effort to Implement and Manage	Revenue Stability and Reliability	TBL: Healthy Business Climate	TBL: Burden on Low Income Community Members	TBL: Impact on Environment	Impact on Other Council Goals	Funding Flexibility, Existing Nexus	Implementation Period	Overall Viability Assessment
City Service Fees	Needs further direction & analysis; depends on service area(s) selected	High	Ordinance or Vote	☐	▣	☐	☐	▣	▣	▣	▣	Strong viability, good yield potential; biggest hurdle will be establishing a collection mechanism
Debt: General Obligation Bonds	Depends on funding level	High	Resolution and Vote	☐	▣	☐	☐	▪	☐	Only for publicly-owned capital projects	▣	Potentially viable for certain capital costs
Restaurant Tax	1-5%	$2-$10+ million	Ordinance	☐	▣	☐	☐	▪	☐	▣	☐	Viable, though feasibility may be low. This was recommended by the Meeting the Challenge Task Force in 2010.
Admissions/Entertainment Tax	5.0%	$600,000-$1.5 million	Ordinance	☐	☐	☐	▣	▪	☐	▣	☐	Possible, CILT w/UO improves viability; feasibility low (incl. CILT agreement); may not be able to stack tax with Hult Patron User Fee
Business License Fee	$100 annually	$0.5 million annually	Ordinance	☐	▣	✕	☐	▪	☐	▣	▣	Potentially challenging due to existing Payroll Tax & CET, and state CAT; <$500k yield; could provide other useful data for economic development purposes
Carbon Tax	depends	L-M	Ordinance or vote	☐	☐	☐	✕	☐	☐	Depending on structure of tax, could be restricted to transportation projects in ROWs, or Climate/Sustainability services or infrastructure	▣	Viable, particularly as an increase to existing Motor Vehicle Fuel Tax, but some legal restrictions may affect rate & use of tax, depending on structure and intended use.
Construction Excise Tax (CET) Increase	increase residential permit value tax by 0.5% (up to 1% state max); increase commercial/industrial (no State max)	Depends on construction activity and increase selected.	Code Change (ordinance)	▣	☐	☐	☐	☐	☐	Likely restricted to Affordable Housing	▣	Residential CET increase limited to +0.5% ($750k-$1.1M), but Commercial CET is not capped and 1/2 (~$175k) could be used for non-housing related projects
EWEB Wholesale CILT Increase	Negotiated Amount	M	City Council & EWEB Board	☐	☐	☐	▪	▪	☐	▣	▣	Worth considering, as the environment surrounding wholesale electric has changed since the agreement was negotiated.
First Responder Fee Increase	up to $450 per transport	$0.5 million annually	Ordinance revision	▣	▣	▣	▣	▪	▣	Flexible, but most appropriate for h on-going service cost for emergency response, including vehicles & equipment	▣	Easy to implement, viable.
Franchise Fees	Varies per utility/service	<$1.0 million	Ordinance	▣	▣	☐	▣	▣	▣	▣	▣	Easy to implement, viable; yield may be limited by rate caps
Local Option Property Tax	$0.30 per $1,000 AV	$5.5 million annually	Resolution and Vote	▣	☐	☐	☐	▪	☐	▣	▣	Viable, good yield and low resistance likely; limits on rate due to compression, and term limits reduce viability to solve long-term funding issues.
Payment in Lieu of Taxes	Negotiated Amount	M	Interagency agreement	✕	☐	▪	☐	▪	☐	Subject to Interagency Agreement(s)	☐	Could be a viable, long-term solution for services where we partner with nonprofit providers.
Rental Housing Fee	set by CM in admin order; Current - $20/unit/yr	Low; current rate earns ~$690,000/yr	Ordinance to expand eligible uses; Admin Rule to increase fee	☐	▣	☐	☐	▪	☐	Currently reserved for rental housing	☐	Possible approach for contributions towards unhoused services.

Criteria Evaluation Summary
Evaluation Matrix

Revenue Option	Amount or Rate	Revenue Raising Capability ($ millions or H/M/L)	Action Needed to Implement	Revenue Administrative Effort to Implement and Manage	Revenue Stability and Reliability	TBL: Healthy Business Climate	TBL: Burden on Low Income Community Members	TBL: Impact on Environment	Impact on Other Council Goals	Funding Flexibility, Existing Nexus	Implementation Period	Overall Viability Assessment
Sale of Surplus Property	$/AC varies with parcel location	Varies with parcel size and location	Council Approval	▣	✕	▣	▣	▣	□	Depends on source of funding for the original property purchased	▣	Not viable for solving most funding issues due to low yield and uncertain timeline, but has potential for funding City Hall and Contributions to Community Partnerships.
SDC Financing Repaid by Property Taxes	Depends on each specific SDC financing agreement	L: Depends on # of SDC financing agreements and amount of new taxable AV	Council Approval Administrative Order	▣	▣	▣	▪	▪	▣	▣	□	Viable for certain development projects that have a strong public purpose and where the City has identified a source for making the upfront payment.
Special District	Can be sized to meet district service level; some districts have limits; compression should be considered	M: Can be sized to meet district service level; some districts have limits; compression should be considered	Metro Plan Amendment Voter Approval	□	▣	□	□	▪	□	Restricted to services provided by the special district	✕	Low viability to address these funding issues due to very long implementation period, but good potential yield for other services.
Transient Lodging Tax	1% increase	L; <$300k unrestricted; ~$600k for tourism	Ordinance	▣	□	□	□	▪	□	A portion of the funds are restricted: 70% to tourism promotion or tourism-related facilities. The remaining 30%, or $270k, could be used for any purpose.	▣	Viable, but existing TLTs at city, county, and state level reduce feasibility; relatively low yield.
Urban Renewal District-Riverfront Plan Amendment	Some portion of TIF in the Riverfront District	Up to $4 million 1x	Council (as the UR Agency) approval; plus approval from 4J, plus either the County or LCC	▣	▣	▣	▣	▣	□	Must be spent in accordance with UR Plan language	▣	Worth considering, as Council is in the process of amending the Riverfront Plan right now and could choose to include renovations to public buildings (City Hall, a new fire station) in the project list. This option could offset costs, allowing project dollars to go towards loan repayment.
Urban Renewal District-Raise Frozen Base	Determined by Council and budget process	<: Will generate $400k in FY25	Amend UR Plan; Certify Taxes	□	▣	▣	▣	▣	□	▣	▣	Possible. Would lengthen time needed to pay back borrowed funds, thereby lengthening the time the District would need to reach its maximum indebtedness
Utility Consumption Tax	1.0%	$2 million annually	Ordinance	□	▣	□	✕	▪	□	▣	□	Sufficient revenue to pursue; would need agreements with utility providers to carry out tax collection.

Key:
- ▣ = Meets All Criteria/Viable
- □ = Meets Some Criteria/Maybe
- ✕ = Does Not Meet Criteria/Not Viable
- ▪ = Not Applicable

Key for Implementation Period:
- ▣ = Short (2023-2025)
- □ = Med (2025-2027 Biennium)
- ✕ = Long (after 2027)

Appendix (cont.)

Other Options Added by Revenue Advisory Group

The following revenue options were added after the Staff Revenue Team completed its report. Therefore, these options are not included in the staff team's evaluations or recommendations.

Climate Impact Fee: Climate impact fees vary widely in both complexity and size, making potential yield estimates highly variable. Further legal review would be needed to determine viability of an impact fee within Oregon. If viable, this type of fee has a direct nexus to funding climate and sustainability services. The timeline required to establish this new fee would put implementation in the next biennium, at the earliest.

Debt – Affordable Housing Bonds: Affordable Housing Bonds are a type of General Obligation bond, the repayment of which is backed by a voter-approved property tax levy upon all taxable property in the City. These bonds are a viable funding source for construction of new or rehabilitation of existing Affordable Housing projects, whether publicly or privately-owned, as well as land acquisition for future Affordable Housing developments. Measure 102 restricts the amount of principal issued for Affordable Housing bonds to no more than 0.5 percent of the market value of property within a jurisdiction; therefore, the max possible yield for this type of bond in the City of Eugene as of December 2023 is $225.3 million, which would be approximately $27/month for the average homeowner for a 20-year bond.

Short Term Rental Nightly Fee: This revenue option is a per-night fee that would be paid by Booking Agents for each night a guest rents a short-term rental (STR). Revenue yield for any given period would vary with the number of STRs, the occupancy rate, as well as exemptions or thresholds, but could range from $900,000 to $2.5 million (gross). There is a direct nexus to supporting Affordable Housing and Unhoused Services.

2023 Staff Revenue Team
Revenue Source Summary

Climate Impact Fee	
Description	A one-time fee charged to mitigate the impact of emissions created through development related activities. Sometimes called a carbon impact fee, these fees have been used to help communities invest in projects that lower a community's greenhouse gas emissions. Staff research on this type of fee has shown that the fees are often passed in concert with development standard ordinances designed to motivate behavior change toward development that has less greenhouse gas emissions. Cities with a longer history of the fee (see Aspen, CO, below) see a declining revenue source as more building stock meet renewable energy standards.
Legal Authority & Restrictions	Under Oregon's constitutional home rule powers, the Eugene City Charter grants the City Council broad authority over matters within the city's boundaries. The City Council may implement a climate impact fee by ordinance. Alternatively, the fee may be placed on a ballot by the Council, by citizen initiative or by referendum petition. A legal review on a climate impact fee in Oregon is recommended, as one-time charges incurred because of development and/or growth could be seen as a system development charge. Oregon Revised Statues (ORS) outlines when and how local governments can charge system development charges (SDC's) in Oregon. OR 223.297 - 223.316 provide legal requirements for how to establish and set SDC fees. State law does not allow for an SDC to be charged on new development or re-development for climate related needs. The fee could be established as a form of a construction excise tax, not as an impact fee; however, uses of construction excise tax proceeds are restricted to affordable housing-related projects and programs. If not tied to development activities, a carbon tax or utility consumption tax would be a better descriptor of the fee (please see those revenue templates for additional information on those fee structures). A legal review is recommended to determine if a one-time fee based upon development activities could be established in Oregon.
Precedence	Staff found no other local governments in Oregon to have a carbon or climate impact fee that is structured as a one-time fee resulting from development activities. City of Watsonsville, CA: City Council passed a carbon impact ordinance in 2015 establishing a fee that is charged as a percentage of the total permit fees on all new development and most re-development. The carbon impact fee is reimbursed for projects that have voluntarily

	installed on-site renewable energy systems. The carbon impact fees are directed to a fund dedicated to priority capital projects in the City's Climate Action Plan. Fees range from $400 - $2,000 for residential projects and widely vary for commercial, but are closer to an average $7,000 per commercial development. City of Burlington, VT: City Council engaged in an intensive, two-year community outreach effort to pass a package of ordinances focused on establishing a standard for the greenhouse gas emissions of buildings. This package of ordinances included a new carbon pollution fee that took effective January 1, 2024. The fee closely resembles a carbon tax, as it is set at $150/ton of emissions that the building is expected to emit over its lifespan. The funds are dedicated to converting the City's fleet to all electric and to provide access to clean heat for low-income households and renters. City of Aspen, CO: Carbon fee established in 1999 as a part of their Renewable Energy Mitigation Program. The program requires certain building owners to pay a fee or install on-site renewable energy systems. The fees are used to fund grants and rebates for energy efficiency and renewable energy projects. This is an older program for the city and has been successful for them as they have met their emissions goal in 2015. The fee has shown a declining amount over the years, as the city's development standards continued to change to require renewable energy. The fee is a complex calculation based upon a development's "energy budget" allotted to them, so an average fee was hard to determine. The total revenue budgeted from this fee was set at $876,000 in 2024.
Revenue Yield & Stability	Climate impact fees vary widely in both complexity and size. The legality of this type of fee would need to be established, and further guidance on how to structure the fee would be needed to determine yield based upon the development activities that would trigger it. Other entities that have structured the fee to include fee reductions/exemptions based upon the development's greener choices have seen a decline over time in total revenue, as the community's building stock converts to renewable energy.
Administrative Effort	The higher the complexity of the fee, the higher the administrative cost. Fees structured as a flat percentage of the total permit fees are easier to administer and more straightforward for the permittee to understand. Structures that provide options to lower the fee if greener choices are made in the development take more time to administer and will require additional outreach for the development industry to understand.
Timeline	Depending upon the complexity of the fee and the legal review needed, this could take one to two years to complete and implement.

Who Pays	The climate impact fee would be paid by the developer or property owner that is developing or making improvements to existing properties within Eugene city limits for residential and commercial/industrial construction. The fee would be paid when the permit is issued.
Fairness & Indirect Implications	A climate impact fee would add costs to development within the city limits, which could reduce viability of projects. This is especially of concern related to raising the cost of market rate housing development. If developers perceive a climate impact fee to be too high, they might develop someplace else or not develop. In other local governments that have established this type of fee, it was part of a larger package of developments standards that targeted reducing emissions and increasing renewable energy. Their efforts have shown some benefit for their entire community with lower emissions.
Sustainability Impact	A climate impact fee can change behavior and promote the installation of renewable energy systems during the development process. Communities have seen this result when the fee is packaged with other development standards focused on encouraging or requiring "greener" choices. In other communities, this fee was directed towards projects that helped the local government and community members invest in renewable energy, which moved the community towards its lower emission goals.
Viability in Solving Funding Issues	Further legal review would be needed to determine viability of an impact fee within Oregon. If viable, this type of fee has a direct nexus to funding climate and sustainability services. The timeline required to establish this new fee would put implementation in the next biennium.

2023 Staff Revenue Team
Revenue Source Summary

Debt: Affordable Housing Bonds	
Description	Affordable Housing Bonds are a specific type of General Obligation Bonds ("GO Bonds"), which are a borrowing or issuance of debt, the repayment of which is backed by a voter-approved property tax levy upon all taxable property in the City.
Legal Authority & Restrictions	GO Bonds are authorized under ORS 287A. GO Bonds must be approved by a majority of the people voting in an election in May or November. City Council must pass a resolution authorizing the bonds. Measure 102, passed in 2018, amended the state constitution to allow counties, cities, and towns to—with voter approval and certain restrictions—use bond revenue to fund the construction of Affordable Housing without necessarily retaining complete ownership of the constructed housing. Measure 102 requires that these Affordable Housing bonds be approved by local voters and that the total principal of any such bonds does not exceed 0.5 percent of the market value of the property within the jurisdiction of the county, city, or town. Prior to the measure passing, the state constitution did not allow revenue from bond issues to be used in a project with private owners or stakeholders. Measure 102 was designed to provide an exception to this prohibition for the construction of Affordable Housing. The amendment gave public entities new authority to pursue private partnerships and leverage additional sources of financing in developing housing projects. Measure 102 allows for bond proceeds to be used to finance capital costs of Affordable Housing (including acquisition of land) provided that the jurisdiction provides annual audits of and public reporting on the expenditure of bond proceeds, and that the measure authorizing the bonds describes "affordable housing" for purposes of the measure. The City has financial policies related to GO Bonds. Policy D.3. states that the use of GO Bonds will be limited to major capital construction or improvements in support of general municipal services. The City also has debt policies that limit net direct debt, such as GO Bonds, to 1% of the real market value of property within the City, and repayment of debt is limited to 21 years. Affordable Housing Bonds would be subject to City debt policies, but Council could make revisions or exceptions in the policies to accommodate these types of bonds, if needed.
Precedence	In November 2016, Portland voters passed the city's first housing bond, dedicating $258.4 million to create 1,300 permanently affordable homes, with all funds to be committed by 2024. Since this bond was issued prior to the Measure 102 amendment, bond dollars were restricted to publicly-owned properties only. In 2018, voters approved a $652.8 million Affordable Housing bond ("Metro Housing Bond", Measure 26-199) measure to create permanently affordable homes across Washington, Clackamas, and Multnomah counties. The bond funds can be used to build Affordable

	Housing for low-income households, to purchase and rehabilitate existing housing to preserve its affordability and prevent displacement, and to buy land for the immediate or future construction of new Affordable Housing. Per the bond measure, local and regional administrative costs were capped at 5% of bond proceeds. Bond costs were estimated at $0.24 per $1,000 of assessed value annually, approximately $5.00/month for the average homeowner. GO Bonds are used extensively by local governments across the US for a variety of purposes. The City of Eugene has issued GO Bonds for parks and recreation projects, street repairs, fire stations, airport projects and other purposes. In 2022, voters in the City of Austin, Texas approved a $350 million bond measure for Affordable Housing. The measure was the fourth, and largest, Affordable Housing bond measure passed in the city since 2006. The State of California legislature is considering a ballot measure in 2024 (the "Affordable Housing Bond Act of 2024"). The measure would issue $10 billion in bonds to fund rental housing and homeownership programs for households at certain income thresholds, including, among others, the Multifamily Housing Program, the CalHome Program, and the Joe Serna, Jr. Farmworker Housing Grant Program. Additionally, the Bay Area Housing Finance Authority (BAHFA) – the first regional housing finance authority in California – may place a $10-$20 billion Affordable Housing bond measure on the November 2024 ballot to benefit the nine-county Bay Area. This money would be used to build affordable homes and help keep existing housing affordable in every county. A cross-sector coalition of stakeholders, brought together by the Eugene Chamber, is in the early stages of developing a coordinated regional plan to address homelessness and the housing supply shortage. The need for new funding streams for Affordable Housing has been part of preliminary conversations. A subcommittee of housing experts are preparing a report detailing cost estimates for increasing housing production across housing types and income scales.
Revenue Yield & Stability	Measure 102 restricts the amount of principal issued for Affordable Housing bonds to no more than 0.5 percent of the market value of property within a jurisdiction; therefore, the max possible yield for this type of bond in the City of Eugene as of December 2023 is $225.3 million, which would be approximately $27/month for the average homeowner for a 20-year bond. Property taxes for Affordable Housing Bonds are exempt from the $10 per $1,000 of real market value tax cap for all general governments under Measure 5.
Administrative Effort	Property tax collections are administered by Lane County. They prepare the tax bills, collect the funds, and remit the appropriate amount to the City on a regular basis. Enforcement is performed by both the County and the City in the foreclosure process.

	The process to issue bonds requires staff and consultant time and expenses to determine the best structure and method of sale, to prepare legal documents and to prepare an offering statement for potential investors and typically takes three to six months to complete. Affordable Housing bonds require ongoing administration of the use of the funds, annual audits, and adherence to IRS and state law requirements over the life of the bonds (typically 20 years). Additionally, project delivery administration is necessary for producing the desired housing outcomes (e.g. solicitation for housing development proposals, public information and engagement, and coordination and contracting with private property owners and developers). Current city program staff are at capacity utilizing the existing Affordable Housing related resources, so additional FTE would be needed to implement bond projects.
Timeline	GO Bonds must be authorized at a May or November election, so the timing is dependent upon getting a measure on those ballots. Council would need to start discussion of an Affordable Housing Bond measure a minimum of six months ahead of an election date to meet the election timelines. Additional time would be needed for community engagement. Once the bonds are authorized by City voters, it takes a minimum of three to six months to prepare the bond issue for sale. In order to levy property taxes to repay Affordable Housing Bonds, the tax must be authorized by the City Council during the budget process.
Who Pays	The tax levied to repay Affordable Housing bonds is paid by all property owners within City limits, including businesses and residences. Businesses and landlords may choose to pass the tax on to their customers and tenants.
Fairness & Indirect Implications	The property tax is a proportional tax on the value of real and personal property for both businesses and residences. It does not consider the ability of the taxpayer to pay the tax. Property taxes are paid only by property owners within the City limits. There are numerous exemptions from the property tax designed to promote a variety of policy goals, including some designed to lessen the impact on non-profit organizations and low-income owners and tenants. The Low-Income Rental Housing Property Tax Exemption (LIRHPTE) provides a 20-year property tax exemption for Eugene rental housing or limited equity cooperatives that offer rents or monthly housing payments affordable to lower income households or property that is held for the purpose of developing low-income rental housing or limited equity cooperative. The income limit for the program is 60% of the area median income based on household size, as determined annually by the US Department of Housing and Urban Development (HUD).
Sustainability Impact	This tax would increase the cost of owning a home or business and potentially increase the cost of leasing or renting a home or business, if property owners choose to pass on the additional property tax costs to

	tenants. At the maximum total bond amount, the average homeowner would pay an estimated $27/month. Affordable Housing developments supported by the City typically require housing units to remain affordable to lower income households for at least 20 years. The majority of Affordable Housing developments maintain affordability and continue to serve the community for longer.
Viability in Solving Funding Issues	Affordable housing Bonds are a viable funding source for construction of new or rehabilitation of existing Affordable Housing projects, whether publicly or privately-owned, as well as land acquisition for future Affordable Housing developments. Real estate and construction markets are not static; market changes have big impacts on the viability and cost of projects. The lead time for new development site control, predevelopment, and construction can take 1.5 to 3 years and markets can shift dramatically in that timeframe. Additionally, the availability of land and development partners can almost impact project timelines. Therefore, it's possible that outcome estimates (i.e. number of units) made prior to bond approval will not be feasible some years later. As such, setting clear expectations will be necessary to protect and build trust and confidence with the community. These bonds could be issued as a funding source as early as in the current biennium, using funds on projects would start in the next biennium. GO Bonds are familiar and understandable to the public, which helps with political feasibility vs. a new type of revenue source.

2023 Staff Revenue Team
Revenue Source Summary

<table>
<tr><th colspan="2">Nightly Fee on Short-Term Rentals (STRs)</th></tr>
<tr><td>Description</td><td>City Council could put in place a per night fee to be paid by Booking Agents*for each night a guest rents a short-term rental, with potential exemptions and thresholds. (Portland's fee is $4 per night up to 30 consecutive days; the fee does not apply to nights after the 30th day.) The funds generated from this fee could be used to fund Affordable Housing and unhoused response in Eugene.

*Booking Agents and transient lodging intermediaries refer to a person or a business, other than the lodging owner/operator or managing agent that facilitates the retail sale and charges for occupancy of transient lodging. Examples include online booking platforms such as Airbnb, VRBO, and HomeAway, travel agents, and tour outfitter companies.</td></tr>
<tr><td>Legal Authority & Restrictions</td><td>Under Oregon's constitutional home rule powers, the Eugene City Charter grants the City Council broad authority over matters within the city's boundaries. The City Council may implement a short-term rental nightly fee by ordinance. Alternatively, the fee may be placed on a ballot by the Council, by citizen initiative or by referendum petition. As is done with the Rental Housing Fee, the authority to collect the fee and the eligible uses for the fee would be established by Council in code, and the amount of the fee would be set by the City Manager in administrative rules.

Council could restrict revenue from the fee to be directed toward a specific use (e.g. Affordable Housing and Unhoused Response), otherwise revenue would be unrestricted and available to the General Fund.</td></tr>
<tr><td>Precedence</td><td>Portland and Seattle have adopted nightly fees on short term rentals (see table below) to support development of affordable housing and homelessness initiatives.
<table>
<tr><th>Locality</th><th>Fee</th><th>Year adopted</th><th>Revenue use</th></tr>
<tr><td>Portland, OR</td><td>$4/night</td><td>2018</td><td>Affordable housing and homelessness</td></tr>
<tr><td>Seattle, WA</td><td>$14/night for rental of entire home; $8/night for rental of rooms</td><td>2019</td><td>Affordable housing and community-initiated equitable development projects</td></tr>
</table>
If an owner/operator exclusively uses one or more online reservation platforms ("Booking Agents") registered with the City of Portland, such as Airbnb, TripAdvisor, VRBO and others, the Booking Agent is required</td></tr>
</table>

	to report and remit fees monthly. If guests book directly with the short-term rental owners/operators, the owner/operator is required to register with the City of Portland's Transient Lodgings Tax Program and report and remit fees to the City of Portland's Revenue Division. The City of Portland's short-term nightly occupancy fee may be passed on to the guest if it is broken out separately on the guest's bill/receipt and identified as the "Portland Housing and Homelessness Fee."
Revenue Yield & Stability	The amount of revenue for any given period would vary with the number of STRs and the occupancy rate. AirDNA shows the total available listings in Eugene at 1,468. AirDNA data shows Eugene's STR occupancy rate at 52% (or 190 nights per year), with peak occupancy in summer months.[1] The formula for estimating gross revenue is (# of STRs) X 190 (nights) x $ nightly fee. With an 80% collection rate and if the Portland rate of $4 per night was implemented, potential revenue could be almost $900,000 per year. With an 80% collection rate and only charging on entire home rentals using Seattle's $14 per night fee collected for Entire Home rentals, potential gross revenue could be almost $2.6 million. Administrative expenses would reduce the overall revenue amount available.
Administrative Effort	To establish a STR fee, Council would need to consider and act on an ordinance, which would involve staff time for at least one work session (if not multiple), a public hearing, and action item. Both broad public outreach and specific stakeholder engagement before and during the code change process would be advisable. Key stakeholders include the Travel Lane County, Eugene Chamber of Commerce, University of Oregon, the Eugene Short Term Renters Association, local development community, and housing-related organizations. Potential The mechanics of collecting the fee would require expanding the City's agreement with Airbnb and establishing similar agreements with the other STR businesses to implement a nightly fee on short-term rentals. The effort to implement, administer, and collect a nightly short-term rental occupancy fee will require initial staff time.

[1] According to AirDNA an official report by CBRE, the United States' leading commercial real estate firm, AirDNA data was found to be 97.5% accurate in reporting active supply of vacation rentals. A. Pawlicz, C. Prentice (2021) discuss the limitations of AirDNA data in "Understanding Short-Term Rental Data Sources - A Variety of Second-Best Solutions." They cite AirDNA's major limitations as: non-transparent data collection methodology; an upward bias regarding Average Daily Rate (ADR), Occupancy Rate, and Revenue Per Available Room (RevPAR); its status as a commercial provider; and its counts include fake and test listings. https://app.airdna.co/data/us/76298

	Project delivery administration to utilize the funds after collection could vary depending on desired uses but could be minimal if the funds are added to existing Affordable Housing and homelessness programs.
Timeline	The process with Council and public outreach, including prep time, could be approximately 6-12 months, depending on potential political navigation required. If Council were to approve an ordinance to establish a STR fee, collection would start after the administrative order and collection system is in place. Lead time would be necessary to set up administration and for financial reporting/monitoring, potentially up to a year. Anticipated flow of funds would be to collect them in one year and put them in the respective Affordable Housing and homelessness programs for use in the following year. It could likely be FY27 before new revenue would be awarded/utilized.
Who Pays	Short-term rental owners and operators would be responsible for paying the new fee. The fee may be passed on by STR owners and operators to guests, who are primarily non-residents of Eugene.
Fairness & Indirect Implications	Adding a new short-term rental fee would affect short-term rental owner/operators and would most likely be passed on to guests. Depending on the size of any new fee, this could make Eugene short term rentals less competitive and cause some visitors to obtain short-term rentals outside the City. A very large STR fee would be needed before it would have a meaningful impact on overall STR rates for guests. STR reservations are typically purchased with a household's discretionary income. This makes a STR fee relatively progressive, because low-income households would not normally stay in as many STRs as higher-income households.
Sustainability Impact	It depends on the amount of the STR Fee and the uses for the revenue. A fee of less than $10 could generate revenue that would make a difference in the lives of low-income community members, if for example, the revenue was used for Affordable Housing and Unhoused Services. If consumers perceive the fee to be too high, they might obtain short-term rental options outside the City. Eugene residents without stable housing could also be subject to the fee if they are using temporary short-term rentals for less than 30 consecutive days.
Viability in Solving Funding Issues	This fee may be a viable option to addressing some of the following funding issues in the mid-term. • Capital Acquisition & Replacement: no direct nexus, insufficient revenue • Climate/ Sustainability Services: no direct nexus, insufficient revenue

	• **Unhoused Services:** Viable, direct nexus, sufficient revenue for partial support of funding issue (any funding is better than none), medium political feasibility • **Affordable Housing:** Viable, direct nexus, sufficient revenue for partial support of funding issue (any funding is better than none), medium political feasibility • City Hall Loan Repayment: Not viable, insufficient revenue available in timeframe needed • City Contributions to Community Partnerships (infrastructure): Not viable, insufficient revenue available in timeframe needed Estimated timeframe to see impact of new revenue is estimated for FY27, which would be at the second part of Mid-Term (in 2025-2027 biennium) and going forward.

Eugene Central Services
Finance

Attachment B

Memorandum

Date: December 20, 2023

To: Revenue Advisors

From: Twylla Miller, Chief Financial Officer

Subject: Revenue Criteria

When the City is considering new revenue options there is a range of criteria used to help evaluate potential options which are detailed below.

1. Revenue Raising Capability
   Will the revenue source produce sufficient revenue to make a significant contribution to the funding need?
2. Administrative Effort
   The revenue sources included in the funding strategy should be efficient to implement and administer. There should be practical sources of tax or fee related data, and the implementation and on-going program management should not be overly complex. The revenue sources included in the funding strategy should have low to moderate costs for administration, relative to the total revenue generated.
3. Sustainable Revenue
   Funding sources should have a high degree of long-term predictability, stability and reliability in order to ensure that the services funded can be maintained over the long run. They should be stable through economic cycles and not subject to political changes.
4. Triple Bottom Line
   Funding solutions should take into account the "triple bottom line" which includes social equity, economic and environment impacts. The **economic** aspects of sustainability address the question of whether the revenue source supports a strong, sustainable and vibrant economy. (e.g. by not imposing an inequitable burden on business). The **social** equity impacts relate both to how the income is derived as well as how the revenue is used. For example, what is the potential impact on low-income community members? From an **environmental** standpoint, would there be a positive impact on the environment (e.g. by reducing waste, encouraging alternate modes, etc.) from implementing potential revenue source.
5. Impact on other City Council Goals
   Would the funding solution impact other City Council Goals?
   a. Safe Community for Community Wellbeing: a community where all people are safe, valued, and welcome, and our systems and infrastructure are resilient and secure.;

b. Sustainable and Accountable Development: a community that meets its present environmental, economic and social needs while planning for and investing in the ability of future generations to meet their own needs;
c. Accessible and Thriving Culture, Parks and Recreation: a community where arts and outdoors are integral to our social and economic well-being and are welcoming to all;
d. Equitable, Effective, Accountable Municipal Government: a responsive government that is transparent and open; we listen and work collaboratively and fairly with the community, providing accessible equitable, effective, and efficient services to achieve measurable and positive outcomes;
e. Fair, Stable and Adequate Financial Resources: an innovative government whose ongoing financial resources are based on a fair and equitable system of revenue and are adequate to maintain and deliver municipal services.

6. Nexus with Focus Area: Does the revenue strategy have a direct or indirect relationship to the funding issue it is being proposed to solve.
7. Fairness & Political Feasibility: To what extent would the revenue alternative likely be viewed as fair or unfair? How likely is Council approval and community acceptance of the revenue alternative?

Eugene Central Services
Finance

Memorandum

Date: Wednesday, April 10, 2024

To: Revenue Advisors

From: Twylla Miller, CFO

Subject: Information Request

This memo contains a cumulative set of responses to questions received to date. The newest responses are listed first, followed by responses that were included in the previous memo dated February 7, 2024.

Provide more information about the homelessness and unhoused services the City is providing, and how the City is funding those services.
Attachments D and E have been compiled from the 2023-2025 Adopted Budget and summarize budgeted services and funding sources. Some services that were budgeted with one-time funds, such as many ARPA-funded services, are now being funded by other one-time sources, including State 'All In' funding. Such changes after budget publication are not uncommon as the City receives federal and/or state funding, and sources of funding for homelessness and unhoused services may continue to evolve throughout the remainder of the biennium. The City's Homelessness webpage (https://www.eugene-or.gov/3470/Homelessness) provides additional information on services and funding.

Provide a list of "land bank" sites available for affordable housing.
The City's Land Acquisition Program has been nationally recognized as a model for helping create quality, affordable homes in Eugene. Also known as the "Land Bank" program, the City of Eugene uses federal grants and other funds to purchase properties and prepare them for future affordable housing development. The acquisition process involves selection of an appropriate site, neighborhood outreach, environmental review and other due diligence activities, and a review by an Evaluation Committee. The City Council makes final decisions on land acquisition.

Land Acquisition Program overview:
https://www.eugene-or.gov/1042/Affordable-Housing-Development-Incentive

Specific sites currently being considered for development:
https://www.eugene-or.gov/4898/Land-for-Affordable-Housing

How does Eugene's budget and service level compare to other cities?
Staff have spent time analyzing publicly available data from other Oregon cities. Each jurisdiction is unique and provides a different set and varying level of services, has different revenue sources, and has different community attributes such as tax base, size of service areas, and types of service calls. Additionally, each jurisdiction has a different financial structure which can also make apples to apples comparisons very difficult, without mapping like to like. Without further significant investment in staff time to collaborate with each jurisdiction, it is not possible to develop a meaningful metric evaluation for

the Revenue Advisors as part of this process. As the City continues with strategic budgeting and development of a long-term financial plan, evaluation of service levels and service delivery will continue to be part of the process and communicated in future cycles.

Provide more information about how the first responder fee works.

Currently, if the FRF fee is charged, it is for first response when a Fire Engine responds in an emergency for MVAs (Motor Vehicle Accidents), and for Fire Engine emergency response where the patient is a non-local taxpayer. This charge is not tied to an ambulance transport, but rather charged for the Fire Engine response to care/treatment for the patient. If no treatment is given this fee is not charged. For MVAs, the fee is billed to the patient's auto insurance.

This new revenue option is to *expand* this fee for any time a Fire Engine responds to a medical call or is dispatched for an ALS (advanced life support) call/emergency and treatment is provided. If the patient requires treatment, then the patient would be billed; if no treatment is required, then no fee is incurred or billed. The patient is ultimately responsible for paying the fee if it is not covered by insurance. If the patient is covered by Medicaid, the fee is written off and not billed to the patient; Medicaid does not cover this fee and so the patient cannot be billed for it.

Can the City administer an Admissions Tax on privately sponsored events held at publicly owned facilities? (i.e., music concerts at Lane County Fairgrounds/Event Center, non-University events at UO arenas)

The City cannot compel another government entity such as the University of Oregon (UO) or Lane County to collect or remit a tax on its behalf, nor can it impose a tax that burdens a government function or is imposed on events sponsored or conducted by the public entity. If the City were to enter into an Intergovernmental Agreement with the government entity(ies), then an admissions tax could be charged on all events under terms of the agreement regardless of the collecting entity.

However, absent an Intergovernmental Agreement, the City may be able to impose and collect a tax for events conducted on the university or county's property that are not sponsored by the county or UO, so long as the government entity is not responsible for collecting or remitting the tax. For example, if ticket sales are managed by a third party such as Ticketmaster, the City could tax those ticket sales collected by the third party.

If this revenue option is to be pursued further, more research would be needed, and an updated legal opinion obtained.

Does Lane County require a business license?

Lane County does not have a general business license program, but does have Environmental Health licensing and inspection requirements related to food, pools, and lodging. These businesses include restaurants, temporary restaurants (food booths), mobile units (food carts), pools, hotels, motels, organizational camps, and RV parks, among others. Inspections of these facilities are funded by license fees collected through the Environmental Health Program.

Restaurant Licenses	Fee
Full Service - 0 - 15 Seats	$684.00
Full Service - 16-50 Seats	$779.00
Full Service - 51-150 Seats	$874.00
Full Service - Over 150 Seats	$1,064.00
Mobile Units	$310.00
Warehouse	$285.00
Commissary	$437.00
Tobacco Retailer	$200.00

Tourist & Travelers Licenses	Fee
Motels - Up to 25 units	$211.00
Motels - 26 - 50 units	$284.00
Motels - 51 - 75 units	$352.00
Motels - 76 - 100 units	$420.00
Motels - 101 units and over	$420.00 + $3.00 per unit over 100
RV Parks - Up to 25 units	$380.00 + $0.53 per space
RV Parks - 26 - 50 units	$475.00 + $0.53 per space
RV Parks - 51 - 75 units	$570.00 + $0.42 per space
RV Parks - 76 - 100 units	$665.00 + $0.42 per space
RV Parks - 101 units and over	$665.00 + $3.75 per space over 100
RV Parks - Short Term Campground	$285.00 + $1.88 per space over 100
Bed & Breakfast	$95.00
Hostel - 1 - 10 beds	$143.00
Hostel - 11+ beds	$143.00
Organizational Camps	$570.00
Picnic Park	$190.00
Public Swimming Pools, Spa Pools	$409.00

A complete list of Health and Human Services fees can be found here: https://www.lanecounty.org/government/county_departments/county_administration/operations/financial_services/lane_county_fees_and_charges

Are all affordable housing projects exempt from property taxes or do some pay?
The Low-Income Rental Housing Property Tax Exemption (LIRHPTE) provides a 20-year property tax exemption for Eugene rental housing or limited equity cooperatives that offer rents or monthly housing payments affordable to households earning up to 60% of the area median income based on household size. Not all affordable housing providers receive this property tax exemption, either because they receive a property tax exemption through another channel, do not meet LIRHPTE qualifications, or choose not to apply. LIRHPTE requires a 20-year commitment to meet affordability requirements and any action that constitutes termination before the 20-year exemption period is complete would require back taxes to be paid back to year 1. Affordable housing providers that do not qualify for other property exemptions and do not participate in LIRHPTE do pay property taxes.

More information about LIRHPTE can be found here: https://www.eugene-or.gov/1401/LITE-LIRHPTE

What is the tax burden of Eugene residents and businesses?
Taxes paid by residents and businesses vary widely based on a variety of factors which can't be easily quantified in an average burden. The following information is provided to give a sense of taxes levied by the City of Eugene and other taxing jurisdictions to Eugene residents and businesses:

Taxes paid to the City of Eugene include:

- Property Tax: Median assessed value home of $246,107 in FY24 pays $2,070 to the City of Eugene and the City's Urban Renewal Agency
- Community Safety Payroll Tax:
  - Employee Payroll Tax:
    - Minimum wage: exempt
    - Up to $15 per hour: 0.3% of taxable wages
    - More than $15 per hour: 0.44% of taxable wages
  - Employer Payroll Tax:
    - Public employers: exempt
    - Other employers: 0.21% of wages paid
    - Employers with 2 or less employees: 0.15% on first $100,000 of wages paid
- Local Motor Vehicle Fuel Tax: $0.05 per gallon
- Local Marijuana Tax: 3% of the retail purchase price (recreational use)
- Transient Lodging Tax: 4.5% of the amount charged for occupancy

Taxes paid by Eugene residents and businesses to other taxing jurisdictions include:

- Property Tax: Median assessed value home of $246,107 in FY24 pays $2,826 to schools (4J or Bethel K-12 School Districts, Lane Education Service District, Lane Community College), Lane County, and the Upper Willamette Soil & Water Conservation District
- Oregon Income Tax:
    - Individual Income Tax: 4.75% to 9.9% of taxable income
    - Corporate Income Tax: 6.6% to 7.6% of taxable income
    - Corporate Activity Tax: 0.57% of taxable commercial activity greater than $1 million
- Paid Leave Oregon:
    - Employee: 0.6% of gross wages
    - Employer: 0.4% of gross wages
- Statewide Transit Employee Tax: 0.1% of taxable wages
- State 9-1-1 Emergency Communication Tax:
    - $1.25 per month per telephone access line
    - $1.25 per each retail transaction related to prepaid wireless products
- Lane Transit District Employer Payroll Tax:
    - Public and non-profit employers (excluding hospitals): exempt
    - Other employers: 0.79% of wages paid
- State Motor Vehicle Fuel Tax: $0.40 per gallon
- State Marijuana Tax: 17% of the retail purchase price (recreational use)
- State Cigarette Tax: $3.33 per pack
- State Wine, Cider, and Malt Beverage Privilege Tax:
    - $2.60/barrel (31 gallons) for malt beverages and cider
    - $0.65/gallon for wine + $0.10/gallon for wine with greater than 14% alcohol + $0.02/gallon (directed to Oregon Wine Board)
- State and County Transient Lodging Tax:
    - State: 1.5% of the amount charged for occupancy
    - County: 7% of the amount charged for occupancy

Provide more information about other cities that charge flat-rate franchise fees to universities.
Upon further research, no current information could be found for such fees in Salem. It is possible the franchise has expired.

Relevant City Ordinances for university franchises in Portland can be found at these links:
Lewis & Clark College, Oregon Health and Sciences University, and Portland State University

Here are some brief highlights about the fees:

- PSU and L&C are considered Shared Telecommunications Service Providers: which is a telecommunications provider that provides telecommunications services to end users using equipment and facilities located inside the boundaries of a contiguous property.
- OHSU is categorized slightly differently, but granted a Franchise due to the District Utility Services (district heating and district cooling, electricity, water distribution, and non-potable water) that OHSU provided.
- The franchise grants the universities authority to: 1) construct, operate and maintain a Telecommunications System in the Streets; 2) construct, operate and maintain an Electrical System in, under, and over the surface of the City's Streets; and/or 3) District Heating and Cooling Systems in the Streets; or construct, operate, repair and maintain a District Utility System, with all necessary Facilities, located within the Streets.
- Each franchise has a ten-year term.

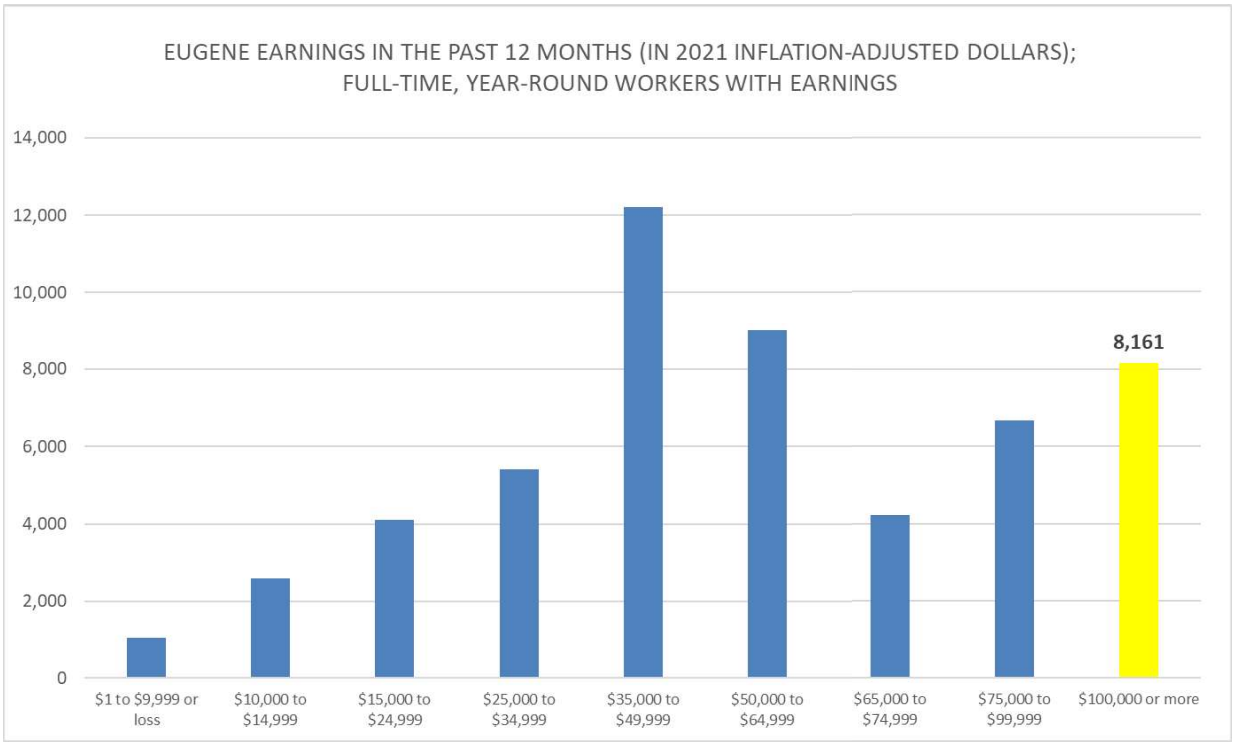
- Rates are set at the greater of the Minimum Annual Franchise Fee or a 'per-linear-trench-foot'; each rate is set to increase annually. The variable rates ranged from $3.63-$3.88/linear foot when each ordinance was enacted.
    - The 'per-linear-foot' rates increase annually by either a percentage equal to the change in the CPI during the time period immediately prior to the due date of the franchise fee payment (PSU & L&C), or by 3%/yr (OHSU).
- Each has a Minimum Annual Franchise Fee that started at $20,000 in the first year (2012 for L&C, 2013 for PSU, and 2018 for OHSU)
    - Min. Annual Fees increase annually by either a percentage equal to the change in the CPI during the time period immediately prior to the due date of the franchise fee payment (PSU & L&C), or by $1,000/yr (OHSU).

How many Eugene residents have an annual income of $100,000 or more?
Approximately 29% of *households* (or 22,000) in 2022 earned over $100,000.

Household income (Table B19001) View table

Column	Eugene			
Under $50K	42.5%	±3.9%	32,665	±3,233.7
$50K - $100K	27.9%†	±3.2%	21,477	±2,565.6
$100K - $200K	22.2%†	±2.4%	17,080	±1,957.6
Over $200K	7.4%†	±1.1%	5,652	±880

According to 2021 Census data, approximately 15.7% of Eugene *workers*, or 8,161 individuals, earn over $100,000 annually. See graph below.



What restrictions are placed on the use of revenue from Affordable Housing Bonds?
Measure 102 allows for bond proceeds to be used to finance capital costs of Affordable Housing, including land acquisition, provided that the jurisdiction provides annual audits of and public reporting on the expenditure of bond proceeds, and that the measure authorizing the bonds describes "affordable housing" for purposes of the measure. More details on this revenue source are included in Attachment C.

How big is the budget gap as a percentage of the General Fund operating budget?
The total General Fund (Main Subfund) adopted operating budget for the 2023-2025 biennium is almost $363 million as broken out in the table below. When we talk about a budget gap or new revenue, those are typically annual figures. So, for example, a $15 million budget gap or new revenue per year equates to $30 million over a two-year biennium, which is about 8.3% of the operating budget.

Department	2023-2025 Adopted Budget (General Fund, Main Subfund)
Police	$132,879,116
Fire and Emergency Medical Services	$78,534,652
Central Services	$55,917,237
Library, Recreation and Cultural Services	$55,787,634
Planning and Development	$24,063,238
Public Works	$15,566,114
Total Operating Budget	**$362,747,991**

What steps have already been taken to reduce General Fund costs in recent years?
The budgets over the last several years have included various General Fund cost reduction strategies. A brief summary is included below, and more information can be found in Attachment A and also in the General Fund Changes section of each year's adopted budget document.

- 2023-2025 Biennium (FY24/FY25): Structural gap strategies of $24.8 million in the General Fund over the biennium, with an additional assumption of $8.3 million of new annual revenue starting in the second year.
- FY23: No General Fund reductions in order to hold steady while planning for future reductions and changes in the budget process. Urgent needs were addressed using an infusion of federal and state recovery funds.
- FY22: General Fund department reduction strategies of $4.6 million to balance financial needs and provide capacity for targeted investments.
- FY21: Ongoing reduction of $750,000 in the General Fund, evenly distributed across all departments, to provide stability for response to current and future economic impacts of the pandemic.
- FY20: Several ongoing financial stability strategies to save $1.5 million in annual operating costs and mitigate uncertainty in the out years of the General Fund forecast.

How much more would it cost for the City to administer a service fee than utilizing EWEB?

Vendor	Average Annual Admin Costs	Admin Costs as % of Gross Revenue	Costs Compared to EWEB Billing
EWEB	$650,000	9%	
MUNIRevs	$1,700,000	16%	+ $1,050,000
COE/other 3rd Party	$1,500,000	13%	+ $850,000

The MUNIRevs option is a high-level estimate of the costs to administer the service fee in-house using the MUNIRevs system. Funds would be needed for system setup and administration along with 2 additional staff for payment processing, customer service, and collection. More analysis would be needed to refine the estimate.

The 3rd party option is a high-level estimate of the costs to administer the service fee by contracting out collection and administration to a 3rd party vendor. It is assumed 2 additional staff would be needed for customer service and program management. More analysis would be needed to refine the estimate and determine if a vendor or other government agency could act as the City's agent.

What services were cut when the City service fee Measure 20-211 was defeated in May 2013?
In light of the failed ballot measure, the FY14 Proposed Budget included $5.3 million of General Fund reductions that would have impacted or eliminated some services. Following the election, the Budget Committee grappled with the $5.3 million budget gap. During the subsequent committee meetings, community members advocated to maintain services at their current level. After reviewing the proposed budget and considering public comment, the Budget Committee and City Council recommended fully funding the proposed service reductions in FY14 through the use of $1.1 million in estimated savings from PERS legislation and $4.2 million from the Reserve for Revenue Shortfall (RRSF).

The General Fund gap then shrunk to $2.5 million in FY15 due to State Legislature PERS reform, renegotiation of an existing City/EWEB agreement, and slightly-better-than-anticipated property tax revenues. The FY15 Adopted Budget addressed this gap through one-time funding from the RRSF and ongoing reduction strategies of more than $1.9 million as broken out in the table below.

Ongoing Reductions	FTE	Amount
Downtown Library Reduction in Hours	4.45	$344,000
Community Events Transfer to Cultural Services Fund	0	$50,000
Recreation Services Fee Increase and Service Reductions	0	$200,000
Transfer Stormwater Services to Stormwater Fund	0*	$605,000
Central Services Travel, Memberships & Miscellaneous	0	$95,000
Equity, Human Rights, Neighborhoods & Sustainability	3.0	$350,000
Parks Maintenance	2.0	$300,000
Total	**9.45**	**$1,944,000**

What impact would we see on G.O. Bonds if our Moody's rating dropped?
A downgrade in the City's credit rating from Aa1 to A would result in higher borrowing costs, meaning the interest rates the City would have to pay on G.O. Bonds would increase if the City's rating decreased. Current bond indexes reflect a 30-basis point spread between AA+ rated and A rated Oregon bonds. So, a downgrade from Aa1 to A would result in a marginal increase to total debt service for a 20-year bond—approximately $500,000 more over the life of the bond. Since an A rating is still considered investment grade, such a downgrade would not have significant cost impact to the City. However, further downgrades that put the City's credit rating below investment grade (Ba, B, Caa, etc.) would have a larger impact on borrowing costs. A 100-basis point (1%) change in interest rates would cost the City an additional $1,700,000 in interest payments on a 20-year bond.

Changes to the City's debt outlook can also increase interest rates. Moody's has described the City's rating outlook as Stable, but a Negative outlook could also increase interest rates by another 30 basis points, even if the City's credit rating remains at Aa1.

Recently Implemented General Fund Budget Strategies

- 2023-2025 Adopted Biennial Budget
  https://city-eugene-or-budget-book.cleargov.com/10210/introduction/general-fund-changes

Ongoing Funding	FTE[1]	2023-2025 Biennium[2]
Central Services		
Reductions:		
Municipal Court[3]	(1.30)	(1,816,000)
City Manager's Office	(0.50)	(526,000)
City Attorney's Office[3]	(0.50)	(455,000)
Facilities	(1.00)	(391,000)
Employee Resource Center[3]	0.00	(330,000)
Central Services Administration	0.00	(290,000)
Finance Office	(1.00)	(236,000)
City Prosecutor Office	(0.50)	(169,000)
Other Strategies:		
Finance Revenue[4]	0.00	(482,000)
Municipal Court Revenue[4]	0.00	(194,000)
Subtotal	(4.80)	(4,889,000)
Fire and Emergency Medical Services		
Fire Engine Funding Realignment	(7.00)	(3,100,000)
Library, Recreation and Cultural Services		
Reductions:		
Library[3]	(9.20)	(4,000,000)
Recreation	(2.90)	(1,657,000)
Other Strategies:		
Increase Recreation Fees and Programming[4]	0.00	(638,000)
Resolve Program[3]	(1.00)	(315,000)
Subtotal	(13.10)	(6,610,000)
Planning and Development		
Reductions:		
Building Permit Services[3]	(0.60)	(190,000)
Department Materials and Services	0.00	(40,000)
Other Strategies:		
Fee Increases[3,4]	0.00	(600,000)
Subtotal	(0.60)	(830,000)
Police		
Reductions:		
Vacancy Savings	0.00	(2,112,000)
Operations	(2.00)	(560,000)
Records	(2.00)	(461,000)
911 Communications	(1.00)	(280,000)
Animal Welfare	(1.00)	(259,000)
Department Materials and Services	0.00	(13,000)
Subtotal	(6.00)	(3,685,000)
Public Works		
Reductions:		
Park and Natural Areas	0.00	(222,000)
Other Strategies:		
Park Operations Realignment[3]	(4.00)	(1,100,000)
Parks Long-Range Planning[3]	(0.25)	(100,000)
Increase Park Rental Fees[4]	0.00	(26,000)
Subtotal	(4.25)	(1,448,000)
Departmental Subtotal	(35.75)	(20,562,000)
Non-Departmental		
New Revenue Strategies[4]	0.00	(8,270,000)
Subtotal	0.00	(8,270,000)
One-Time Funding		
Internal Service Fund Rate Reductions	0.00	(2,175,000)
Department Vacancy Savings[3]	0.00	(2,000,000)
Personnel Funding Realignment	0.00	(80,000)
Subtotal	0.00	(4,255,000)
Total General Fund Structural Gap Strategies	(35.75)	(33,087,000)

Central Services
Reductions:

- *Municipal Court:* Reduces the division budget by 1.3 FTE and $1,816,000 in the biennium by:
  - Reducing the division's materials and services budget by $486,000.
  - Maximizing Community Court resources for a savings of $484,000. Removing the geographical boundaries for Community Court allows more individuals to opt into Community Court, diverting them from the traditional criminal justice system process.
  - Implementing changes with the jail beds contract with Lane County for a savings of $300,000; this strategy will be implemented beginning in FY25.
  - Reducing 1.0 FTE and $190,000 of associated costs for a Court Operation Specialist position.
  - Reducing the budget for contracted services for an Associate Judge for a savings of $170,000.
  - Reducing 0.3 FTE and $124,000 of associated costs for a Court Operations Supervisor. This FTE will be funded by the Parking Fund (520). This position supports parking operations by providing customer service specifically related to parking citations. See the Other Funds Budget Changes page for more information.
  - Implementing operational efficiencies for savings of $62,000.

  More detail on these reductions can be found in the City Focus page Gap Strategies: Municipal Court Budget Changes.
- *City Manager's Office (CMO):* Reduces the division budget by 0.5 FTE and $526,000 in the biennium by:
  - Reducing 0.5 FTE and $246,000 in the Office of Equity and Community Engagement; this includes 0.5 FTE and $137,000 reduction for an Equity and Access Analyst position, a $60,000 reduction in the budget for Neighborhood Associations' printing and mailing, and a $49,000 reduction in Neighborhood Association matching grants. See the City Focus page Gap Strategies: Office of Equity and Community Engagement for more information on these reductions.
  - Reducing division materials and services budget by $140,000.
  - Reducing funding to the Sister Cities Program by $50,000. See the City Focus page Gap Strategies: Sister Cities for more information on these reductions
  - Reducing materials and services budget by $50,000 and shifting Mayor and Council travel and conference expenditures from the CMO to the council contingency allocation.
  - Holding all City Council meetings virtually on Wednesday and producing digital-only packets for a combined savings of $40,000.
- *City Attorney's Office:* Reduces the division budget by 0.5 FTE and $455,000 in the biennium by:
  - Reducing the use of outside legal counsel for a savings of $300,000.
  - Moving 0.5 FTE and $141,000 in associated costs for a Paralegal position from the General Fund to the Risk and Benefits Fund (620). See the Other Funds Budget Changes page for more information.
  - Reducing the division's materials and services budget by $14,000.
- *Facilities:* Reduces the division budget by 1.0 FTE and $391,000 in the biennium by:
  - Moving 1.0 FTE and $221,000 in associated costs for Courier/Mail Clerk position from the General Fund to the Facilities Services Fund (615).
  - Reducing 1.0 FTE and $170,000 of associated costs for a Building Maintenance Worker.
- *Employee Resource Center (ERC):* Reduces the division budget by $330,000 in lease costs for the biennium. ERC offices will move to City-owned facilities. An additional $622,000 is also reduced in the Risk and Benefits Fund (620) as part of ERC reduction strategies. See the Other Funds Budget Changes page for more information.
- *Central Services Administration:* Reduces the Administration division budget by $290,000 in the biennium by:
  - Reducing personnel budget by $220,000.
  - Reducing the Spay and Neuter Clinic's contracted veterinary services budget for a savings of $70,000.

- *Finance Office:* Reduces the division budget by 1.0 FTE and $236,000 by:

  - Eliminating a Senior Accountant position and contracting with a private firm to meet accounting and reporting requirements for a savings of $200,000.
  - Discontinuing the use of the Socrata Open Budget tool for a savings of $26,000. This eliminates duplication of dynamic budget detail with the implementation of a digital budget book beginning in FY22.
  - Reducing the number of printed checks and implementing Automatic Clearing House transactions and e-payables for a savings of $6,000.
  - Discontinuing printing financial documents through an outside service for a savings of $4,000. Documents include the Proposed and Adopted Budgets, the Capital Improvement Program, and the Annual Comprehensive Financial Report.
- *City Prosecutor's Office:* Reduces the division budget by 0.5 FTE and $169,000 in the biennium by:
  - Reducing 0.5 FTE and $105,000 in associated costs for a Court Operation Specialist position.
  - Reducing the division's materials and services budget by $64,000.

Other Strategies:

- *Finance Revenue:* Increases $482,000 of revenue in the Finance division by:
  - Implementing e-payables for invoice payment to generate $250,000 of new revenue through a bank rebate program.
  - Adding a new merchant service fee of 3% on credit card transactions to generate $182,000.
  - Implementing a new franchise fee with Emerald People's Utility District to generate $50,000 of new revenue.
- *Municipal Court Revenue:* Increases $194,000 of revenue in Municipal Court by:
  - Changing the Violation Bureau Reduction Schedule to generate $108,000 in new revenue.
  - Reducing the Driving Under the Influence of Intoxicants diversion fee waivers by implementing a need-based waiver process to generate $70,000.
  - Implementing a fee for certain compliance dismissals to generate $16,000 in new revenue.

Fire and Emergency Medical Services:
Reductions:

- *Fire Engine Funding Realignment:* Reduces the Fire and Emergency Medical Services General Fund budget by 7.0 FTE Firefighter positions and $3,100,000 of associated costs in the biennium. During their meeting on May 24, the Budget Committee voted to recommend the City Council use of $3,411,000 million in CSPT funds and repurpose $901,000 in General Fund dollars to fund the fire engine. The General Fund dollars were originally proposed for a Community Response Unit Squad. See the Other Funds Budget Changes page in the Budget Overview section and the Community Safety Payroll Tax page in the Funds section for more information.

Library, Recreation and Cultural Services
Reductions:

- *Library:* Reduces the division budget by 9.2 FTE and $4,000,000 for the biennium by:
  - Reducing 9.2 FTE and $2,132,000 in personnel costs. This includes 3.2 FTE Circulation Library Assistants, 3.0 FTE Outreach Library Assistants, and 3.0 FTE Adult Librarians.
  - Reducing General Fund materials and services budget by $1,868,000; $700,000 of this reduction will be funded through the Library Local Option Levy Fund (111) using existing reserves one-time for this biennium. See Other Funds Budget Changes for more information.

See the City Focus page Gap Strategies: Library Services Budget Reduction for more information.

- *Recreation*: Reduces the division budget 2.9 FTE and $1,657,000 for the biennium by:
  - Reducing the extra help budget by $1,095,000. Extra help is used to account for the temporary staffing needs outside of regular budgeted positions.
  - Reducing positions and personnel by 2.9 FTE and $546,000. This includes 1.2 FTE Recreation Activity Coordinators, 1.0 FTE Recreation Program Supervisor, and 0.7 FTE Recreation Activity Lead.
  - Reducing materials and services budget by $16,000.

See the City Focus page Gap Strategies: Recreation Services Budget Reduction for more information.

Other Strategies:

- *Increase Recreation Fees and Programming:* To generate $638,000 of new revenue.
- *Resolve Program:* Move funding the Resolve Program ongoing from the General Fund to the CSPT fund. This includes 1.0 FTE and $315,000 of associated costs. The Resolve program is a restorative justice program that will be expanded under the umbrella of the Youth Empowerment Program and allows youth who have committed non-violent crimes an opportunity to repair harm. See the Other Funds Budget Changes page and the Community Safety Payroll Tax Fund page for more information.

Planning and Development

Reductions:

- *Building Permit Services*: Reduces 0.10 FTE for a Building Permit Services Inspection Services Manager and transitions 0.50 FTE Associate Planner and $190,000 of associated costs to the Housing Programs and Construction Fund (150) for a Building Permit Services Reduction Strategy. See Other Funds Budget Changes for more information.
- *Materials and Services*: Reduces the department materials and services budget by $40,000.

Other Strategies:

- *Fee Increases:* Increases $600,000 in fee revenue by:
    - *New Public Passenger Vehicle Fee:* Implements a fee on taxi and rideshare transactions to generate $500,000 in new revenue.
    - *Increase Land Use Fees:* Increases land use fees to generate $50,000 in new revenue.
    - *Increase Local Building Permit Fees:* Reduces $50,000 of materials and services expenses in the General Fund. This reduction is supported by increased revenue and expense budget in the Housing Programs and Construction Fund (150) for development permits and plan review. See the Other Funds Budget Changes page for more information.

Police

Reductions:

- *Vacancy Savings:* Implements a vacancy savings strategy for a savings of $2,112,000 in the biennium. This reduction is in addition to the cross-departmental one-time reduction of $2 million described later in this section.
- *Operations:* Reduces 2.0 FTE and $560,000 in the Operations Support Administration and Crime Analysis Units, eliminating two vacant positions.
- *Records:* Reduces 2.0 FTE Records Specialist positions and $461,000 of associated costs from the Records Unit.
- *911 Communications:* Reduces 1.0 FTE for a 911 Communications Specialist and $280,000 of associated costs from the division.
- *Animal Welfare:* Reduces 1.0 FTE and $259,000 of associated costs for an Animal Welfare Officer. The 2023-2025 Proposed Budget originally included a reduction of $659,000 for the Animal Sheltering and Adoption Services contract. During their meeting on May 24, the Budget Committee voted to recommend the City Council replace $400,000 for this contract one-time by shifting the same amount for the Mental Health Services investment one-time to the Community Safety Payroll Tax Fund. See the City Focus page Gap Strategies: Reduction to Animal Welfare Program for more information.
- *Department Materials and Services:* Reduces $13,000 for materials and services.

Public Works

Reductions:

- *Park and Natural Areas:* Reduces $222,000 for seasonal help and contractual services related to parks and natural areas maintenance and parks safety.

Other Strategies:

- *Parks Operations Realignment:* Transfers 4.0 FTE and $1,100,000 to the Parks and Recreation Local Option Levy Fund (112). This change shifts levy-eligible costs to the Parks and Recreation Local Option Levy while maintaining the same service level in parks. Additional realignment will transfer $1,100,000 from the Parks and Recreation Local Option Levy Fund (112) to the Stormwater Fund (535), resulting in a zero net impact to the Levy Fund. See Other Funds Budget Changes for additional information.
- *Parks Long-Range Planning:* Transfers 0.25 FTE and $100,000 to the Professional Services Fund (630) as a service realignment between these two funds. See the Other Funds Budget Changes page for more information.
- *Park Rental Fee Increase:* Increases park rental costs to generate $26,000 of new revenue.

Non-Departmental:

- *New Revenue Strategies:* Increases revenue in FY25 by $8,270,000 as a placeholder revenue strategy. This amount of to-be-identified revenues represents the gap between ongoing General Fund services and the resources to support them in the biennium. If new revenue is not implemented, additional service reductions will be required in the second year of the biennium.

- FY23 Adopted Budget (no reductions)
  https://city-eugene-or-budget-book.cleargov.com/5347/introduction/general-fund-changes

- FY22 Adopted Budget
  https://city-eugene-or-budget-book.cleargov.com/2897/introduction/general-fund-changes

		FTE	Amount
Central Services			
Administration Personnel	OG	0.00	(216,000)
Information Services Vacancy	1X	0.00	(165,000)
Facilities Project Manager Vacancy[1]	1X	0.00	(81,000)
Spay and Neuter Clinic Materials & Services	1X	0.00	(77,000)
Municipal Court Materials & Services	1X	0.00	(76,000)
Information Services Contractual Services	OG	0.00	(50,000)
Finance Contractual Services	OG	0.00	(40,000)
Administration Contractual Services	OG	0.00	(20,000)
City Manager's Office Materials and Services	1X	0.00	(20,000)
Fire and Emergency Medical Services			
Station 2 Fire Engine Reduction in Service	2X	0.00	(1,000,000)
Library, Recreation and Cultural Services			
Library: Materials Budget Transfer to Library Levy[1]	1X	0.00	(266,000)
Library: Materials and Services and Publications	OG	0.00	(200,000)
Recreation: Sheldon Pool Vacancies	1X	0.00	(93,106)
Recreation: Administration Personnel	OG	0.00	(59,542)
Recreation: Youth and Family Vacancy	OG	(0.70)	(44,386)
Library: Materials and Services and Publications	1X	0.00	(37,894)
Recreation: Aquatics Transfer Equipment Replacement Funds to Parks and Recreation Bond[1]	1X	0.00	(20,000)
Recreation: Athletics Position Reduction	OG	(0.20)	(15,958)
Administration: Materials and Services	OG	0.00	(14,114)
Planning and Development			
Planning Personnel Reduction	OG	(1.00)	(133,000)
Permit Information Center Personnel Reallocation	1X	0.00	(51,400)
Pause Contract Services	1X	0.00	(35,000)
Temporarily Reduce Business Outreach	1X	0.00	(21,600)
Department Materials and Services	1X	0.00	(10,000)
Police			
Personnel Savings	1X	0.00	(1,424,311)
Materials and Services	1X	0.00	(234,000)
Materials and Services	OG	0.00	(11,689)
Public Works			
Parks and Open Space Vacancies	1X	0.00	(118,000)
Parks and Open Space Vacancy	OG	(0.50)	(61,700)
Parks and Open Space Mowing and Vegetation Contract	OG	0.00	(15,000)
Total General Fund Budget Strategies		**(2.40)**	**($4,611,700)**

Central Services: Reduces personnel services costs and utilizes vacancy savings in the Administration ($216,000), Information Services ($165,000) and Facilities ($81,000) divisions. Central Services also reduced its materials and services budget for the Spay and Neuter clinic ($77,000), Municipal Court ($76,000), and City Manager's Office ($20,000). Contractual services budgets for the Information Services ($50,000), Finance ($40,000), and Administration ($20,000) divisions are also reduced.

Fire and Emergency Medical Services: Reduces personnel services costs in FY22 and FY23 by $1,000,000 in each year. This budget strategy takes one fire engine out of 24-hour service at Station 2. Station 2 was chosen as: (1) the station is in a central location, so if aid is needed from another station, there are multiple responses that could occur; and (2) this is one of the two stations that have more than one piece of fire equipment, so while service would be reduced, it would not be eliminated as it would be in most other stations. In choosing this station, the equity impacts of the decision were considered, and it was concluded that Station 2 provides the most equitable solution for the community. During their May 26 meeting, the Budget Committee recommended to the City Council to make the highest priority for funding the restoration of the cuts to the Eugene Fire Station 2 from the American Rescue Plan Act funding. See the City Focus: Evolving Emergency Medical Response section for more information.

Library, Recreation and Cultural Services (LRCS): Transitions $266,000 of the Library materials budget from the General Fund to the Library Local Option Levy. Purchases for physical Library items and materials and services are reduced by $237,894. With the transition to more resources available online, this will have a limited service impact to the public. Recreation will utilize personnel services savings from the Sheldon Pool ($93,106) during its closure through FY22. Recreation Administration will utilize vacancy savings ($59,542). The Youth and Family Recreation Service Area will reduce a 0.7 FTE position that is currently vacant ($44,386). The duties of this position will be moved from Petersen Barn Community Center to the Amazon Community Center and the service will be redesigned. Recreation will also move $20,000 budgeted for Equipment Replacement match funds to the Parks and Recreation Bond budget and reduce an Athletics position from 1.0 FTE to 0.8 FTE ($15,958). LRCS Administration reduced its materials and services budget by $14,114.

Planning and Development: Reduces 1.0 FTE Planner position and $133,000 of associated costs in the Planning division as a part of the FY22 General Fund budget strategies. The reduction of this FTE results in a 50% reduction in the Planning division's Urban Design team. This will impact the City's ability to provide design support for Planning's projects, design outreach, assistance, and review for public and private projects. Permit and Information Center (PIC) staff costs will temporarily shift to Special Revenue funds for $51,400 in General Fund savings. The workload for the PIC group is variable and Planning and Development predicts minor impact to services. The department also plans to temporarily pause some contract services impacted by the pandemic ($35,000), reduce additional hours for a business outreach position ($21,600), and reduce its materials budget by $10,000.

Police: Reduces personnel services budget by $1,424,311 by utilizing vacancy savings for both nonsworn and sworn positions in the Patrol, 911 Communications, Operations Support, and Investigations divisions. Holding vacant positions open reduces the number of staff available for Police services. Police also reduced Police also reduced its materials and services budget for travel, training, uniforms, gear, and equipment by $245,689.

Public Works: Reduces personnel services costs by keeping open two vacant positions in the Parks and Open Space division ($118,000) and eliminating 0.5 FTE of a vacant position ($61,700). Parks and Open space will also eliminate the existing mowing and vegetation control contract ($15,000).

- FY21 Adopted Budget (page21)
  https://www.eugene-or.gov/DocumentCenter/View/58715/FY21-Adopted-Budget-PDF

Ongoing Funding Changes	FTE	Amount
Recreation Programming Expansion (revenue-backed)	0.00	105,000
Hendricks Park Maintenance Community Partnership (revenue-backed)[1]	0.40	42,000
Central Lane Communications Center Staff Alignment[1]	(1.65)	(300,000)
General Fund Reduction	0.00	(750,000)
Total	**(1.25)**	**($903,000)**

- FY20 Adopted Budget (page 26-27)
  https://www.eugene-or.gov/DocumentCenter/View/47638/FY20-Adopted-Budget

Financial Stability Strategy	FTE	Amount
Internal Service Fund Rate Charges	0.00	($445,000)
Pension Bond Rate Reduction	0.00	(335,000)
Airport Staff Funding Change	0.00	(300,000)
Central Services Allocation Change	0.00	(215,000)
Community Events Funding Change	0.00	(105,000)
Solid Waste and Recycling Fund Transfer	0.00	(100,000)
Total	**0.00**	**($1,500,000)**

2023 Staff Revenue Team
Revenue Source Summary

ATTACHMENT B

Climate Impact Fee	
Description	A one-time fee charged to mitigate the impact of emissions created through development related activities. Sometimes called a carbon impact fee, these fees have been used to help communities invest in projects that lower a community's greenhouse gas emissions. Staff research on this type of fee has shown that the fees are often passed in concert with development standard ordinances designed to motivate behavior change toward development that has less greenhouse gas emissions. Cities with a longer history of the fee (see Aspen, CO, below) see a declining revenue source as more building stock meet renewable energy standards.
Legal Authority & Restrictions	Under Oregon's constitutional home rule powers, the Eugene City Charter grants the City Council broad authority over matters within the city's boundaries. The City Council may implement a climate impact fee by ordinance. Alternatively, the fee may be placed on a ballot by the Council, by citizen initiative or by referendum petition. A legal review on a climate impact fee in Oregon is recommended, as one-time charges incurred because of development and/or growth could be seen as a system development charge. Oregon Revised Statues (ORS) outlines when and how local governments can charge system development charges (SDC's) in Oregon. OR 223.297 - 223.316 provide legal requirements for how to establish and set SDC fees. State law does not allow for an SDC to be charged on new development or re-development for climate related needs. The fee could be established as a form of a construction excise tax, not as an impact fee; however, uses of construction excise tax proceeds are restricted to affordable housing-related projects and programs. If not tied to development activities, a carbon tax or utility consumption tax would be a better descriptor of the fee (please see those revenue templates for additional information on those fee structures). A legal review is recommended to determine if a one-time fee based upon development activities could be established in Oregon.
Precedence	Staff found no other local governments in Oregon to have a carbon or climate impact fee that is structured as a one-time fee resulting from development activities. City of Watsonsville, CA: City Council passed a carbon impact ordinance in 2015 establishing a fee that is charged as a percentage of the total permit fees on all new development and most re-development. The carbon impact fee is reimbursed for projects that have voluntarily

	installed on-site renewable energy systems. The carbon impact fees are directed to a fund dedicated to priority capital projects in the City's Climate Action Plan. Fees range from $400 - $2,000 for residential projects and widely vary for commercial, but are closer to an average $7,000 per commercial development. City of Burlington, VT: City Council engaged in an intensive, two-year community outreach effort to pass a package of ordinances focused on establishing a standard for the greenhouse gas emissions of buildings. This package of ordinances included a new carbon pollution fee that took effective January 1, 2024. The fee closely resembles a carbon tax, as it is set at $150/ton of emissions that the building is expected to emit over its lifespan. The funds are dedicated to converting the City's fleet to all electric and to provide access to clean heat for low-income households and renters. City of Aspen, CO: Carbon fee established in 1999 as a part of their Renewable Energy Mitigation Program. The program requires certain building owners to pay a fee or install on-site renewable energy systems. The fees are used to fund grants and rebates for energy efficiency and renewable energy projects. This is an older program for the city and has been successful for them as they have met their emissions goal in 2015. The fee has shown a declining amount over the years, as the city's development standards continued to change to require renewable energy. The fee is a complex calculation based upon a development's "energy budget" allotted to them, so an average fee was hard to determine. The total revenue budgeted from this fee was set at $876,000 in 2024.
Revenue Yield & Stability	Climate impact fees vary widely in both complexity and size. The legality of this type of fee would need to be established, and further guidance on how to structure the fee would be needed to determine yield based upon the development activities that would trigger it. Other entities that have structured the fee to include fee reductions/exemptions based upon the development's greener choices have seen a decline over time in total revenue, as the community's building stock converts to renewable energy.
Administrative Effort	The higher the complexity of the fee, the higher the administrative cost. Fees structured as a flat percentage of the total permit fees are easier to administer and more straightforward for the permittee to understand. Structures that provide options to lower the fee if greener choices are made in the development take more time to administer and will require additional outreach for the development industry to understand.
Timeline	Depending upon the complexity of the fee and the legal review needed, this could take one to two years to complete and implement.

Who Pays	The climate impact fee would be paid by the developer or property owner that is developing or making improvements to existing properties within Eugene city limits for residential and commercial/industrial construction. The fee would be paid when the permit is issued.
Fairness & Indirect Implications	A climate impact fee would add cost to develop within the city limits, which could reduce viability of projects. This is especially of concern related to raising the cost of market rate housing development. If developers perceive a climate impact fee to be too high, they might develop someplace else or not develop. In other local governments that have established this type of fee, it was part of a larger package of developments standards that targeted reducing emissions and increasing renewable energy. Their efforts have shown some benefit for their entire community with lower emissions.
Sustainability Impact	A climate impact fee can change behavior and promote the installation of renewable energy systems during the development process. Communities have seen this result when the fee is packaged with other development standards focused on encouraging or requiring "greener" choices. In other communities, this fee was directed towards projects that helped the local government and community members invest in renewable energy, which moved the community towards its lower emission goals.
Viability in Solving Funding Issues	Further legal review would be needed to determine viability of an impact fee within Oregon. If viable, this type of fee has a direct nexus to funding climate and sustainability services. The timeline required to establish this new fee would put implementation in the next biennium.

ATTACHMENT C

2023 Staff Revenue Team
Revenue Source Summary

Debt: Affordable Housing Bonds	
Description	Affordable Housing Bonds are a specific type of General Obligation Bonds ("GO Bonds"), which are a borrowing or issuance of debt, the repayment of which is backed by a voter-approved property tax levy upon all taxable property in the City.
Legal Authority & Restrictions	GO Bonds are authorized under ORS 287A. GO Bonds must be approved by a majority of the people voting in an election in May or November. City Council must pass a resolution authorizing the bonds. Measure 102, passed in 2018, amended the state constitution to allow counties, cities, and towns to—with voter approval and certain restrictions—use bond revenue to fund the construction of Affordable Housing without necessarily retaining complete ownership of the constructed housing. Measure 102 requires that these Affordable Housing bonds be approved by local voters and that the total principal of any such bonds does not exceed 0.5 percent of the market value of the property within the jurisdiction of the county, city, or town. Prior to the measure passing, the state constitution did not allow revenue from bond issues to be used in a project with private owners or stakeholders. Measure 102 was designed to provide an exception to this prohibition for the construction of Affordable Housing. The amendment gave public entities new authority to pursue private partnerships and leverage additional sources of financing in developing housing projects. Measure 102 allows for bond proceeds to be used to finance capital costs of Affordable Housing (including acquisition of land) provided that the jurisdiction provides annual audits of and public reporting on the expenditure of bond proceeds, and that the measure authorizing the bonds describes "affordable housing" for purposes of the measure. The City has financial policies related to GO Bonds. Policy D.3. states that the use of GO Bonds will be limited to major capital construction or improvements in support of general municipal services. The City also has debt policies that limit net direct debt, such as GO Bonds, to 1% of the real market value of property within the City, and repayment of debt is limited to 21 years. Affordable Housing Bonds would be subject to City debt policies, but Council could make revisions or exceptions in the policies to accommodate these types of bonds, if needed.
Precedence	In November 2016, Portland voters passed the city's first housing bond, dedicating $258.4 million to create 1,300 permanently affordable homes, with all funds to be committed by 2024. Since this bond was issued prior to the Measure 102 amendment, bond dollars were restricted to publicly-owned properties only. In 2018, voters approved a $652.8 million Affordable Housing bond ("Metro Housing Bond", Measure 26-199) measure to create permanently affordable homes across Washington, Clackamas, and Multnomah counties. The bond funds can be used to build Affordable

	Housing for low-income households, to purchase and rehabilitate existing housing to preserve its affordability and prevent displacement, and to buy land for the immediate or future construction of new Affordable Housing. Per the bond measure, local and regional administrative costs were capped at 5% of bond proceeds. Bond costs were estimated at $0.24 per $1,000 of assessed value annually, approximately $5.00/month for the average homeowner. GO Bonds are used extensively by local governments across the US for a variety of purposes. The City of Eugene has issued GO Bonds for parks and recreation projects, street repairs, fire stations, airport projects and other purposes. In 2022, voters in the City of Austin, Texas approved a $350 million bond measure for Affordable Housing. The measure was the fourth, and largest, Affordable Housing bond measure passed in the city since 2006. The State of California legislature is considering a ballot measure in 2024 (the "Affordable Housing Bond Act of 2024"). The measure would issue $10 billion in bonds to fund rental housing and homeownership programs for households at certain income thresholds, including, among others, the Multifamily Housing Program, the CalHome Program, and the Joe Serna, Jr. Farmworker Housing Grant Program. Additionally, the Bay Area Housing Finance Authority (BAHFA) – the first regional housing finance authority in California – may place a $10-$20 billion Affordable Housing bond measure on the November 2024 ballot to benefit the nine-county Bay Area. This money would be used to build affordable homes and help keep existing housing affordable in every county.
Revenue Yield & Stability	Measure 102 restricts the amount of principal issued for Affordable Housing bonds to no more than 0.5 percent of the market value of property within a jurisdiction; therefore, the max possible yield for this type of bond in the City of Eugene as of December 2023 is $225.3 million, which would be approximately $27/month for the average homeowner for a 20-year bond. Property taxes for Affordable Housing Bonds are exempt from the $10 per $1,000 of real market value tax cap for all general governments under Measure 5.
Administrative Effort	Property tax collections are administered by Lane County. They prepare the tax bills, collect the funds, and remit the appropriate amount to the City on a regular basis. Enforcement is performed by both the County and the City in the foreclosure process. The process to issue bonds requires staff and consultant time and expenses to determine the best structure and method of sale, to prepare legal documents and to prepare an offering statement for potential investors and typically takes three to six months to complete. Affordable Housing bonds require ongoing administration of the use of the funds, annual audits, and adherence to IRS and state law requirements over the life of the bonds (typically 20 years).

	Additionally, project delivery administration is necessary for producing the desired housing outcomes (e.g. solicitation for housing development proposals, public information and engagement, and coordination and contracting with private property owners and developers). Current city program staff are at capacity utilizing the existing Affordable Housing related resources, so additional FTE would be needed to implement bond projects.
Timeline	GO Bonds must be authorized at a May or November election, so the timing is dependent upon getting a measure on those ballots. Council would need to start discussion of an Affordable Housing Bond measure a minimum of six months ahead of an election date to meet the election timelines. Additional time would be needed for community engagement. Once the bonds are authorized by City voters, it takes a minimum of three months to prepare the bond issue for sale. In order to levy property taxes to repay Affordable Housing Bonds, the tax must be authorized by the City Council during the budget process.
Who Pays	The tax levied to repay Affordable Housing bonds is paid by all property owners within City limits, including businesses and residences. Businesses and landlords may choose to pass the tax on to their customers and tenants.
Fairness & Indirect Implications	The property tax is a proportional tax on the value of real and personal property for both businesses and residences. It does not consider the ability of the taxpayer to pay the tax. Property taxes are paid only by property owners within the City limits. There are numerous exemptions from the property tax designed to promote a variety of policy goals, including some designed to lessen the impact on non-profit organizations and low-income owners and tenants. The Low-Income Rental Housing Property Tax Exemption (LIRHPTE) provides a 20-year property tax exemption for Eugene rental housing or limited equity cooperatives that offer rents or monthly housing payments affordable to lower income households or property that is held for the purpose of developing low-income rental housing or limited equity cooperative. The income limit for the program is 60% of the area median income based on household size, as determined annually by the US Department of Housing and Urban Development (HUD).
Sustainability Impact	This tax would increase the cost of owning a home or business and potentially increase the cost of leasing or renting a home or business, if property owners choose to pass on the additional property tax costs to tenants. At the maximum total bond amount, the average homeowner would pay an estimated $27/month. Affordable Housing developments supported by the City typically require housing units to remain affordable to lower income households for at least 20 years. The majority of Affordable Housing developments maintain affordability and continue to serve the community for longer.

Viability in Solving Funding Issues	Affordable housing Bonds are a viable funding source for construction of new or rehabilitation of existing Affordable Housing projects, whether publicly or privately-owned, as well as land acquisition for future Affordable Housing developments. Real estate and construction markets are not static; market changes have big impacts on the viability and cost of projects. The lead time for new development site control, predevelopment, and construction can take 1.5 to 3 years and markets can shift dramatically in that timeframe. Additionally, the availability of land and development partners can almost impact project timelines. Therefore, it's possible that outcome estimates (i.e. number of units) made prior to bond approval will not be feasible some years later. As such, setting clear expectations will be necessary to protect and build trust and confidence with the community. These bonds could be issued as a funding source as early as in the current biennium, using funds on projects would start in the next biennium. GO Bonds are familiar and understandable to the public, which helps with political feasibility vs. a new type of revenue source.

Unhoused Response

Homelessness, and the cost and scarcity of housing, have been critical issues in Eugene in recent years, affecting livability and community perception of the area. Residents agree: these topics were firmly at the top of concerns in the 2022 Community Survey.

The City of Eugene will continue to invest in proven and innovative methods to improve in these areas in the 2023-2025 biennium. Recognizing the link between housing cost and availability and homelessness and its impacts, the City continues to enact the Housing Implementation Pipeline to boost shelter and housing options across the housing continuum. The focus of homeless services for the next two years will be to enhance existing programs while improving utilization, connection, and outcomes through strategic additions of staffing, resources, and targeted funds.

In FY21 and FY22, the City faced the crisis of COVID-19 and an explosion of local homelessness and public space camping. In response, the City of Eugene invested $25.4 million in site and facility infrastructure, lower-barrier emergency shelters, and responding to community-wide safety and sanitation concerns. The heart of this effort used $8.4 million from one-time state and federal funds to add 250 new sleeping spaces for the unhoused, in five locations that meet the state requirements for non-congregate shelter: safe and secure places for people to sleep and connect with services. These are known as Safe Sleep sites.

In an effort to move out of crisis-response mode and into a long-term management structure, in FY22 the City transitioned away from a temporary, cross-departmental Unified Command structure for unhoused response. The new model established the Public Space Team, to address safety and sanitation concerns, and expanded the existing Homeless Services Team. The Homeless Services Team, now part of the Housing and Homeless Opportunities Section in the Community Development Division of PDD, works to provide shelter and to help unhoused people access services, with the goal of moving them toward stability. These efforts include creating or expanding programs and shelters, connecting community partners, and interfacing with community service providers and Lane County.

2023-2025 Unhoused Response

Eugene's approach to homelessness is designed to balance service provision with addressing community impacts. It requires providing support to help move people out of unsheltered homelessness and toward long-term stability, while also addressing safety and sanitation impacts from the thousands of people who are still living unsheltered, many of whom are living in public spaces.

Using its limited resources, the City is changing programs and processes to make them more effective and better-connected within the City and the community. In the 2023-2025 biennium, staff will refine support, shelter, and response operations to produce better outcomes for both unhoused and housed community members.

The 2023-2025 Adopted Biennial Budget includes the following ongoing investments:

- Four Parking Services Neighborhood Service Officers (NSOs) for an ongoing investment of $1.2 million. These 4.0 FTE positions were temporarily funded in previous years. Four additional limited-duration NSOs will be funded in the biennium, with a combination of American Rescue Plan Act and Community Safety Payroll Tax funds, for an additional $1.2 million. As a result, there will be a total of eight NSOs during the biennium. Increasing the Neighborhood Service Officers capacity will better enable them to support City parking code and more efficiently address unsanctioned camping and street storage violations.

- Additional staffing, including: a 1.0 FTE Incident Commander to lead the Public Space Team; a 1.0 FTE Section Manager for the Housing and Homeless Opportunities Section for administrative coordination of new projects; and a 1.0 FTE Homeless Services Analyst to support project implementation and reinforce partnerships. The combined ongoing cost of these positions and associated materials and services is $1.3 million in the biennium.

- A dedicated right of way (ROW) crew to clean up debris and coordinate with other Public Space Team operations, while allowing existing Public Works staff to focus on non-camping-related cleanup and public space maintenance. This ongoing investment will be $952,000 in the biennium.

- Ongoing staffing for the Eugene Police Housing Support Officers that were deployed in FY23 to work with the Public Space Team. These seasoned, sworn officers support non-sworn field staff, navigate challenging situations related to unsanctioned camping, and work with community members to direct people to services while addressing public safety concerns. This ongoing investment of $800,000 dedicates two existing Eugene Police Department FTE as Housing Support Officers.

In addition, the budget includes resources to add multiple stability services for occupants including: medical and behavioral health services; workforce development to integrate shelter residents into the broader community culture; equitable amenities such as meals and showers; and operational efficiencies in existing shelters. Further, staff are collaborating with community organizations to add shelter for medically vulnerable individuals at the Tom Campbell at Chase Commons Safe Sleep site, as well as beds in the nearby Carry It Forward Garden SPOT (Shelter Prioritizing Onward Traction).

2023-2025 Housing

Unhoused individuals who have sought shelter and are moving toward stability need options for affordable, permanent housing. The City has committed six million dollars in Affordable Housing Trust Funds (AHTF), federal HOME funds, and City Fee Assistance to support affordable housing projects that will be under construction over the next two years. This funding will help create over 240 new units of affordable housing in our community, including 101 home-ownership homes, 54 units of permanent supportive housing, and 86 affordable rental housing units. Examples of new units include the Peace Village development of 70 tiny homes for ownership by low-income households and the Polk 2.0 project, which includes six units of permanent supportive housing and six units of rental housing for youth exiting foster care. Both developments are expected to be completed by 2024. In addition, as new funds become available, the City will issue requests for proposals to support future housing development.

Projects in the Housing Implementation Pipeline will continue to leverage development incentives and direct funding support to realize more housing of every type and provide equitable opportunities for all Eugeneans.

Challenges

The City of Eugene's focus is on program improvement, including better interconnection of its existing programs. However, with more than 3,500 unsheltered people and around 1,000 shelter beds in Eugene, massive efforts to increase shelter and housing are still badly needed, but are beyond the capacity of the City's funding and budget. To that end, the City and its partners continue to lobby the state and federal governments for significant new and ongoing funding to create and operate critical facilities and services.

The City's one-time state and federal funding that has supported the creation and operation of the Safe Sleep sites will be depleted by the end of FY24. Due to this, Safe Sleep sites are not funded in the second year of the biennium (FY25); whereas Rest Stops, Microsites, and Overnight Parking operations are funded through FY25. In conversations with County, State, and Federal partners and officials, the City has emphasized the severity of this gap and need.

For more information

www.eugene-or.gov/3470/Homelessness

Unhoused Response Investments

	FY22 Actuals	FY23 Adopted Budget	FY23 Budget 12/31/22	2023-2025 Adopted Budget[1]
Investments Enabled by One-Time Funding[2]				
Shelter Operations	$1,385,902	$6,466,000	$6,716,250	$0
Shelter Site Infrastructure/Set Up & Maintenance	662,031	2,479,000	3,482,000	0
Homeless Services Funded by Community Safety Payroll Tax	968,307	1,422,000	1,653,000	3,043,000
Parking Services and Enforcement	441,629	1,577,000	1,577,000	1,200,000
Illicit Camping and Right of Way Cleanup	1,039,182	1,603,000	1,777,000	0
Lane County Navigation Center Support	0	1,000,000	2,000,000	0
Community Focused Patrols/Housing Support Officers	314,523	400,000	400,000	0
Subtotal	4,811,574	14,947,000	17,605,250	4,243,000
New Ongoing Investments				
Parking Services Neighborhood Service Officers	$0	$0	$0	$1,200,000
Homeless Services Team Staffing/Public Space Team Incident Commander	0	0	0	1,291,000
Illicit Camping and Right of Way Cleanup Team[3]	0	0	0	952,000
Repurposed Funding for Housing Support Officers[4]	0	0	0	800,000
Subtotal	0	0	0	4,243,000
Total Unhoused Response Investments	$4,811,574	$14,947,000	$17,605,250	$8,486,000

[1] The 2023-2025 Adopted Budget is the City's first biennial budget; amounts shown are for a two-year period.

[2] One-Time fund sources include Federal and State American Rescue Plan Act (ARPA), the Coronavirus Aid, Relief, and Economic Security Act (CARES), expanded HOME Investment Partnership Program grants, and direct grants for homeless services. Unspent funding in FY23 will be carried forward to cover services in the biennium.

[3] Funded by Public Works Road, Stormwater, and Wastewater Funds.

[4] The 2023-2025 Adopted Budget dedicates two existing Eugene Police Department FTE as Housing Support Officers.

ATTACHMENT E

Community Programs

https://city-eugene-or-budget-book.cleargov.com/10210/priority-based-budget/community-programs

Program Name	Program Description	Total Cost
Affordable Housing Program	Administer federal and local program funds to increase the supply of affordable housing in Eugene, and to help maintain and rehabilitate existing affordable housing. This program is fundamental to supporting the Housing Implementation Pipeline (HIP), and funding includes Community Development Block Grant, the HUD HOME programs, the local Affordable Housing Trust Fund, and other local resources.	$25,019,000
Graffiti and Illicit Activity in Right-of-Way Program	Respond to service requests where debris creates a public safety and health hazard due to illegal dumping and debris associated with homelessness. Hundreds of tons/yards are collected annually by Public Works staff. Graffiti removal restores signs and other public infrastructure in the right of way so that it communicates clearly without obstruction.	$1,191,000
Homeless Systems Policy Leadership Program	Provide policy research, intergovernmental and regional collaboration, and development of pilot programs to improve the overarching homeless service system.	$619,000
Homelessness Communications and Community Relations Program	Provide proactive communication to residents, businesses, partners, elected officials and other stakeholders regarding Citywide homelessness efforts and programs.	$399,000
Human Services Regional Collaboration Program	Provide financial and policy contributions on behalf of the organization to the intergovernmental Human Services Commission for poverty and homelessless programs in the metro area. This program includes policy support of elected officials serving on the Human Services Commission and Poverty and Homelessness Board.	$57,000
Sheltering Program	Supporting the provision of shelter to people experiencing homelessness through direct contracts with service providers for Safe Sleep Sites, Rest-Stops, Micro-sites and Car-Camping operations as well as financial contributions to contracts held by Lane County for operations at Dawn-to-Dawn and the River Avenue Navigation Center. In addition to financial support, staff provide coordination on maintenance, performance monitoring, continuous improvement processes and access to land.	$3,054,000
Unhoused Sanitation Program	Plan and contract the distribution of portable restroom and handwashing station locations around the city for use by unhoused individuals.	$5,000
Unhoused Support Program	Administer Community Safety Initiative funding to support the development and delivery of resources for people experiencing homelessness, including; Street Outreach, Resource Centers, the SVDP Eugene Service/Access Center, and additional social services.	$979,000
Youth Homelessness Program	Support and collaborate with 15th Night Initiative regarding youth homelessness prevention and diversion policies.	$303,000

2023 Staff Revenue Team
Revenue Source Summary

Solid Waste Collection Fee	
Description	The solid waste fund comprises fees paid to the City from each of Eugene's licensed hauling businesses, based on hauler revenue. Nearly 30 years ago, the solid waste special revenue fund was created to provide programs for waste prevention, recycling, and material recovery, and relevant reporting that is required by the State of Oregon. This special revenue fund was set up separate from the general fund to ensure that this stream of revenue was not redirected and thus available to meet these state requirements. Local haulers and an advisory committee played a significant role in this decision, the establishment of which required an increase in the hauler paid license fees, and with that, the expectation that license fee revenues would be dedicated to waste recovery efforts and related projects as well as solid waste related regulation and enforcement. Solid waste collection rates (paid by users) are reviewed on an annual basis as outlined in AO 53-21-07-F (R-3.250-T) to ensure that Eugene residents and businesses pay no more than is reasonable and necessary for trash collection services. A proposal was made in 2014 to implement a 2.5% user fee, imposed on users, that would be collected by the haulers on the City's behalf through the haulers' billing systems. The 2014 proposal was separate from the long-standing license fee imposed on haulers. That fee was not implemented. Lane County recently presented to the County Commission regarding a proposal to build a material recovery facility (MRF) in the Goshen/Glenwood area, to be funded at least in part by an increase to the cost per ton for trash collected for landfill (landtip fees). While these fees are not direct user fees, any increases would still impact the rates Eugene residents pay for trash collection.
Legal Authority & Restrictions	The City Council could implement a solid waste collection fee (imposed on the users or an increase to hauler licensing fees) by ordinance without state enabling legislation or elect to place a fee proposal on a ballot by the Council decision, by citizen initiative, or by referendum petition.
Precedence	In previous years, City Council has voted ***not*** to adopt proposals that would increase user fees associated with hauling solid waste.
Revenue Yield & Stability	A rate analysis (to determine user rates) is currently underway using financial information submitted by Eugene's licensed haulers and market-based adjustments to the current rate structure. The rate analysis is in process and therefore details about the rate recommendations are still confidential. The projected revenue generated by a 2.5% user fee based on the 2022 hauler financials would be approximately $35,000. It isn't possible to accurately project what revenue would be generated in future years since that requires evaluating future hauler financial data, however, future revenue generated by a 2.5% user fee would be of a similar scale.

	A similar 2.5% increase to the licensing fees that the City collects from haulers could generate $350,000 -$400,000 annually, depending on its application.
Administrative Effort	The City's solid waste rate structure is reviewed annually to ensure the largest licensed hauler (by market share) achieves a target profit level of 11%. A 2023 rate analysis that reviews hauler margins relative to inflation, CPI increase, labor costs, and fuel costs is in process as of August/Sept 2023. An additional 2.5% fee would be added to any market-based rate increase that may be required as part of this review/analysis. A new solid waste collection fee would have administrative costs for the haulers associated with this added billing function and these costs would factor into the annual rate analysis as required to keep haulers at the target profit level, potentially also contributing to additional rate increases. A fee that would need to be processed in addition to existing license revenue collection would require additional FTE for City staff administrative oversight to ensure revenues received aligned with yearly customer counts and amounts collected. Eugene's licensed haulers are private businesses. Implementing a requirement that haulers act as fee collectors for the City's General Fund and directing this revenue to non-related waste prevention/recycling related activities could be met with political opposition and/or legal response from haulers.
Timeline	Implementation of a fee attached to trash hauling service would require further analysis and review in order to fully evaluate the following: • Projected fee revenue based on the rate that was currently in place per Administrative Order since the proposed fee would be linked to the rate as it changes over time per AO 53-21-07-F (R-3.250-T), • Administrative and compliance costs that might negatively impact any revenue generated from a proposed fee, and • The lead time needed to establish administrative and compliance mechanisms. It is therefore difficult to estimate the amount of time it would take to implement the proposed fee, and when the collection of revenue from this fee would be realized, since the administrative process would be limited by staff capacity and legal review, as well as any potential political or legal challenges that would need to be navigated before/during implementation.
Who Pays	Although haulers would be responsible for collecting and remitting the fee to the City, residents and businesses would pay either in the form of a direct line item on their bill or through increased rates. The proposed 2.5% solid waste collection fee would be in addition to any rate adjustment, compounding the total cost to residents and businesses. This cumulative effect would create a noticeable impact on the average customer's monthly bill. Additionally, the City's minimum solid waste collection rate is also subject to (as per R-3.250-S) an additional up to 10% collection rate above the minimum rate at the discretion of any licensed

	hauler, so dependent on service provider, users would likely see increases that are more significant than the minimum rate + proposed 2.5% fee. Hauler license fees are a pass-through expense for Eugene's licensed solid waste haulers, so an increase in license fees would also likely increase collection costs for rate payers.
Fairness & Indirect Implications	Any percentage-based user fee added to the solid waste rate structure would impact both residential and commercial rate payers in Eugene, essentially raising the cost of solid waste disposal for both residents and businesses. Residential rate increases are based on service levels which would mean that an additional fee would disproportionately impact those that are low-income. Fees added to the commercial rate structure would also increase disposal costs for businesses, including those businesses that provide multifamily housing, an increase that would likely be passed on to renters. A fee would also compound any market-based rate increases that result from inflation, labor, and fuel costs, and the consumer price index.
Sustainability Impact	When residential customers perceive rates to be too high, they might haul their own garbage or illegally dump garbage creating additional disposal costs and potential environmental hazards. Cost is also a driver when residents and businesses are looking to clean up or otherwise improve property, on construction/demolition projects where disposal costs impact the overall cost of a project, and when nuisance abatement or the disposal of abandoned property that is paid for by businesses or local government.
Viability in Solving Funding Issues	Solid waste collection rates are highly regulated, with Eugene's haulers already paying negotiated fees that support activities allowed in the Solid Waste Fund. If the County funds construction of a new MRF with an increase to solid waste disposal/landfill tip fees, it will impact Eugene rate payers as that cost is factored into what residents and businesses pay for trash collection at the curb. This could reduce the feasibility of the City implementing a solid waste collection fee. A license fee increase may be met with opposition from the haulers, who might publicly advocate on behalf of their customers and/or collectively attempt legal action against the City. Expanding the fee has no clear nexus with any of the funding issues.