



AGENDA CITY COUNCIL

91136 N Willamette Street

541-682-7852 | coburgoregon.org

Tuesday, April 14, 2026 at 6:00 PM

The public may attend this meeting at City Hall or via Zoom. To participate via Zoom, you must pre-register with the city by 3 PM the day of the meeting. Council meetings are recorded and live-streamed at www.coburgoregon.org (NO registration required). For questions, contact the City Recorder, Sammy Egbert, at sammy.egbert@ci.coburg.or.us or 541-682-7852.

CALL TO ORDER

PLEDGE OF ALLEGIANCE

ROLL CALL

MAYOR COMMENTS

AGENDA REVIEW

PUBLIC COMMENT *(Sign up prior to meeting. Limit 3 minutes.)*

CONSENT AGENDA *(Councilors may remove an item from the "Consent" agenda for discussion by requesting such action prior to consideration.)*

1. Minutes March 10, 2026, City Council Meeting

SPECIAL GUEST

ORDINANCES AND RESOLUTIONS

2. **Second Reading**
ORDINANCE A-258 AN ORDINANCE ESTABLISHING A PUBLIC SAFETY SUPPORT FEE
3. **Public Hearing**
RESOLUTION 2026-10 A RESOLUTION SETTING THE PUBLIC SAFETY SUPPORT FEE
4. **RESOLUTION 2026-09** A RESOLUTION AUTHORIZING A LOAN FROM THE SAFE DRINKING WATER REVOLVING LOAN FUND BY ENTERING INTO A FINANCING CONTRACT WITH THE OREGON INFRASTRUCTURE FINANCE AUTHORITY

CONTRACTS

COUNCIL ACTION ITEMS

ADMINISTRATIVE INFORMATION REPORTS

5. Administration Report
6. Finance Report

LIAISON UPDATES AND COUNCIL COMMENTS

ADJOURNMENT

The City of Coburg will make reasonable accommodations for people with disabilities. Please notify City Recorder 72 hours in advance at 541-682-7852 or sammy.egbert@ci.coburg.or.us.



MINUTES
Coburg City Council Meeting
March 10, 2026 at 6:00 PM
Coburg City Hall
91136 N Willamette Street

MEMBERS PRESENT: Mayor; Nancy Bell, Cathy Engebretson, John Lehmann, Jaymason Bouwman, Donnie Myers, Claire Smith, Alan Wells

MEMBERS ABSENT: none

GUESTS/STAFF PRESENT: Adam Hanks, City Administrator; Sammy Egbert, City Recorder; Larry Larson, Coburg Police Chief, Mandy Balcom; Municipal Court Administrator, Brian Harmon; Public Works Director

TRANSCRIBED BY: Madison Balcom, Administrative Assistant

CALL TO ORDER

Mayor Bell called the City Council meeting to order at 6:01pm.

PLEDGE OF ALLEGIANCE

Councilor Myers led the Pledge of Allegiance.

ROLL CALL

City Recorder, Sammy Egbert called roll. A quorum was present.

MAYOR’S COMMENTS

Mayor Bell welcomed all community members that joined the meeting and thanked them for attending.

Ms. Engebretson joined the meeting at 6:04pm.

- 1. Arbor Day Proclamation**
- 2. Child Abuse Awareness Proclamation**

Mayor Bell read both proclamations, and proclaimed April as Child Abuse Awareness Month, and April 24th, 2026 as Arbor Day in the City of Coburg.

AGENDA REVIEW

Ms. Egbert noted that there are no proposed changes, but the City Administration Report was provided in their red folders.

PUBLIC COMMENT

There were no requests to publicly speak. There were no written statements received.

CONSENT AGENDA

There were no requests to remove an item from the consent agenda.

3. **Minutes from January 31, 2026 City Council Retreat**
4. **Minutes from February 10, 2026 City Council Meeting**
5. **Minutes from February 24, 2026 City Council Work Session**
6. **Park | Tree Committee Appointment**
7. **Budget Officer Appointment**

MOTION: Councilor Bouwman, seconded by Councilor Wells, moved to approve the Consent Agenda as presented.

The motion passed unanimously as 6:0, with Councilors Bouwman, Engebretson, Lehmann, Myers, Smith and Wells voting affirmatively, none opposed.

Mayor Bell appointed Cheryl Quinlan to the Park Tree Advisory Committee for a three-year term from July 1, 2025 to June 30, 2028, and appointed Adam Hanks as the budget officer.

ORDINANCES AND RESOLUTIONS

8. Public Hearing | First Reading

ORDINANCE A-258 AN ORDINANCE ESTABLISHING A PUBLIC SAFETY SUPPORT FEE

Mayor Bell opened the public hearing at 6:16pm and held the first reading of Ordinance A-258.

Mr. Hanks presented a staff report and presentation on the proposed Public Safety Support Fee. Hanks reminded attendees that this only establishes the ability to charge the fee. The second reading will occur at the April meeting, as well as the Resolution to set the fee amount.

Hanks hit on fund elements and fund balance, the Council Revenue Sub-committee review and recommendations, general fund revenue and expenditures, budget messages, the financial stability timeline, and the final recommendation and details of the proposed fee.

Public Testimony was given as follows:

- Jeff Gratreak; Coburg Resident
Mr. Gratreak expressed his gratitude for having a police department in a small city like Coburg. He feels it helps make Coburg safer and provides many benefits to the community. He expressed his support for a Public Safety Support Fee in order to keep the Police Department and Municipal Court services.
- Blain Lee; Coburg Resident
Mr. Lee thanked council for their service and hard work. He expressed his concern for Coburg's higher utility rates, but also his gratitude for the services that are provided in the community. He asked council to consider if this decision would be worth the cost, and whether it would be a better option to make this a decision of the public.

Mr. Hanks said staff has closely reviewed expenses in recent years, noting that public safety accounts for about half of the general fund. He believes the general fund is on the right track, but emphasized that very few contract or service costs are discretionary. Only about 5% of the \$750,000 police budget can be reduced, as most costs are tied to salaries, equipment, and dispatch services. He added that the recent staffing reduction was one of the significant cuts made to expenses.

Mayor Bell closed the public hearing at 6:54pm.

Mr. Lehmann said council considered a levy but chose the fee because it could be implemented quickly to support the 2026 budget and maintain current service levels. He noted a levy could still be explored later, but council lacked the time and resources to pursue it now. Lehmann added that losing this revenue—or failing to secure it—would reduce the viability of the police department, and once that viability is lost, it becomes very difficult to restore those services and staffing levels.

Ms. Smith said she appreciated hearing public testimony, noting it is rare and taken seriously. She acknowledged the financial hardship for residents but viewed the issue as one of community livability. With the police department already down 1.5 officers, she did not want to make a decision that could further reduce services. She added that they had thoroughly reviewed a contract with the sheriff's department, which would cost roughly \$1 million with no guaranteed officer.

Mr. Bouwman welcomed and appreciated the public's participation and acknowledged the significant impact this could have on families, while also recognizing the challenges that the city is facing, along with many others throughout the state. Bouwman also encouraged community members to reach out to council or staff if they have any questions.

9. RESOLUTION 2026-08 A RESOLUTION RENAMING PARK TO LAURA PARK AT THE PAVILION

Mr. Hanks noted that this will formalize what has been in the works for a while, with the land swap and donation that was a significant factor in the Pavilion Park expansion. He noted that the signage, also funded by the Shepard family, has been installed, with their input on the wording and naming.

MOTION: Councilor Smith moved, seconded by Councilor Bouwman, to adopt Resolution 2026-08, A RESOLUTION RENAMING PAVILION PARK TO LAURA PARK AT THE PAVILION.

The motion passed unanimously as 6:0, with Councilors Bouwman, Engebretson, Lehmann, Myers, Smith and Wells voting affirmatively, none opposed.

CONTRACTS

10. Bid Award and Contract Approval for Coleman Collector Street Phase I

Mr. Hanks summarized the project's background, noting it is funded with state and federal MPO dollars that Lane County de-federalized and were able to pass to Coburg. He explained that Coleman's status as a collector street made it a strong candidate for regional funding. The project was initially scoped larger, but council scaled it back to avoid exceeding available funds. That adjustment led to 13 competitive bids that also position Coburg well for phase II.

Another component added to the project is the pedestrian crossing at Pearl and N. Coleman. The City already has the Lane County permit, though it does not include the flashing beacon. The project will also upgrade three of the four ADA ramps, and the two bus stops will be improved and slightly relocated. The draft contract and bid summaries are included in the packet.

MOTION: Councilor Wells moved, seconded by Councilor Bouwman, to award the Phase I Coleman Collector Street Project to AB Utility Contractors in the amount of \$287,501 as presented and authorize the City Administrator to execute the associated project contract.

The motion passed unanimously as 6:0, with Councilors Bouwman, Engebretson, Lehmann, Myers, Smith and Wells voting affirmatively, none opposed.

Mr. Lehmann noted the large cost differences between bids for the same project. Mr. Harmon said that can have a lot to do with the timing of the project bid. Certain contractors are going to have lower bids if they really need the work. If they already have projects lined up they tend to bid a little bit higher. Mr. Hanks said it could also depend on what exactly they include in that line item.

ADMINISTRATIVE INFORMATION REPORTS

11. Monthly Administration Report

Mr. Hanks went through the items in the report including the water system line loss analysis and improvements. Mr. Harmon said that the current monthly average loss of production versus consumption is about 18%, with the goal being between 10-15%.

Also in the report is the new neighborhood park conceptual plan which is underway with the Park Tree Committee, and the street maintenance update, as well as the regular current projects and contracts, and department activity and statistics.

12. Financial Report

Provided was the financial report as of January 31, 2026. There were no further questions or discussion.

COUNCIL COMMENTS & LIAISON UPDATES

13. Liaison Appointments

Mr. Myers said the Finance Audit committee has not met yet this month.

Ms. Smith said she was not able to attend the last Park Tree meeting, but did mention that the newly appointed member is from the new neighborhood of the park, so it will be nice to have someone's perspective that lives close, and have another neighborhood represented on the committee.

Ms. Engebretson noted the Lane ACT Committee is getting underway with a list of regional transportation projects, including the MPO, other cities, and general county areas.

Ms. Bell said the MPC did not meet this month, but once Lane ACT puts forth their recommendation on projects, then it will come to MPC, where the federal monies are transferred to the state and then to the various counties for projects.

Mr. Lehmann said the Planning Commission did not meet this month.

Mr. Wells said the Heritage Committee’s last meeting was cancelled and is now meeting once a quarter, not scheduled again until April.

Mr. Bouwman said he is hoping to get in contact with LTD and get more responses from them.

Ms. Bell also mentioned that LCOG had a fundraiser dinner and dessert dash which some councilors attended. The money raised went to senior and disabled services and the meals on wheel program.

ADJOURNMENT

Mayor Bell adjourned the meeting at 7:40 pm.

APPROVED by the City of Coburg City Council on this _____ day of _____, 2026.

DRAFT

Nancy Bell, Mayor of Coburg

ATTEST: _____
Sammy L. Egbert, City Recorder



Ordinance A-258 Establishing a Public Safety Support Fee

Meeting Date	Staff Contact	Email
April 14, 2026	Adam Hanks, City Administrator	adam.hanks@coburgoregon.gov

SUMMARY AND REQUESTED COUNCIL ACTION

Staff is presenting a draft ordinance to legally establish a new fee currently labeled as “Public Safety Support Fee”. The ordinance has been developed with a general format and structure similar to both the Tree Fee and Parks and Open Space Maintenance Support Fee and is consistent with the Council direction provided to staff in support of the Revenue Options Sub-Committee Final Recommendations presented to Council at its December 9, 2025 Meeting. Council conducted a first reading of Ordinance A-258 at its March 10, 2026 meeting with no requested alterations for second reading.

Suggested Motion

I move to adopt Ordinance A-258, an ordinance establishing a public safety support fee.

BACKGROUND

Consistent with discussions at the recently completed FY25 Budget Adoption process and the adopted Council Framework Objective of “Long-term (10 year) Revenue Needs Forecast), Council confirmed Mayor Bell’s intention to create a City Council Revenue Options Sub-Committee at the July 9, 2024 Council meeting. The approved scope of the sub-committee was to review all current and potential revenues associated with the City’s Utility Funds, the general fund and other miscellaneous revenues available for consideration. Councilors Engebretson and Smith were appointed to serve on the sub-committee, along with Mayor Bell.

The sub-committee reviewed revenues in three phases:

- 1) Utility Rates for Water, Sewer and Transportation/Streets (TUF) – *October through December*
- 2) General Fund related revenue options to support funding of Parks, Police, Planning, general government – *January through March*
- 3) Longer range revenue options – Local lodging tax, local diesel tax, local option levy, etc – *July through September*

The sub-committee held two meetings in October of 2024 to review the overall committee scope and process and developed recommendations to Council for the phase I utility revenue options.

Phase II revenue options review and recommendation were developed in January and February of 2025 and were completed at the sub-committee’s March 6, 2025 meeting with Council ultimately deciding to implement the Park and Open Space fee of \$5 as recommended but defer the recommended \$2 Tree Free increase to instead continue revenue efforts focused on the immediate concerns of the General Fund. (Tree Fee is a Street Fund revenue).

The sub-committee embarked on the Phase III work of long-range revenue options with two meetings in October of 2025, and a final meeting on November 20, 2025 with an objective of developing a final recommendation to present to Council at its December 9, 2025 Council meeting.

The final phase III recommendations of the sub-committee was presented and accepted by Council at the December 9, 2025 meeting. The full recommendations report is attached with the set of seven recommendations provided below:

1) Public Safety Support Fee

A monthly fee charged and collected via the City’s monthly utility billing process. The fee would be charged to all residents and businesses on a “per unit” basis. Other methodologies for application of this fee were discussed but require a legal nexus between the fee and the services supported by the fee with equity between potential customer classifications (residential, commercial, industrial, etc). The per unit fee is same methodology utilized for both the Park & Open Space Fee and the Tree Fee.

This fee is included in the low-income assistance program so eligible households would receive a 25%, 35% or 45% discount on this fee based on qualifying income levels.

The fee would be dedicated to the following public safety programs, all of which reside within the General Fund:

- Police Department
- Municipal Court
- Code Enforcement

Option #1 - A \$20 per month fee that would generate approximately \$200,000 per year.

OR

Option #2 – A \$15 per month fee that would generate approximately \$150,000 per year.

Note: *A Public Safety Operating Levy, an annual property tax assessment on all non-exempt properties in Coburg, was also considered but ultimately not selected.*

This revenue option would need to be placed on the ballot for voter approval and revenue would not be received until the following tax year resulting in an expected one-to-two-year delay in revenue generation if approved by voters.

2) Audit of Existing Revenue Streams – While likely to generate far less revenue, conducting operational audits of the City’s existing general fund revenues would assure Council and the community that the already enacted revenue streams are being administered as adopted and intended. Revenue audits would include franchise agreements, business licenses, Park and Open Space Fee and other smaller fees, taxes and assessments that contribute to the overall general fund revenues.

3) Property Tax Revenue Analysis from termination of the Coburg Urban Renewal Agency in 2029

When the URA reaches its \$9 million total contribution to the wastewater debt service, the properties and related property tax revenues within the URA assessment boundary will return to the overall City assessment valuation resulting in an increase in property tax revenue to the General Fund.

This recommendation endorses the action identified in the FY26 Budget process to obtain Urban Renewal consultant services to develop post-URA property tax revenue estimates in addition to providing recommendations and direction on the termination of the URA. Funds within the URA budget have already been appropriated to carry out this recommendation.

4) Building Permit Fee Increase – Staff has already begun the background analysis to update Building Permit Fees (Structural, Electrical, Plumbing, Mechanical) that have not been reviewed or updated in over four years. The objective is to review and update building permit fees to ensure that permit fees cover the cost of providing the Building Review and Inspection program.

5) Land Use/Zoning Permit Fee Increase – Staff has presented an overview of this update process to Council and is reviewing the ordinances and resolutions that enacted the fees to ensure updates align with the methodology of the existing fee structure. The objective is to review and update land use development fees to ensure that fees cover the cost of providing the direct services to what is typically described as “current planning” (partitions, subdivisions, commercial development, etc).

6) Information Outreach – The sub-committee understands the impact of the creation and collection of new fees on both residents and businesses in Coburg, but also understands the responsibility of Council in ensuring financial stability of the municipal government and the services provided that the community relies on. Staff has developed a timeline between December of 2025 and March of 2026 for Council review and direction on the sub-committee’s recommendations as well as for providing information to the community of the final recommendations Council chooses to pursue and move forward. This Information Outreach recommendation is to ensure that the community is informed of Council’s intentions and has an opportunity to comment.

7) Disband the Revenue Options Sub-Committee – With the completion of phase III recommendations, the sub-committee recommends that Mayor Bell disband the subcommittee with an understanding that a similar committee/task force could be re-established by Mayor Bell at a future date with a new set of Council appointments and an updated charge/scope and timeline.

RECOMMENDATION

Staff is supportive of the set of recommendations described in the final memo as a means to improve the financial position of the General Fund and enabling the continuation of critical public safety services including the Police Department, Municipal Court and Code Enforcement.

The current and prior City Administrator have both indicated in the Budget Messages of the past three annual budgets of the growing concern of the inability of the City’s revenues to meet the rise of expenses within the General Fund.

While revenue was the focus of the sub-committee, staff continues to explore opportunities to stem the escalating costs associated with providing these services and feel strongly that cost containment (as opposed to cost savings) is possible and will occur but not at the scale necessary to avoid the need for additional revenue sources.

BUDGET / FINANCIAL IMPACT

The memo outlines a number of significant expenses in the upcoming five years that are currently not funded by the existing revenue streams, the most significant being the “structural deficit” created by annual revenue growth of 3-5% and annual expenditure increases of 12-15%, which amounts to an over \$200,000 a year shortfall between revenue and expenses. Considerations for the need for new revenue sources include:

- Four-year trend of declining ending fund balance
- Future estimates of personnel cost escalation to provide the same levels of service with the general fund operating departments/programs (Municipal Court, Planning, Police, Parks, General Government)
- Debt Service credit rating reduction from A+ to A- (two level drop) due to low overall fund balance compared to operating revenues (7%)

RELEVANT COUNCIL GOAL, CITY POLICY OR COMPREHENSIVE PLAN

FY27 Council Framework - V. Our Financial Resources - #4 – Long Term (10 yr) Revenue Needs Forecast (full text of objective narrative from adopted Framework document below)

4) Long-term (10 yr) Revenue Needs Forecast

As noted in the prior year budget cycle, revenues across all funds will continue to strain to maintain current levels of service and may be limited in the amount of additional debt service

each fund can take on to facilitate needed infrastructure projects. This is most acute in the general fund, as revenue streams do not keep pace with the rise in expenditures needed to maintain status quo operations for Police, Parks, Planning, Municipal Court and general government (Admin).

A long-term revenue needs forecast examines the diminishing ratio of revenue to expense in each fund and estimates when the fund goes “in the red” if no changes are made to either the revenue or expense trajectory of each fund. In parallel to this forecast, new revenue sources for each fund are identified and inserted into the long-term budget with multiple scenarios to provide Council with a sense of the scale of options available for the generation of new revenue and its impact on service levels and capital projects.

FY2027 Actions

- Continue work on general fund revenues analysis consistent with Council approved Revenue Options Sub-Committee Final Report
- Develop process and schedule outline for Council consideration of the enactment of a local diesel tax.

FY2027 Priority = 1

PUBLIC INVOLVEMENT

In addition to the significant discussion of the General Fund in the annual budget process with the Budget Committee and City Council, Mayor Bell has held three community conversations “Sip and Chats with Mayor Bell” with the general fund being a topic in each meeting. All Revenue Options sub-committee meetings are open public meetings that have been publicly noticed and several City Administration reports have referenced General Fund related financial updates, in addition to the monthly financial reports provided in each Council meeting packet.

An information “FAQ” document was developed with Council input in the January and February Council meetings and published on the City website with additional background/reference materials as well as sent out with utility bills and posted on the City’s social media channel (Facebook). An open house hosted by Mayor Bell and City Administrator will be held at 5:00 PM on March 10 in the Council Chambers prior to the initial public hearing and additional open house meetings with the Mayor, City Administrator, Police Chief and Municipal Court Administrator were held on April 2, 2026 and April 9, 2026.

NEXT STEPS

- April 14, 2026 – Ordinance creating the Public Safety Support Fee – Second Reading
- April 14, 2026 – Resolution establishing the amount of the Public Safety Support Fee
- July 1, 2026 – Implementation of Fee on July utility billing statements.

ATTACHMENTS

1. Draft Ordinance A-258 – An Ordinance Establishing a Public Safety Support Fee
2. Revenue Options Sub-Committee – Final Recommendation Memo
3. Council Memo – January 13, 2025 – Public Safety Support Fee Structure and Public Communication
4. Public Safety Support Fee – Informational FAQ

ORDINANCE A-258

AN ORDINANCE ESTABLISHING A PUBLIC SAFETY SUPPORT FEE

WHEREAS, public safety services provided by the City of Coburg are foundational element to the physical, mental, social and economic well-being of the community; and

WHEREAS, locally provided public safety services have consistently been highly valued by Coburg residents and businesses over many decades; and

WHEREAS, the City of Coburg provides public safety primarily through its Police Department and its Municipal Court; and,

WHEREAS, the City of Coburg financially supports public safety services through property taxes and other general revenues in the City's general fund; and

WHEREAS, the costs of maintaining the current level of public safety services continue to increase and exceed the rise in General Fund revenues;

WHEREAS, the Coburg City Council desires a source of funds dedicated to the continued operations, training and equipment needs of the City of Coburg Police Department and Municipal Court.

THE CITY OF COBURG ORDAINS AS FOLLOWS:

Section 1. **Short Title.**

- (a) This ordinance may be referred to as the Public Safety Support Fee.

Section 2. **Purpose and Intent.**

- (a) **Purpose.** There is hereby created a Public Safety Support Fee for the purposes of providing financial support for the operations, training and equipment needs of the Coburg Police Department and Coburg Municipal Court. The Coburg City Council hereby finds, determines, and declares the necessity of maintaining public safety services to be a vital public function and declares a Public Safety Support Fee to be a necessary financial contributor in the funding of these core community serving functions. The City is hereby empowered to use the funds created by a Public Safety Support Fee to protect public health, safety, economic vitality and general welfare by locally providing public safety services to the best of its ability within financial limitations.
- (b) **Intent.** It is the intent of the City Council of Coburg that the terms of this ordinance shall be construed as to ensure funds collected via the Public Safety Support Fee be

used exclusively for operations, training and equipment needs of the Coburg Police Department and the Coburg Municipal Court. This Fee supplements other revenues devoted to this purpose and is insufficient alone to provide adequate resources to properly fulfill this function.

Section 3. Definitions. As used in this ordinance, the following mean:

- (a) **Public Safety Services.** Police and Municipal Court operations, including staffing, training, equipment, capital and administration
- (b) **Responsible Party.** The person or persons who by usage, occupancy, or contractual arrangement are responsible to pay the water utility bill for a developed property. In the event a developed property is not served by a domestic water meter, the persons having the right to occupy the property.
- (c) **Developed Property.** A parcel or portion of real property on which an improvement exists. Improvements on developed property include, but are not limited to buildings, parking lots, utilities infrastructure, and outside storage.
- (d) **Non-residential Unit.** A use of property such as a business or commercial enterprise that is primarily not for personal, domestic accommodation. A non-residential structure that provides facilities for one or more businesses shall have each distinct business facility considered as a separate non-residential unit.
- (e) **Residential Unit.** A residential structure that provides complete living facilities for one or more persons including, but not limited to, permanent provisions for living, sleeping, and sanitation. Each separate rental unit in a multifamily structure, whether occupied or not, shall be considered a residential unit. A home occupation business in a residential zone will be regarded concurrently with the one residential unit in which it is located. An accessory dwelling unit, a condominium, or an individual mobile or manufactured home shall each be considered as a separate residential unit.
- (f) **Recreational Vehicle Park or Campground.** An area designated to accommodate recreational vehicles and/or tent campers and provide related and needed facilities and services. The Fee assessed for such facilities shall be based on the number of spaces established for this purpose, whether occupied or not, with ten spaces equaling one residential unit.

Section 4. Imposition of Public Safety Support Fee

- (a) **Creation.** There is hereby created a Public Safety Support Fee to accomplish the above stated purposes.
- (b) **Amount.** There is hereby imposed upon the responsible party for each developed property within the City limits receiving water service from the City of Coburg a Public Safety Support Fee charged per unit per month for each residential unit and non-residential unit existing on that property. The fee imposed shall be set by Resolution of the Council as deemed reasonable and necessary to provide financial support for the provision of public safety services within the City of Coburg.

- (c) **Obligation.** Except as may be reduced or eliminated under Section 9 below, the obligation to pay a Public Safety Support Fee arises when a responsible party benefits from the public safety services provided by the City of Coburg. It is presumed that all developed properties, regardless of use, benefit from City of Coburg public safety services through patrol, enforcement, criminal investigation, local code enforcement and adjudication of infractions, violations and criminal complaints, among other services provided by the Coburg Police Department and the Coburg Municipal Court.

Section 5. Dedication of Funds

All revenues collected pursuant to this Ordinance shall be distinctly and individually labeled on customer utility bills. The Fee paid and collected under the authority of this Ordinance shall not be used for any general or any other governmental or proprietary purposes of the City and shall exclusively be dedicated to Public Safety service expenditures as authorized through Council approved appropriations within the Coburg Police and Coburg Municipal Court Departmental budgets within the City's General Fund.

Section 6. Initiation and Collection

- (a) **Effective Date.** The effective date of this fee shall be set by Council via the approval of the Resolution that establishes the Public Safety Support Fee amount.
- (b) **Fee Amount:** The fee amount shall be set by Resolution of Council.
- (c) **Frequency.** The Public Safety Support Fee shall be collected on the same frequency as the City's water utility billing, with the Public Safety Support Fee included as a separate line item on the monthly utility billing.
- (d) **Responsibility.** Unless another person responsible has properly agreed in writing to pay, and a copy of that writing is properly filed with the City, the person(s) normally responsible for paying the City's water utility charges are responsible for paying the Public Safety Support Fee.
- (e) **Lack of Utility Service.** In the event a developed property is not served by a domestic water meter, or if water service is discontinued, the persons having the right to occupy the property shall pay the Public Safety Support Fee.
- (f) **Billing Initiation.** The connection of a water meter will automatically initiate appropriate billing to the responsible party. There shall be no charge for persons who have the right to occupy an undeveloped property until such time as a water meter is connected to the property.
- (g) **Basis of Charge.** The imposition of the fee shall be calculated on the basis of the number of residential or non-residential units supported, without regard for the number of water meters serving the property.
- (h) **Priority.** In the event a responsible party's payment is less than the total amount due on the party's utility bill, the payment shall be applied first to fully satisfy all outstanding Public Safety Support Fee, with the remainder to Water, Sewer, and Transportation utility system charges.

Section 7. Exemptions

The only exemption to this Ordinance shall be schools and irrigation-exclusive accounts. The City Council may, by Resolution, establish a reduced fee or exempt any additional class of users when it determines that the public interest deems it necessary.

Section 8. Administration

- (a) **Responsibility.** The City Administrator is responsible for the administration of this Ordinance.
- (b) **Monitoring & Changes.** The City Administrator is authorized and directed to review the operation of this Ordinance and, where appropriate, recommend changes thereto in the form of administrative procedures for adoption by the City Council by Resolution. Such procedures, if adopted by the Council shall be given full force and effect, and unless clearly inconsistent with this Ordinance, shall apply uniformly throughout the City.

Section 9. Appeal Process.

- (a) **Criteria.** A Public Safety Support Fee may be appealed for change or relief in accordance with the following criteria.
 - (i) **Property Classification.** Any responsible party who disputes any interpretation given by the City as to property classification may appeal such interpretation. IF the appeal is successful, appropriate relief will be granted. In such instances reimbursement will be given for any overpayment, retroactive to the filing date of the appeal. Factors to be taken into consideration include, but are not limited to availability of more accurate information ; equity relative to billing classifications assigned to other developments of a similar nature; changed circumstances; and situations uniquely affecting the party filing the appeal.
 - (ii) **Financial Hardship.** Any responsible party may claim a financial hardship. The City will determine financial hardship consistent with . Federal Poverty Levels utilized by the City's Limited Income Assistance Program. The City may request verification of income, including, but not necessarily limited to W-2 employment wage forms, payroll stubs, and tax returns.
- (b) **Application Contents.** An application for appeal shall state the reasons(s) for appeal (i or ii) and must include supporting documentation to justify the requested change or relief. An application will not be deemed complete until all information requested by the City has been provided.
- (c) **Evaluation.** The City Administrator shall be responsible for evaluating appeals.

(d) **Resolution.** The City Administrator will make all reasonable attempts to resolve appeals utilizing available existing information, including supporting documentation filed with the appeal, within thirty (30) days of the date the appeal was filed. If, however, more detailed site specific information is necessary, the City Administrator may request the applicant to provide additional information.

(e) **Deadline.** In any event, the City Administrator will render a decision within ninety (90) days of the date the appeal was filed explaining the disposition of the appeal, along with the rationale and supporting documentation for the decision reached.

(f) **Continuity.** The Appellant is required to pay the Parks and Public Open Space Maintenance Support Fee during the term of any appeal. Successful appeals will result in refunding of appropriate Fees paid.

(g) **Decision.** Decision of the City Administrator may be appealed to the City Council, and shall be heard at a public meeting. Upon such appeal, the City council shall at its first regular meeting thereafter, set a hearing date. The matter shall be heard solely upon the record. In no event shall a final decision be made later than ninety (90) days after the matter was formally appealed to the City Council

(h) **Filing Surcharge.** Appeals filed within one hundred twenty days of this effective date of this Ordinance shall not be subject to a filing Surcharge. For new residents the payment of a filing Surcharge for an appeal will begin 120 days after establishing a water service account. An Appeal Filing Fee may be set by Council within the Resolution establishing or modifying the Parks and Public Open Space Maintenance Support Fee. Should the appellant adequately justify and secure the requested change or relief no filing Surcharge will be assessed. If a decision is not in favor of the appellant, the filing Surcharge shall be assessed and may be added to the utility bill.

Section 10. Enforcement.

In addition to other lawful enforcement procedures, the City may enforce the collection of charges required by this Ordinance by withholding delivery of water to any premises where the Public Safety Support Fees are delinquent or unpaid. Notwithstanding any provision herein to the contrary, the City may institute any necessary legal proceedings to enforce the provisions of the Ordinance, including, but not limited to injunctive relief and collection of charges owing. The City's enforcement rights shall be cumulative.

Section 11. Severability. Invalidity of a section or part of a section of this Ordinance shall not affect the validity of the remaining sections or parts of sections.

Section 12. Effective Date.

As provided in the City of Coburg Charter this ordinance is effective 30 days from the date of adoption.

ADOPTED by the **City Council** of the **City of Coburg** this 14th day of April, 2026, by a vote by _____ for and _____ against.

APPROVED by the Mayor of the City of Coburg this _____ day of _____, 2026.

Nancy Bell, Mayor

ATTEST: _____
Sammy L. Egbert, City Recorder

Second Reading DRAFT

COUNCIL MEMO



Council Revenue Sub-Committee

Phase III Recommendation – Long Range Revenue Options

December 9, 2025

BACKGROUND

At the July 9, 2024 Council meeting, Council confirmed the Mayors intention to create a City Council Revenue Options Sub-Committee to review all current and potential revenues associated with the City’s Utility Funds, the general fund and other miscellaneous revenues available for consideration. Councilors Engebretson and Smith were appointed to serve on the sub-committee, along with Mayor Bell.

The sub-committee is reviewing revenues in three phases:

- 1) Utility Rates for Water, Sewer and Transportation/Streets (TUF) – *October through December*
- 2) General Fund related revenue options to support funding of Parks, Police, Planning, general government – *January through March*
- 3) Longer range revenue options – Local lodging tax, local diesel tax, local option levy, etc – *July through September*

The sub-committee held two meetings in October to review the overall committee scope and process and developed recommendations to Council for the phase I utility revenue options. March 6, 2025, the phase II revenue options review and recommendation were completed at the sub-committee’s March 6, 2025 meeting with Council ultimately deciding to implement the Park and Open Space fee of \$5 as recommended but defer the recommended \$2 Tree Free increase to instead continue revenue efforts focused on the immediate concerns of the General Fund. (Tree Fee is a Street Fund revenue).

The sub-committee embarked on the Phase III work of long-range revenue options with two meetings in October of 2025, and a final meeting on November 20, 2025 with an objective of developing a final recommendation to present to Council at its December 9, 2025 Council meeting.

ANALYSIS & RECOMMENDATIONS

While the \$5 Parks and Open Space fee provides a degree of stabilization for basic park system operations and maintenance, the City Administrator explained and provided a breakdown of the long-term financial challenges in the General Fund.

Key considerations guiding the sub-committee analysis and pursuit of additional revenue for the general fund include:

- Four-year trend of declining ending fund balance
- Continued escalation of expenses exceeding revenues (approx. 10% difference annually)
- Future estimates of personnel cost escalation to provide the same levels of service with the

general fund operating departments/programs (Municipal Court, Planning, Police, Parks, General Government)

- Debt Service credit rating reduction from A+ to A- (two level drop) due to low overall fund balance compared to operating revenues (7%)

Structural Deficit – Revenue growth occurs at a 3-5% rate annually, while expenditures grow approximately 12-15% annually. Recently utilized short term solutions include increased use of fund balance (operating reserves) and staffing reductions in both Administration and Police and most recently the aforementioned implementation of a \$5 per month Parks and Open Space Fee starting in July of 2025.

REVENUES			EXPENDITURES	
	Approx Annual	% of Total		Approx Annual
Property Taxes	1,100,000	56%	Staff/People Costs	
Franchise Fees	280,000	14%	Administration	320,000
Muni Court Fines/Fees	120,000	6%	Police	650,000
Development Fees	100,000	5%	Muni Court	130,000
Charges For Services	120,000	6%	Planning	80,000
Transfer Funds	150,000	8%	Parks	50,000
Harrisburg PD IGA	65,000	3%		1,230,000
Misc	35,000	2%	Materials/Services	
TOTAL	1,970,000		Administration	225,000
			Facilities	100,000
			Parks	35,000
			Planning	110,000
			Police	150,000
			Muni Court	30,000
			Econ Dev	35,000
				685,000
			Capital/Debt	
			City Hall	30,000

Parks	10,000
Administration	15,000
	55,000

TOTAL 1,970,000

The chart above indicates a balanced (legally required) General Fund budget for FY26. This was accomplished via staff reductions primarily within the Police Department and with utilization of fund balance (operating reserve).

The City’s General Fund budget does not contain the following expected, and in most cases, necessary expenditures over the next five fiscal years.

- Parks Capital – Construction of new neighborhood park at Coburg Creek (\$200k)
- City Hall Improvements – ADA, HVAC and other deferred maintenance needs (\$200K)
- Police Fleet Replacements – (\$75k)
- Fund Balance Restoration to Target - (\$200k)
- Technology Replacements (\$50k)
- Structural Imbalance Solution - 10% of fund balance per year (\$1m) – (\$200k per year)

TOTAL = \$1.75m over five years **PER YEAR = \$350,000**

Final Recommendations

The following recommendations were considered and unanimously approved by the Revenue Option Council Sub-Committee at its November 20, 2025 meeting.

1) Public Safety Support Fee

A monthly fee charged and collected via the City’s monthly utility billing process. The fee would be charged to all residents and businesses on a “per unit” basis. Other methodologies for application of this fee were discussed but require a legal nexus between the fee and the services supported by the fee with equity between potential customer classifications (residential, commercial, industrial, etc). The per unit fee is same methodology utilized for both the Park & Open Space Fee and the Tree Fee.

This fee is included in the low income assistance program so eligible households would receive a 25%, 35% or 45% discount on this fee based on qualifying income levels.

The fee would be dedicated to the following public safety programs, all of which reside within the General Fund:

- Police Department
- Municipal Court
- Code Enforcement

Option #1 - A \$20 per month fee that would generate approximately \$200,000 per year.

OR

Option #2 – A \$15 per month fee that would generate approximately \$150,000 per year.

Note: A Public Safety Operating Levy, an annual property tax assessment on all non-exempt properties in Coburg, was also considered but ultimately not selected.

This revenue option would need to be placed on the ballot for voter approval and revenue would not be received until the following tax year resulting in an expected one to two year delay in revenue generation if approved by voters.

2) Audit of Existing Revenue Streams – While likely to generate far less revenue, conducting operational audits of the City’s existing general fund revenues would assure Council and the community that the already enacted revenue streams are being administered as adopted and intended. Revenue audits would include franchise agreements, business licenses, Park and Open Space Fee and other smaller fees, taxes and assessments that contribute to the overall general fund revenues.

3)Property Tax Revenue Analysis from termination of the Coburg Urban Renewal Agency in 2029 – When the URA reaches its \$9 million total contribution to the wastewater debt service, the properties and related property tax revenues within the URA assessment boundary will return to the overall City assessment valuation resulting in an increase in property tax revenue to the General Fund.

This recommendation endorses the action identified in the FY26 Budget process to obtain Urban Renewal consultant services to develop post-URA property tax revenue estimates in addition to providing recommendations and direction on the termination of the URA. Funds within the URA budget have already been appropriated to carry out this recommendation.

4) Building Permit Fee Increase – Staff has already begun the background analysis to update Building Permit Fees (Structural, Electrical, Plumbing, Mechanical) that have not been reviewed or updated in over four years. The objective is to review and update building permit fees to ensure that permit fees cover the cost of providing the Building Review and Inspection program.

5) Land Use/Zoning Permit Fee Increase – Staff has presented an overview of this update process to Council and is reviewing the ordinances and resolutions that enacted the fees to ensure updates align with the methodology of the existing fee structure. The objective is to review and update land use development fees to ensure that fees cover the cost of providing the direct services to what is typically described as “current planning” (partitions, subdivisions, commercial development, etc).

6) Information Outreach – The sub-committee understands the impact of the creation and collection of new fees on both residents and businesses in Coburg, but also understands the responsibility of Council

in ensuring financial stability of the municipal government and the services provided that the community relies on. Staff has developed a timeline between December of 2025 and March of 2026 for Council review and direction on the sub-committee's recommendations as well as for providing information to the community of the final recommendations Council chooses to pursue and move forward. This Information Outreach recommendation is to ensure that the community is informed of Council's intentions and has an opportunity to comment.

7) Disband the Revenue Options Sub-Committee – With the completion of phase III recommendations, the sub-committee recommends that Mayor Bell disband the subcommittee with an understanding that a similar committee/task force could be re-established by Mayor Bell at a future date with a new set of Council appointments and an updated charge/scope and timeline.

COUNCIL MEMO



Public Safety Support Fee Structure and Public Communication

January 13, 2025

ISSUES

In preparation for the March 10, 2026 Council meeting agenda item for the creation of a Public Safety Support Fee, staff is developing public communication documents to inform residents and businesses of the potential new fee. Additionally, Council requested information on the structure of the fee at the January meeting to ensure clear understanding of the mechanics and implementation schedule of the fee should Council approve it at the March 10, 2026 meeting.

Proposed Schedule

- December 9, 2025 – Sub-Committee recommendation presentation to Council – Complete
- January 13, 2026 – Full Council discussion of recommendation - Direction to staff
- January 14 thru March 9 – Public Information on proposed fee
- March 10, 2026 – Ordinance to create the Public Safety Support Fee – First Reading
- April 14, 2026 – Ordinance creating the Public Safety Support Fee – Second Reading
- April 14, 2026 – Resolution establishing the amount of the Public Safety Support Fee
- July 1, 2026 – Implementation of Fee on July utility billing statements.

Proposed Fee Structure

The fee will match the recently adopted Parks and Open Space Fee, which also closely matches the Tree Fee and includes the following:

- Flat fee charged to all utility billing customer accounts within the City limits (excludes outside and PVE accounts)
- Flat fee is the same for residential or commercial accounts
- Fee is “per unit” based, meaning that accounts with apartment buildings or multiple businesses on one account will have the fee multiplied by the number of units (example \$5 fee x 8 units = \$40 per month fee)
- Fee Revenue is general fund revenue, but will be restricted in both ordinance and resolution for public safety expenditures.
- Public Safety will be defined in ordinance as Police Department, Municipal Court and Code Enforcement.

Proposed Fee Amount

As presented to the full Council at the December 9, 2025 Council meeting, the Revenue Options sub-committee recommendations included two fee amount options, either a \$20/month or a \$15/month fee along with six other supporting recommendations (see attached)

In order to develop the public information materials for distribution, staff is desiring Council direction on the proposed fee amount to be included in the documents. The direction provided by Council does is in no way binding, nor necessarily an indicator of the Council's final decision at the March 10, 2026 meeting.

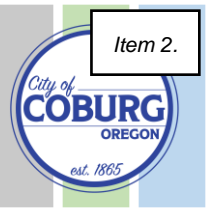
Options 1 – The Coburg City Council is considering the creation of a **\$20 per month** public safety support fee as a means to maintain the existing public safety services of the City.

Options 2 – The Coburg City Council is considering the creation of a **\$15 per month** public safety support fee as a means to maintain the existing public safety services of the City.

Options 3 – The Coburg City Council is considering the creation of a public safety support fee **between \$15 and \$20 per month** as a means to maintain the existing public safety services of the City.

Public Safety Support Fee

INFORMATIONAL FAQ



1 WHAT NEW FEE IS CITY COUNCIL CONSIDERING?

The City is considering a \$20 per month fee dedicated to supporting the existing public safety services currently provided by the City for the community of Coburg.

2 HOW DOES THIS FEE SUPPORT PUBLIC SAFETY IN COBURG?

The proposed dedicated fee would provide approximately \$200,000 of new revenue per year and would support approximately 20% of the total annual budget of the Coburg Police Department and Municipal Court, the City's two primary public safety services.

Coburg Rural Fire District serves Coburg and the surrounding areas with its own service district and dedicated property tax assessment and is not a part of the City of Coburg's budget.

3 WHEN WILL COUNCIL BE DECIDING ON THIS?

Council was presented a set of recommendations on revenue options at its December 9, 2025 meeting and will be presented with an ordinance creating the fee at its March 10, 2026 meeting. If approved, the fee amount will be set at the April 14, 2026 Council meeting with an effective date of July 1, 2026.

To submit formal comment for inclusion in the March 10, 2026 Council meeting packet, send comments to City Recorder, Sammy Egbert at Sammy.egbert@coburgoregon.gov

4 DON'T PROPERTY TAXES PAY FOR PUBLIC SAFETY?

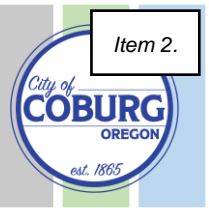
Yes, partially. The City of Coburg portion of property tax assessments (approx. 25% of the total property tax bill) provides just over \$1 million of revenue of the City's \$2 million annual General Fund. The General Fund includes Police, Municipal Court, Planning & Building, Parks and Administration/Finance. A summary of the General Fund is attached.

5 WHAT OTHER OPTIONS DID THE COUNCIL CONSIDER?

A Revenue Options Sub-committee studied a range of general fund revenue options including a Local Options Levy (five-year property tax assessment) and determined that the proposed service fee provides the minimum necessary revenue to maintain operations and serves as a bridge to potential longer-term solutions available at the completion of the City's Urban Renewal Agency

Public Safety Support Fee

INFORMATIONAL FAQ



6 HAS COUNCIL AND STAFF CONSIDERED OR IMPLEMENTED COST REDUCTIONS?

Yes, Coburg Police Department staffing levels were reduced last year by one patrol officer and one-half (.50) of a Police Evidence/Property Technician, which represented a significant reduction in overall staffing from 5.0 to 3.5 total staff. Chief Larson has also initiated a number of innovative regional efforts for enhanced collaboration and cost sharing (training, certification, purchasing, technology, etc) among six small city police agencies in Lane County.

7 WHY AREN'T THE COST REDUCTIONS ENOUGH?

Coburg, like many cities in the region and around the State, is experiencing what is often called a “structural deficit”. This means that revenues in the general fund (separate from the water fund, street fund and sewer fund) rise each year approximately three to five percent (3%-5%) while expenses increase by approximately ten to fifteen percent (10%-15%) each year, a five to ten percent (5%-10%) annual deficit that is unsustainable over the long-term without drastic reductions in the core services that the City provides to the community or new revenues to maintain existing service levels. Fund balance reserves have been used to make up the difference and have dropped below required thresholds.

8 WILL THIS FEE AMOUNT GO UP EVERY YEAR?

The fee will be reviewed each year in parallel with the development of the annual budget. The fee cannot be increased without a formal action of Council. Additional and alternative revenue streams for the general fund will continue to be a Council and staff priority in the coming year.

9 HOW DO I GET MORE INFORMATION ABOUT THIS PROPOSED FEE?

The City’s website www.coburgoregon.gov will have a page dedicated to this proposed fee, including the full set of recommendations of the Revenue Options Council Sub-Committee and the draft ordinance and resolution that will be presented for Council review, deliberation and decision.

Mayor Bell and the City Administrator will continue holding Town Hall format meetings for community members to attend, learn about the issues, ask questions and provide feedback. Dates and times will be posted at City Hall, Coburg Post Office, City website social media.



Resolution 2026-10 Setting the Public Safety Support Fee

Meeting Date	Staff Contact	Email
April 14, 2026	Adam Hanks, City Administrator	adam.hanks@coburgoregon.gov

SUMMARY AND REQUESTED COUNCIL ACTION

Ordinance A-258 establishes the legal authority and administrative requirements of a Public Safety Support Fee. Resolution 2026-10 provides the appropriate legal framework to set the fee amount for the Public Safety Support Fee.

Suggested Motion

I move to adopt Resolution 2026-10, a resolution setting the Public Safety Support Fee as presented.

OR

I move to adopt Resolution 2026-10, as resolution setting the Public Safety Support Fee at an amount of \$_____ per unit per month.

Remainder of Staff Report is identical content to the April 14, 2026 Ordinance A-258 Staff report

BACKGROUND

Consistent with discussions at the recently completed FY25 Budget Adoption process and the adopted Council Framework Objective of “Long-term (10 year) Revenue Needs Forecast), Council confirmed Mayor Bell’s intention to create a City Council Revenue Options Sub-Committee at the July 9, 2024 Council meeting. The approved scope of the sub-committee was to review all current and potential revenues associated with the City’s Utility Funds, the general fund and other miscellaneous revenues available for consideration. Councilors Engebretson and Smith were appointed to serve on the sub-committee, along with Mayor Bell.

The sub-committee reviewed revenues in three phases:

- 1) Utility Rates for Water, Sewer and Transportation/Streets (TUF) – *October through December*
- 2) General Fund related revenue options to support funding of Parks, Police, Planning, general government – *January through March*
- 3) Longer range revenue options – Local lodging tax, local diesel tax, local option levy, etc – *July through September*

The sub-committee held two meetings in October of 2024 to review the overall committee scope and process and developed recommendations to Council for the phase I utility revenue options.

Phase II revenue options review and recommendation were developed in January and February of 2025 and were completed at the sub-committee’s March 6, 2025 meeting with Council ultimately deciding to implement the Park and Open Space fee of \$5 as recommended but defer the recommended \$2 Tree Free increase to instead continue revenue efforts focused on the immediate concerns of the General Fund. (Tree Fee is a Street Fund revenue).

The sub-committee embarked on the Phase III work of long-range revenue options with two meetings in October of 2025, and a final meeting on November 20, 2025 with an objective of developing a final recommendation to present to Council at its December 9, 2025 Council meeting.

The final phase III recommendations of the sub-committee was presented and accepted by Council at the December 9, 2025 meeting. The full recommendations report is attached with the set of seven recommendations provided below:

1) Public Safety Support Fee

A monthly fee charged and collected via the City’s monthly utility billing process. The fee would be charged to all residents and businesses on a “per unit” basis. Other methodologies for application of this fee were discussed but require a legal nexus between the fee and the services supported by the fee with equity between potential customer classifications (residential, commercial, industrial, etc). The per unit fee is the same methodology utilized for both the Park & Open Space Fee and the Tree Fee.

This fee is included in the low-income assistance program so eligible households would receive a 25%, 35% or 45% discount on this fee based on qualifying income levels.

The fee would be dedicated to the following public safety programs, all of which reside within the General Fund:

- Police Department
- Municipal Court
- Code Enforcement

Option #1 - A \$20 per month fee that would generate approximately \$200,000 per year.

OR

Option #2 – A \$15 per month fee that would generate approximately \$150,000 per year.

Note: A Public Safety Operating Levy, an annual property tax assessment on all non-exempt properties in Coburg, was also considered but ultimately not selected.

This revenue option would need to be placed on the ballot for voter approval and revenue would not be received until the following tax year resulting in an expected one-to-two-year delay in revenue generation if approved by voters.

2) Audit of Existing Revenue Streams – While likely to generate far less revenue, conducting operational audits of the City’s existing general fund revenues would assure Council and the community that the already enacted revenue streams are being administered as adopted and intended. Revenue audits would include franchise agreements, business licenses, Park and Open Space Fee and other smaller fees, taxes and assessments that contribute to the overall general fund revenues.

3) Property Tax Revenue Analysis from termination of the Coburg Urban Renewal Agency in 2029
When the URA reaches its \$9 million total contribution to the wastewater debt service, the properties and related property tax revenues within the URA assessment boundary will return to the overall City assessment valuation resulting in an increase in property tax revenue to the General Fund.

This recommendation endorses the action identified in the FY26 Budget process to obtain Urban Renewal consultant services to develop post-URA property tax revenue estimates in addition to providing recommendations and direction on the termination of the URA. Funds within the URA budget have already been appropriated to carry out this recommendation.

4) Building Permit Fee Increase – Staff has already begun the background analysis to update Building Permit Fees (Structural, Electrical, Plumbing, Mechanical) that have not been reviewed or updated in over four years. The objective is to review and update building permit fees to ensure that permit fees cover the cost of providing the Building Review and Inspection program.

5) Land Use/Zoning Permit Fee Increase – Staff has presented an overview of this update process to Council and is reviewing the ordinances and resolutions that enacted the fees to ensure updates align with the methodology of the existing fee structure. The objective is to review and update land use development fees to ensure that fees cover the cost of providing the direct services to what is typically described as “current planning” (partitions, subdivisions, commercial development, etc).

6) Information Outreach – The sub-committee understands the impact of the creation and collection of new fees on both residents and businesses in Coburg, but also understands the responsibility of Council in ensuring financial stability of the municipal government and the services provided that the community relies on. Staff has developed a timeline between December of 2025 and March of 2026 for Council review and direction on the sub-committee’s recommendations as well as for providing information to the community of the final recommendations Council chooses to pursue and move forward. This Information Outreach

recommendation is to ensure that the community is informed of Council’s intentions and has an opportunity to comment.

7) Disband the Revenue Options Sub-Committee – With the completion of phase III recommendations, the sub-committee recommends that Mayor Bell disband the subcommittee with an understanding that a similar committee/task force could be re-established by Mayor Bell at a future date with a new set of Council appointments and an updated charge/scope and timeline.

RECOMMENDATION

Staff is supportive of the set of recommendations described in the final memo as a means to improve the financial position of the General Fund and enabling the continuation of critical public safety services including the Police Department, Municipal Court and Code Enforcement.

The current and prior City Administrator have both indicated in the Budget Messages of the past three annual budgets of the growing concern of the inability of the City’s revenues to meet the rise of expenses within the General Fund.

While revenue was the focus of the sub-committee, staff continues to explore opportunities to stem the escalating costs associated with providing these services and feel strongly that cost containment (as opposed to cost savings) is possible and will occur but not at the scale necessary to avoid the need for additional revenue sources.

BUDGET / FINANCIAL IMPACT

The memo outlines a number of significant expenses in the upcoming five years that are currently not funded by the existing revenue streams, the most significant being the “structural deficit” created by annual revenue growth of 3-5% and annual expenditure increases of 12-15%, which amounts to an over \$200,000 a year shortfall between revenue and expenses. Considerations for the need for new revenue sources include:

- Four-year trend of declining ending fund balance
- Future estimates of personnel cost escalation to provide the same levels of service with the general fund operating departments/programs (Municipal Court, Planning, Police, Parks, General Government)
- Debt Service credit rating reduction from A+ to A- (two level drop) due to low overall fund balance compared to operating revenues (7%)

RELEVANT COUNCIL GOAL, CITY POLICY OR COMPREHENSIVE PLAN

FY27 Council Framework - V. Our Financial Resources - #4 – Long Term (10 yr) Revenue Needs Forecast (full text of objective narrative from adopted Framework document below)

4) Long-term (10 yr) Revenue Needs Forecast

As noted in the prior year budget cycle, revenues across all funds will continue to strain to maintain current levels of service and may be limited in the amount of additional debt service each fund can take on to facilitate needed infrastructure projects. This is most acute in the general fund, as revenue streams do not keep pace with the rise in expenditures needed to maintain status quo operations for Police, Parks, Planning, Municipal Court and general government (Admin).

A long-term revenue needs forecast examines the diminishing ratio of revenue to expense in each fund and estimates when the fund goes “in the red” if no changes are made to either the revenue or expense trajectory of each fund. In parallel to this forecast, new revenue sources for each fund are identified and inserted into the long-term budget with multiple scenarios to provide Council with a sense of the scale of options available for the generation of new revenue and its impact on service levels and capital projects.

FY2027 Actions

- Continue work on general fund revenues analysis consistent with Council approved Revenue Options Sub-Committee Final Report
- Develop process and schedule outline for Council consideration of the enactment of a local diesel tax.

FY2027 Priority = 1

PUBLIC INVOLVEMENT

In addition to the significant discussion of the General Fund in the annual budget process with the Budget Committee and City Council, Mayor Bell has held three community conversations “Sip and Chats with Mayor Bell” with the general fund being a topic in each meeting. All Revenue Options sub-committee meetings are open public meetings that have been publicly noticed and several City Administration reports have referenced General Fund related financial updates, in addition to the monthly financial reports provided in each Council meeting packet.

An information “FAQ” document was developed with Council input in the January and February Council meetings and published on the City website with additional background/reference materials as well as sent out with utility bills and posted on the City’s social media channel (Facebook). An open house hosted by Mayor Bell and City Administrator will be held at 5:00 PM on March 10 in the Council Chambers prior to the initial public hearing and additional open house meetings with the Mayor, City Administrator, Police Chief and Municipal Court Administrator were

held on April 2, 2026 and April 9, 2026.

NEXT STEPS

- April 14, 2026 – Ordinance creating the Public Safety Support Fee – Second Reading
- April 14, 2026 – Resolution establishing the amount of the Public Safety Support Fee
- July 1, 2026 – Implementation of Fee on July utility billing statements.

ATTACHMENTS

1. Draft Resolution 2026-10 – A Resolution Setting the Public Safety Support Fee

RESOLUTION 2026-10

A RESOLUTION SETTING THE PUBLIC SAFETY SUPPORT FEE

WHEREAS, public safety services provided by the City of Coburg are a foundational element to the physical, mental, social and economic well-being of the community; and

WHEREAS, locally provided public safety services have consistently been highly valued by Coburg residents and businesses over many decades; and

WHEREAS, the City of Coburg provides public safety primarily through its Police Department and its Municipal Court; and,

WHEREAS, the City of Coburg financially supports public safety services through property taxes and other general revenues in the City's general fund; and

WHEREAS, the costs of maintaining the current level of public safety services continue to increase and exceed the rise in General Fund revenues;

WHEREAS, the Coburg City Council desires a source of funds dedicated to the continued operations, training and equipment needs of the City of Coburg Police Department and Municipal Court; and

WHEREAS, the Coburg City Council adopted Ordinance A-258 that establishes a Public Safety Support Fee, providing its purpose, intent, dedicated uses and administrative rules and procedures.

THE CITY OF COBURG RESOLVES AS FOLLOWS:

SECTION 1 - NATURE OF FEE. The Public Safety Support Fee is hereby designated as a utility service charge and not a tax, special assessment or systems development charge.

SECTION 2 – FEE AMOUNT. The Public Safety Support Fee is hereby set at twenty dollars \$20 per unit per month and shall be presented to Council for adjustment each fiscal year using the December consumer price index (CPI-U).

SECTION 3 – APPLICATION OF FEE. The fee shall apply to all properties within the Coburg City limits and administered consistent with Ordinance A-258 Section 6 and Section 8.

SECTION 4 - BILLING TITLE/DESCRIPTION. The Public Safety Support Fee shall appear monthly on City of Coburg utility bill and is referred to herein as the “Public Safety Support Fee”.

SECTION 5 – OTHER DEFINITIONS, TERMS POLICIES AND PROCEDURES. Unless otherwise set forth herein, the definitions, terms, policies, and procedures relating to the City's provision of utility and other services under this Resolution are those established by Ordinance A-258.

SECTION 6 – EFFECTIVE DATE. This resolution shall take effect immediately upon passage. Rates will be implemented as of July 1, 2026.

Adopted by the City Council of the City of Coburg, Oregon by vote of ___ for and ___ against this 14th day of April, 2026.

Nancy Bell, Mayor

ATTEST: _____
Sammy L. Egbert, City Recorder

DRAFT



Resolution 2026-09

Authorization of \$1 million additional water loan funds

Meeting Date	Staff Contact	Email
March 10, 2026	Adam Hanks, City Administrator Brian Harmon, Public Works Director	adam.hanks@coburgoregon.gov brian.harmon@coburgoregon.gov

SUMMARY AND REQUESTED COUNCIL ACTION

The City of Coburg executed a loan agreement in December of 2018 with Business Oregon, utilizing its Infrastructure Finance Authority to secure loan funds of \$4.75 million to complete a number of water system infrastructure improvements specified in the 2014 Coburg Water Master Plan. Many of the projects have been completed; however, construction costs have exceeded the estimates generated in 2018 resulting in the original loan amount falling short of funding the planned improvements.

To complete the most critical of the remaining projects (Stallings Lane Transmission Line), additional funding in the amount of \$1 million has been authorized by Business Oregon should Council approve and direct staff to complete the addendum documentation.

Suggested Motion

I move to approve Resolution 2026-09, authorizing a loan from the safe drinking water revolving loan fund by entering into a financing contract with the Oregon Infrastructure Finance Authority

BACKGROUND

Utilizing the 2016 Water Master Plan, the City obtained a \$5.6 million dollar Water Loan managed by Business Oregon in 2019 to make significant investments in the City’s municipal water system. \$780,000 of the loan is categorized as “forgivable” if certain conditions are met, which City staff anticipates occurring, leaving the outstanding loan amount of \$4.75 million.

A number of important projects have been completed, including the Coleman waterline replacement, the waterline extension to the east side of I-5 (included a bore under I-5), purchase of the Stallings Lane property, drilling/tapping of a well on Stallings and the currently on-going project of the construction of the wellhouse, pumping, treatment and control equipment. The final phase of the Stallings Lane Well project is the construction of a transmission line to deliver the new supply to the City’s existing water distribution system approximately 0.8 miles from the Stallings Lane well site.

Water Loan Details (existing)

- Executed in 2019
- Project priorities and initial cost estimates taken from 2026 Water Master Plan
- Water Fund revenues (rates) estimated based on population growth estimates that projected much higher growth than actually occurred leaving a smaller customer base than anticipated
- Two extensions have been applied for and granted to extend the loan expiration date to March of 2026
- Approximate remaining funds available for disbursement after Stallings Lane wellhouse, treatment, pumps/control equipment project completion total less than \$200,000.
- Debt service for the total loan amount begins in December of 2026 (FY27) with an estimated annual payment of \$180,000.
- A one-time accrued interest payment of approximately \$190,000 will be due in early FY27 in advance of the initial annual debt service payment.

As has been discussed in a number of Council meetings over the past several years, project costs have sharply increased, leading to the constriction on the number of projects accomplished with the water loan funds compared to the original estimate and plan. The sharp increases in project costs have not subsided and even appear to be more significant as the spend-down of the water loan funds near the finish line.

Water Loan Details (Proposed Addendum)

- Provides additional \$1 million in available loan funds
- Allows Stallings Transmission line project to move forward.
 - Project Engineering/Design is complete
 - Lane County Facilities Permits in final review
 - Ready to put project to bid by May 15, 2026 if funding is secured
- Extends construction completion date to allow transmission line project to be bid out, awarded, constructed, close-out (March 2027)
- Increases accrued interest approximately \$60,000 (for a total of approximately \$250,000)
- Extends accrued interest payment to early FY28 rather than existing early FY27
- Debt service for the increased total loan amount begins December of 2027 (FY28) with an estimate annual payment amount of \$220,000 (an increase of \$40,000/yr from original loan)

Stallings Lane Water Supply Project				
Description		Bid, Construction & Purchase Costs	Design/Eng & Other Costs	TOTAL
Pre-project	Stallings Lane Land Purchase	\$ 475,000	\$ -	\$ 475,000
Phase I	Well drilling/casing/capping	\$ 550,000	\$ 100,000	\$ 650,000

Phase II	Wellhouse/Treatment/Equipment	\$	1,500,000	\$	700,000	\$	2,200,000
Phase III	Transmission Line to System	\$	900,000	\$	100,000	\$	1,000,000
		\$	3,425,000	\$	900,000	\$	4,325,000

RECOMMENDATION

Staff recommends approval of the loan agreement providing an additional \$1 million in funding available to complete the water supply project and extending the construction completion date to ensure the project is completed within the agreement’s required timeframe.

It is important to note that future water supply projects will benefit from the investments made in this initial Stallings Well project as phases II and III have been designed, sized and equipped with the anticipation of a second well on the site as additional water supply is needed for Coburg water customers in the coming years. This results in significantly lower capital costs in bringing additional supply online in the future as much of the infrastructure necessary for that additional supply is addressed in these current phases, making it feasible to self-fund additional water supply project in the future should a future Council choose.

BUDGET / FINANCIAL IMPACT

As noted above, the primary financial impact over the long term is an increase in annual debt service of approximately \$40,000 per year over the term of the debt (30 years). There is also a one time increase in the accrued interest payment attributable to the additional funds of between \$40-\$60,000

PUBLIC INVOLVEMENT

The majority of the public involvement associated with identifying the water project list, acquiring funding and completing projects over the term of the loan (2018 – current) was completed in the early stages of the project term. The most recent public meeting relating to the water loan and water projects was associated with the bid award for the Stallings Lane Wellhouse project, which was presented to and awarded by Council in its meeting of May 13, 2025.

NEXT STEPS

Upon Council approval, staff will coordinate contract execution with Business Oregon and Mayor Bell to execute the required agreements and supporting documentation. After assurances that funding is formally secured, staff will coordinate with Branch Engineering to put the Stallings Transmission line project to bid with a bid award decision likely to be presented to Council at its July 14, 2026 Council meeting.

ATTACHMENTS

1. Draft Resolution 2026-09 – Loan Agreement Approval
2. Water Loan Amendment 3 (Exhibit A)
3. S19007 Safe Drinking Water Loan – Original executed December 20, 2018
4. May 13, 2025 Council Staff Report – Stallings Lane Wellhouse Project Bid Award

RESOLUTION 2026-09

A RESOLUTION AUTHORIZING A LOAN FROM THE SAFE DRINKING WATER REVOLVING LOAN FUND BY ENTERING INTO A FINANCING CONTRACT WITH THE OREGON INFRASTRUCTURE FINANCE AUTHORITY

WHEREAS the City Council (“Governing Body”) of the City of Coburg (“Recipient”) finds:

- A. The Recipient is a community or nonprofit non-community water system as defined in Oregon Administrative Rule 123-049-0010.
- B. The Safe Drinking Water Act Amendments of 1996, Pub. L. 104-182, as amended (the “Act”), authorize any community or nonprofit non-community water system to file an application with the Oregon Infrastructure Finance Authority of the Business Development Department (“OBDD”) to obtain financial assistance from the Safe Drinking Water Revolving Loan Fund.
- C. The Recipient previously entered into Financing Contract with the OBDD for the project described in Exhibit C to the Financing Contract (the “Project”), project number S19007, in the principal loan amount of \$4,750,000, and a forgivable loan of \$780,000, effective 27 December 2018.
- D. The OBDD has approved the Recipient’s application for additional financial assistance from the Safe Drinking Water Revolving Loan Fund.
- E. The Recipient is required, as a prerequisite to the receipt of additional financial assistance from the OBDD, to enter into Amendment 03 to the Financing Contract with the OBDD, substantially in the form attached hereto as Exhibit A.
- F. Notice relating to the Recipient’s consideration of the adoption of this Resolution was published in full accordance with the Recipient’s charter and laws for public notification.

THE CITY OF COBURG RESOLVES AS FOLLOWS:

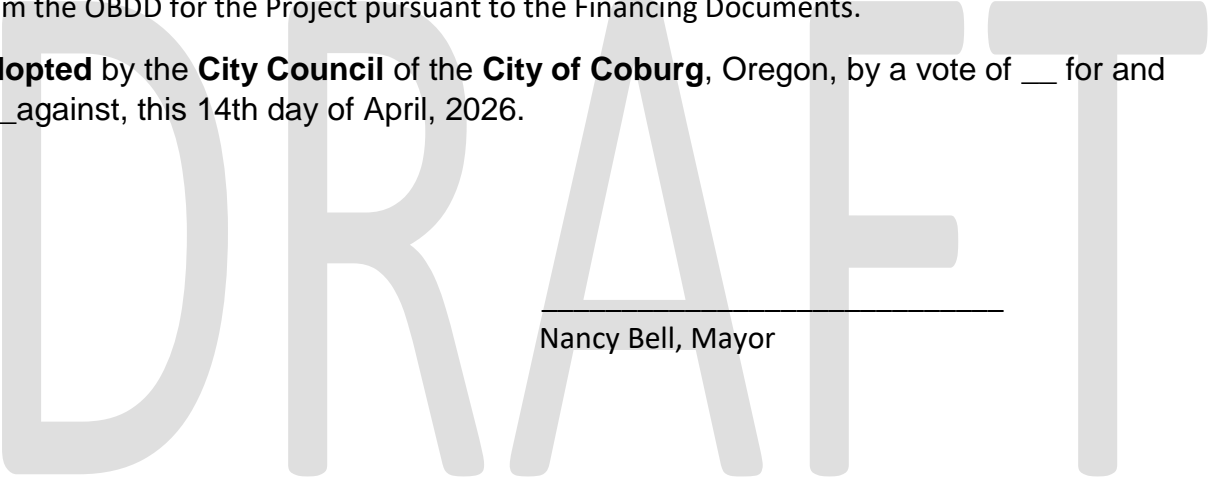
1. Financing Loan Authorized. The Governing Body authorizes the Mayor to execute the Financing Contract and such other documents as may be required to obtain additional financial assistance, including additional loan from the OBDD on the condition that the principal amount of the loan from the OBDD to the Recipient is not more than \$5,750,000 and a forgivable loan of \$780,000 if contract conditions are met) and the interest rate is not more than 1.0%. The proceeds of the loan from the OBDD must be applied solely to the “Costs of the Project” as such term is defined in the Financing Contract.

2. Sources of Repayment. Amounts payable by the Recipient are payable from the sources described in Section 4 of the Financing Contract and the Oregon Revised Statutes Section 285A.213(5), which include:

- (a) Revenue from Recipient’s water system, including special assessment revenue;
- (b) Amounts withheld under subsection 285A.213(6);
- (c) The general fund of the Recipient;
- (d) Any combination of sources listed in paragraphs (a) to (c) of this subsection; or
- (e) Any other source.

3. Additional Documents. The Mayor is hereby authorized to enter into any agreements and to execute any documents or certificates which may be required to obtain financial assistance from the OBDD for the Project pursuant to the Financing Documents.

Adopted by the **City Council** of the **City of Coburg**, Oregon, by a vote of ___ for and ___ against, this 14th day of April, 2026.



Nancy Bell, Mayor

ATTEST: _____
Sammy L. Egbert, City Recorder

SAFE DRINKING WATER REVOLVING LOAN FUND
FINANCING CONTRACT

Amendment Number 03

Project Name: Water System Improvements

Project Number: S19007

This amendment is made and entered into by and between the State of Oregon, acting by and through the Oregon Infrastructure Finance Authority of the Oregon Business Development Department (“OBDD”), and City of Coburg (“Recipient”), and amends the Financing Contract between Recipient and OBDD, Project Number S19007, dated 27 December 2018, (as amended, “Contract”) for the above-named Project. Capitalized terms not defined in this amendment have the meanings assigned to them by the Contract.

Recital: The purpose of this amendment is to extend the Project Completion Deadline, increase the Loan Amount, amend the Project Description and Project Budget.

The parties agree as follows:

1. Amend the second paragraph of the Preamble of the Contract as follows (deletion in ~~striketrough~~; addition in double underline):

This Contract includes the following, listed in descending order of precedence for purposes of resolving any conflict between two or more of the parts:

This Contract less any Exhibits
Exhibit A General Definitions
Exhibit B Security
Exhibit C Project Description
Exhibit D Project Budget
Exhibit F Certification Regarding Lobbying

~~The information in Exhibit E is required by 2 CFR § 200.332(b)(1) and is attached to this Contract for informational purposes only.~~

2. Amend Section 1 – Key Terms of the Contract as follows (deletion in ~~striketrough~~; addition in double underline):

“Estimated Project Cost” means ~~\$6,530,000~~ \$7,730,000.

“Forgivable Loan Amount” means \$780,000.

“Section 2A. Loan Amount” means ~~\$4,750,000~~ \$5,750,000.

“Interest Rate” means 1.00% per annum.

“Maturity Date” means the 29th anniversary of the Repayment Commencement Date.

“Payment Date” means December 1.

“Project Closeout Deadline” means 90 days after the earlier of the Project Completion Date or the Project Completion Deadline.

“Project Completion Deadline” means ~~31 March 2026~~ 31 March 2027.

“Repayment Commencement Date” means the first Payment Date to occur after the Project Closeout Deadline.

2. Delete Exhibit C – Project Description of the Contract in its entirety and replace it as follows:

Recipient will complete the water system improvements outlined in the “City of Coburg Water Master Plan Update, dated 2016, prepared by “4B Engineering and Consulting”. Required improvements include drilling and development of an additional well (Stallings well #3); construction of a pump station at the new well; installation of a transmission line that will connect the additional well and pump station from the Stallings Lane property to the Recipient’s existing water distribution system approximately .8 miles from the Stalling Lane property; installation of a transmission line connecting the areas on the east and west side of I-5; and installation / replacement of water distribution lines.

Project Condition: No later than the Project Completion Deadline, Recipient must execute an MOU or similar document whereby the Coburg Fire District agrees to record and report on the volume of water it uses so that the Public Works Department is able to track the Fire Districts usage against overall usage and calculate system-wide leakage. Recipient must provide a copy to the Oregon Health Authority – Drinking Water Services program. The Oregon Health Authority confirmed receipt of the above-described reports on November 7, 2025.

3. Delete Exhibit D – Project Budget of the Contract in its entirety and replace it as follows:

EXHIBIT D - PROJECT BUDGET

	OBDD Funds	Other / Matching Funds
Activity	Approved Budget	Approved Budget
Planning	\$0	\$120,000
Design / Engineering	\$1,500,000	\$500,000
Construction	\$4,156,064	\$200,000
Construction Contingency	\$320,000	\$80,000
Labor Standards	\$15,000	\$0
Project Management	\$15,000	\$0
Land Acquisition	\$523,936	\$100,000
Administration, Legal, Survey	\$0	\$200,000
Total	\$6,530,000	\$1,200,000

3. Delete Exhibit E – Information Required by 2 CFR § 200.332(b)(1) in its entirety from the Contract. It will not be replaced.

OBDD will have no obligation under this amendment, unless within 60 days after receipt, Recipient delivers to OBDD the following items, each in form and substance satisfactory to OBDD and its Counsel:

- (i) this amendment duly executed by an authorized officer of Recipient; and
- (ii) such other certificates, documents, opinions and information as OBDD may reasonably require.

Except as specifically provided above, this amendment does not modify the Contract, and the Contract shall remain in full force and effect during the term thereof. This amendment is effective on the date it is fully executed and approved as required by applicable law.



STATE OF OREGON

CITY OF COBURG

acting by and through its
Oregon Infrastructure Finance Authority of the
Oregon Business Development Department

By: _____
Chris Cummings, Deputy Director

By: _____
The Honorable Nancy Bell, Mayor

Date: _____

Date: _____

APPROVED AS TO LEGAL SUFFICIENCY IN ACCORDANCE WITH ORS 291.047:

/s/ David Berryman as per email dated 17 March 2026
David Berryman, Assistant Attorney General

SAFE DRINKING WATER REVOLVING LOAN FUND
FINANCING CONTRACT

Project Name: Water System Improvements

Project Number: S19007

This financing contract (“Contract”), dated as of the date the Contract is fully executed, is made by the State of Oregon, acting by and through its Oregon Infrastructure Finance Authority of the Business Development Department (“OBDD”), and the City of Coburg (“Recipient”) for financing of the project referred to above and described in Exhibit C (“Project”). This Contract becomes effective only when fully signed and approved as required by applicable law. Capitalized terms not defined in section 1 and elsewhere in the body of the Contract have the meanings assigned to them by Exhibit A.

This Contract includes the following exhibits, listed in descending order of precedence for purposes of resolving any conflict between two or more of the parts:

Exhibit A	General Definitions
Exhibit B	Security
Exhibit C	Project Description
Exhibit D	Project Budget
Exhibit E	Information Required by 2 CFR § 200.331(a)(1)
Exhibit F	Certification Regarding Lobbying

SECTION 1 - KEY TERMS

The following capitalized terms have the meanings assigned below.

“Estimated Project Cost” means \$6,530,000.

“Forgivable Loan Amount” means \$780,000.

“Section 2A. Loan Amount” means \$4,750,000.

“Interest Rate” means 1.00% per annum.

“Maturity Date” means the 29th anniversary of the Repayment Commencement Date.

“Payment Date” means December 1.

“Project Closeout Deadline” means 90 days after the earlier of the Project Completion Date or the Project Completion Deadline.

“Project Completion Deadline” means 36 months after the date of this Contract.

“Repayment Commencement Date” means the first Payment Date to occur after the Project Closeout Deadline.

SECTION 2 - FINANCIAL ASSISTANCE

The OBDD shall provide Recipient, and Recipient shall accept from OBDD, financing for the Project specified below:

- A. A non-revolving loan in an aggregate principal amount not to exceed the Section 2.A. Loan Amount.
- B. A non-revolving loan in an aggregate principal amount not to exceed the Forgivable Loan Amount.

“Loan” means, collectively and individually without distinction, as the context requires, the loans described in this section 2.

Notwithstanding the above, the aggregate total of Financing Proceeds disbursed under this Contract shall not exceed the Costs of the Project.

SECTION 3 - DISBURSEMENTS

- A. Reimbursement Basis. The Financing Proceeds shall be disbursed to Recipient on an expense reimbursement or costs-incurred basis. The Recipient must submit each disbursement request for the Financing Proceeds on an OBDD-provided or OBDD-approved disbursement request form (“Disbursement Request”).
- B. Financing Availability. The OBDD’s obligation to make, and Recipient’s right to request, disbursements under this Contract terminates on the Project Closeout Deadline.
- C. Payment to Contractors. The OBDD, in its sole discretion, may make direct payment to suppliers, contractors and subcontractors and others for sums due them in connection with construction of the Project, instead of reimbursing Recipient for those sums.
- D. Order of Disbursement. The OBDD shall allocate any disbursement equally between the Section 2.A. Loan and the Forgivable Loan. Notwithstanding the preceding sentence, those portions of the Forgivable Loan indicated in the budget line-items for Labor Standards Compliance and Project Management remain dedicated to those specific line-item activities and not affected by any equal division allocation.

SECTION 4 - LOAN PAYMENT; PREPAYMENT; FORGIVENESS

- A. Promise to Pay. The Recipient shall repay the Loan and all amounts due under this Contract in accordance with its terms. Payments required under this Contract are, without limitation, payable from the sources of repayment described in the Act and this Contract, including but not limited to Exhibit B, and the obligation of Recipient to make all payments is absolute and unconditional. Payments will not be abated, rebated, set-off, reduced, abrogated, terminated, waived, postponed or otherwise modified in any manner whatsoever. Payments cannot remain unpaid, regardless of any contingency, act of God, event or cause whatsoever, including (without limitation) any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, the taking by eminent domain or destruction of or damage to the Project, commercial frustration of purpose, any change in the laws, rules or regulations of the United States of America or of the State of Oregon or any political subdivision or governmental authority, nor any failure of OBDD to perform any agreement, whether express or implied, or any duty, liability, or obligation arising out of or connected with the Project or this Contract, or any rights of set off, recoupment, abatement or counterclaim that Recipient might otherwise have against OBDD or any other party or parties; provided further, that payments hereunder will not constitute a waiver of any such rights.
- B. Interest. Interest accrues at the Interest Rate on each disbursement from the date of disbursement until the Loan is fully paid. All unpaid interest accrued to the Repayment Commencement Date is (in addition to the first regular installment payment due) payable on the Repayment Commencement Date. Interest is computed by counting the actual days occurring in a 360-day year.

The Recipient authorizes OBDD to calculate accrued interest as necessary under this Contract, including for purposes of determining a loan amortization schedule or determining the amount of a loan prepayment or loan payoff. Absent manifest error, such calculations will be conclusive.

- C. Loan Payments. Starting on the Repayment Commencement Date and then on each succeeding Payment Date, Recipient shall make level installment payments of principal and interest, each payment sufficient to pay the interest accrued to the date of payment and so much of the principal as will fully amortize the Loan by the Maturity Date, on which date the entire outstanding balance of the Loan is due and payable in full.
- D. Loan Prepayments.
- (1) Mandatory Prepayment. The Recipient shall prepay all or part of the outstanding balance of the Loan as required by this Contract.
 - (2) Optional Prepayment. The Recipient may prepay all or part of the outstanding balance of the Loan on any day except a Saturday, Sunday, legal holiday or day that banking institutions in Salem, Oregon are closed.
- E. Application of Payments. Regardless of any designation by Recipient, payments and prepayments by Recipient under this Contract or any of the Financing Documents will be applied first to any expenses of OBDD, including but not limited to attorneys' fees, then to unpaid accrued interest (in the case of prepayment, on the amount prepaid), then to the principal of the Loan. In the case of a Loan prepayment that does not prepay all the principal of the Loan, OBDD will determine, in its sole discretion, the method for how the Loan prepayment will be applied to the outstanding principal payments. A scheduled payment received before the scheduled repayment date will be applied to interest and principal on the scheduled repayment date, rather than on the day such payment is received.
- F. Forgiveness. Subject to satisfaction by Recipient of any special conditions in Exhibit C, if Recipient completes the Project by the Project Completion Deadline in accordance with the terms of this Contract, and provided that no Event of Default has occurred, OBDD shall, 90 days after the Project Completion Date, forgive repayment of the Forgivable Loan Amount and any interest accrued thereon and cancel the Forgivable Loan. The Forgivable Loan Amount and any interest forgiven remain subject to the requirements of OAR 123-049-0050, which survive payment of the Loan.

Notwithstanding the preceding paragraph, if, at the Project Completion Date, the average monthly residential water rates for the water supplied by the System are not at or above the affordability rate of \$53.54 per 7,500 gallons, then \$500,000 of the amount due under the Forgivable Loan will not be forgiven. Further, the Section 2.A. Loan and the Forgivable Loan will, at OBDD's discretion and after notice to Recipient, be modified as follows:

- (1) Interest accrues from the Project Completion Date at the rate of 2.99% per annum.
- (2) The annual payments will be adjusted to an amount to fully amortize the then outstanding balance of each Loan by the 19th anniversary of the Repayment Commencement Date, on which date any amounts outstanding under each Loan will be due and payable in full.

The above-described modification will be effective without the necessity of executing any further documents. However, at OBDD's request, Recipient shall execute and deliver to OBDD such additional agreements, instruments and documents as OBDD deems necessary to reflect such modification, including but not limited to an amendment to the Contract.

SECTION 5 - CONDITIONS PRECEDENT

- A. Conditions Precedent to OBDD's Obligations. The OBDD's obligations are subject to the receipt of the following items, in form and substance satisfactory to OBDD and its Counsel:
- (1) This Contract duly signed by an authorized officer of Recipient.
 - (2) A copy of the ordinance, order or resolution of the governing body of Recipient authorizing the borrowing and the contemplated transactions and the execution and delivery of this Contract and the other Financing Documents.
 - (3) An opinion of Recipient's Counsel.
 - (4) Such other certificates, documents, opinions and information as OBDD may reasonably require.
- B. Conditions to Disbursements. As to any disbursement, OBDD has no obligation to disburse funds unless all following conditions are met:
- (1) There is no Default or Event of Default.
 - (2) The representations and warranties made in this Contract are true and correct on the date of disbursement as if made on such date.
 - (3) The OBDD, in the reasonable exercise of its administrative discretion, has sufficient moneys in the Fund for use in the Project and has sufficient funding, appropriations, limitations, allotments and other expenditure authority to make the disbursement.
 - (4) Recipient delivers to OBDD an estimated schedule for Disbursement Requests for Project design, covering anticipated number, submission dates, and amounts. Prior to beginning construction, Recipient must also deliver to OBDD an estimated schedule for Disbursement Requests for construction, covering anticipated number, submission dates, and amounts.
 - (5) The OBDD (a) has received a completed Disbursement Request, (b) has received any written evidence of materials and labor furnished to or work performed upon the Project, itemized receipts or invoices for payment, and releases, satisfactions or other signed statements or forms as OBDD may require, (c) is satisfied that all items listed in the Disbursement Request are reasonable and that the costs for labor and materials were incurred and are properly included in the Costs of the Project, and (d) has determined that the disbursement is only for costs defined as eligible costs under the Act and any implementing administrative rules and policies.
 - (6) The Recipient has delivered documentation satisfactory to OBDD that, in addition to the Financing Proceeds, Recipient has available or has obtained binding commitments for all funds necessary to complete the Project.
 - (7) Any conditions to disbursement elsewhere in this Contract or in the other Financing Documents are met.

SECTION 6 - USE OF FINANCIAL ASSISTANCE

- A. Use of Proceeds. The Recipient shall use the Financing Proceeds only for the activities described in Exhibit C and according to the budget in Exhibit D. The Recipient may not transfer Financing Proceeds among line items in the budget without the prior written consent of OBDD.
- B. Costs of the Project. The Recipient shall apply the Financing Proceeds to the Costs of the Project in accordance with the Act and Oregon law, as applicable. Financing Proceeds cannot be used for costs in excess of one hundred percent (100%) of the total Costs of the Project and cannot be used for pre-Award Costs of the Project, unless permitted by Exhibit C.
- C. Costs Paid for by Others. The Recipient may not use any of the Financing Proceeds to cover costs to be paid for by other financing for the Project, whether from OBDD or from another State of Oregon agency or any third party.

SECTION 7 - REPRESENTATIONS AND WARRANTIES OF RECIPIENT

The Recipient represents and warrants to OBDD:

- A. Estimated Project Cost, Funds for Repayment. A reasonable estimate of the Costs of the Project is shown in section 1, and the Project is fully funded. The Recipient will have adequate funds available to repay the Loan, and the Maturity Date does not exceed the usable life of the Project.
- B. Organization and Authority.
- (1) The Recipient (a) is a Municipality under the Act, and validly organized and existing under the laws of the State of Oregon, and (b) owns a community water system, as defined in the Act and OAR 123-049-0010.
 - (2) The Recipient has all necessary right, power and authority under its organizational documents and under Oregon law to (a) execute and deliver this Contract and the other Financing Documents, (b) incur and perform its obligations under this Contract and the other Financing Documents, and (c) borrow and receive financing for the Project.
 - (3) This Contract and the other Financing Documents executed and delivered by Recipient have been authorized by an ordinance, order or resolution of Recipient's governing body, and voter approval, if necessary, that was adopted in accordance with applicable law and requirements for filing public notices and holding public meetings.
 - (4) This Contract and the other Financing Documents have been duly executed by Recipient, and when executed by OBDD, are legal, valid and binding, and enforceable in accordance with their terms.
- C. Full Disclosure. The Recipient has disclosed in writing to OBDD all facts that materially adversely affect the Project, or the ability of Recipient to make all payments and perform all obligations required by this Contract and the other Financing Documents. The Recipient has made no false statements of fact, nor has it omitted information necessary to prevent any statements from being misleading. The information contained in this Contract and the other Financing Documents is true and accurate in all respects.
- D. Pending Litigation. The Recipient has disclosed in writing to OBDD all proceedings pending (or to the knowledge of Recipient, threatened) against or affecting Recipient, in any court or before any governmental authority or arbitration board or tribunal, that, if adversely determined, would materially adversely affect the Project or the ability of Recipient to make all payments and perform all obligations required by this Contract and the other Financing Documents.

E. No Defaults.

- (1) No Defaults or Events of Default exist or occur upon authorization, execution or delivery of this Contract or any of the Financing Documents.
- (2) The Recipient has not violated, and has not received notice of any claimed violation of, any agreement or instrument to which it is a party or by which the Project or its property may be bound, that would materially adversely affect the Project or the ability of Recipient to make all payments and perform all obligations required by this Contract and the other Financing Documents.

F. Compliance with Existing Agreements and Applicable Law. The authorization and execution of, and the performance of all obligations required by, this Contract and the other Financing Documents will not: (i) cause a breach of any agreement, indenture, mortgage, deed of trust, or other instrument, to which Recipient is a party or by which the Project or any of its property or assets may be bound; (ii) cause the creation or imposition of any third party lien, charge or encumbrance upon any property or asset of Recipient; (iii) violate any provision of the charter or other document pursuant to which Recipient was organized or established; or (iv) violate any laws, regulations, ordinances, resolutions, or court orders related to Recipient, the Project or its properties or operations.

G. Governmental Consent. The Recipient has obtained or will obtain all permits and approvals, and has made or will make all notifications, declarations, filings or registrations, required for the making and performance of its obligations under this Contract and the other Financing Documents, for the financing or refinancing and undertaking and completion of the Project.

SECTION 8 - COVENANTS OF RECIPIENT

The Recipient covenants as follows:

- A. Notice of Adverse Change. The Recipient shall promptly notify OBDD of any adverse change in the activities, prospects or condition (financial or otherwise) of Recipient or the Project related to the ability of Recipient to make all payments and perform all obligations required by this Contract or the other Financing Documents.
- B. Compliance with Laws. The Recipient shall comply with all applicable laws, rules, regulations and orders of any court or governmental authority that relate to this Contract or the other Financing Documents, the Project and the operation of the System of which the Project is a component. In particular, but without limitation, Recipient shall comply with the following, as applicable:
 - (1) State procurement regulations found in the Oregon Public Contracting Code, ORS chapters 279A, 279B and 279C, as well as the Federal Micro-purpose threshold requirement of 2 CFR part 200, subpart D, allows Recipient to procure non-construction goods and services up to \$3,000 without conducting competition.
 - (2) State labor standards and wage rates found in ORS chapter 279C, and federal prevailing wage provisions in accordance with the federal Davis-Bacon Act, as amended, 40 U.S.C. §§ 3141 to 3144, 3146 and 3147 (2002).
 - (3) The Recipient is required to place a sign at construction sites supported under this Loan displaying the U.S. Environmental Protection Agency (“EPA”) logo in a manner that informs the public that the Project is funded in part or wholly by the EPA. The sign must be placed in a visible location that can be directly linked to the work taking place and must be maintained in good condition throughout the construction period. Recipient is required to comply with EPA signage requirements at:

http://www2.epa.gov/sites/production/files/2015-01/documents/signage_required_tc.pdf

- (4) SAFE DRINKING WATER IN OREGON: Program Guidelines & Applicant’s Handbook for the Federally Funded Safe Drinking Water Revolving Fund & Drinking Water Protection Loan Fund (August 2018), as amended from time to time (“Safe Drinking Water Handbook”), available at <https://www.orinfrastructure.org/assets/docs/IFA/SDWhandbook.pdf>.
- (5) Federal Crossing-Cutting Authorities. All federal laws, executive orders and government-wide policies that apply by their terms to projects and activities receiving federal financial assistance, regardless of whether the Act makes them applicable (“Cross-Cutting Authorities”). The Safe Drinking Water Handbook contains a link to a list of the Cross-Cutting Authorities.
- (6) Lobbying. The Recipient acknowledges and agrees that the Costs of the Project will not include any Lobbying costs or expenses incurred by Recipient or any person on behalf of Recipient, and that Recipient will comply with federal restrictions on lobbying at 40 C.F.R. Part 34 and will not request payment or reimbursement for Lobbying costs and expenses. “Lobbying” means influencing or attempting to influence a member, officer or employee of a governmental agency or legislature in connection with the awarding of a government contract, the making of a government grant or loan or the entering into of a cooperative agreement with such governmental entity or the extension, continuation, renewal, amendment or modification of any of the above. The Recipient shall submit to OBDD a Certification Regarding Lobbying, the form of which is attached as Exhibit F, and any applicable quarterly disclosure statement of covered lobbying activity. The Recipient will cause any entity, firm or person receiving a contract or subcontract utilizing Loan proceeds in excess of \$100,000 to complete the same certification and any applicable disclosure statement, and submit them to Recipient. The Recipient shall retain such certifications and make them available for inspection and audit by OBDD, the federal government or their representatives. The Recipient shall forward any disclosure statements to OBDD.
- (7) Federal Audit Requirements. The Loan is federal financial assistance, and the Catalog of Federal Domestic Assistance (“CFDA”) number and title is “66.468, Capitalization Grants for Drinking Water State Revolving Funds.” Recipient is a sub-recipient.
- (a) If Recipient receives federal funds in excess of \$750,000 in the Recipient’s fiscal year, it is subject to audit conducted in accordance with the provisions of 2 CFR part 200, subpart F. Recipient, if subject to this requirement, shall at its own expense submit to OBDD a copy of, or electronic link to, its annual audit subject to this requirement covering the funds expended under this Contract and shall submit or cause to be submitted to OBDD the annual audit of any subrecipient(s), contractor(s), or subcontractor(s) of Recipient responsible for the financial management of funds received under this Contract.
- (b) Audit costs for audits not required in accordance with 2 CFR part 200, subpart F are unallowable. If Recipient did not expend \$750,000 or more in Federal funds in its fiscal year, but contracted with a certified public accountant to perform an audit, costs for performance of that audit shall not be charged to the funds received under this Contract.
- (c) Recipient shall save, protect and hold harmless OBDD from the cost of any audits or special investigations performed by the Federal awarding agency or any federal agency with respect to the funds expended under this Contract. Recipient acknowledges and agrees that any audit costs incurred by Recipient as a result of allegations of fraud, waste or abuse are ineligible for reimbursement under this or any other agreement between Recipient and the State of Oregon.
- (8) Disadvantaged Business Enterprises. The Recipient will implement the good faith efforts for solicitation and contracting with Disadvantaged Business Enterprises (“DBE”) described in the Safe Drinking Water Handbook. This applies to all solicitation and contracting for construction, equipment, supplies, engineering or other services that constitute the Project financed by this

Contract. The Recipient will maintain documentation in a Project file and submit the required forms, as described in the Safe Drinking Water Handbook. The Recipient will ensure that all prime contractors implement the good faith efforts for solicitation and contracting, and comply with all DBE procurement forms, statements, and reporting requirements. The Recipient agrees to apply the current regional fair share objectives.

The Recipient will ensure that each procurement contract includes the following term and condition:

“The contractor shall not discriminate on the basis of race, color, national origin or sex in the performance of this contract. The contractor shall carry out applicable requirements of 40 CFR part 33 in the award and administration of contracts awarded under EPA financial assistance agreements. Failure by the contractor to carry out these requirements is a material breach of this contract which may result in the termination of this contract or other legally available remedies.”

- (9) Property Standards. Recipient shall comply with 2 CFR 200.313 which generally describes the required maintenance, documentation, and allowed disposition of equipment purchased with federal funds.
- (10) Contract Provisions. The contract provisions listed in 2 CFR Part 200, Appendix II are obligations of Recipient, as applicable, and must be included, as applicable, by Recipient in its contracts related to the Project.
- (11) Iron and Steel Products. Pursuant to the 2016 Consolidated Appropriations Act (P.L. 114-113), none of the Financing Proceeds may be used for any part of the Project unless all of the iron and steel products used in the project are produced in the United States. “Iron and steel products” means the following products made primarily of iron or steel: lined or unlined pipes and fittings, manhole covers and other municipal castings, hydrants, tanks, flanges, pipe clamps and restraints, valves, structural steel, reinforced precast concrete, and construction materials.
- (12) Incorporation by Reference. The above state and federal laws, rules, regulations and orders are incorporated by reference in this Contract to the extent required by law.

C. Project Completion Obligations. The Recipient shall:

- (1) When procuring professional consulting services, provide OBDD with copies of all solicitations at least 10 days before advertising, and all contracts at least 10 days before signing.
- (2) Provide OBDD with copies of all plans and specifications relating to the Project, and a timeline for the construction bidding / award process, at least ten (10) days before advertising for bids.
- (3) Provide a copy of the bid tabulation, notice of award, and contract to OBDD within ten (10) days after selecting a construction contractor.
- (4) Complete an environmental review in accordance with the state environmental review process and in compliance with state and federal environmental laws prior to any construction work on the Project.
- (5) Permit OBDD to inspect the Project at any time.
- (6) Complete the Project using its own fiscal resources or money from other sources to pay for any Costs of the Project in excess of the total amount of financial assistance provided pursuant to this Contract.
- (7) Complete the Project no later than the Project Completion Deadline, unless otherwise permitted by OBDD in writing.

- (8) No later than the Project Closeout Deadline, provide OBDD with a final project completion report on a form provided by OBDD, including Recipient's certification that the Project is complete, all payments are made, and no further disbursements are needed; provided however, for the purposes of this Contract, OBDD will be the final judge of the Project's completion.
- (9) Obtain and maintain as-built drawings for all facilities constructed as part of the Project.
- (10) Meters. Prior to final disbursement of the Loan, Recipient shall,
- (i) In the case of construction projects, install necessary source meters and service meters on all connections throughout the System.
 - (ii) In the case of planning, preliminary engineering and final design and specification projects, adopt a plan for the installation of necessary source meters and service meters on all connections throughout the System.

- D. Ownership of Project. During the term of the Loan, the Project is and will continue to be owned by Recipient. The Project will be operated by Recipient or by a person under a management contract or operating agreement with Recipient. Any such management contract or operating agreement will be structured as a "qualified management contract" as described in IRS Revenue Procedure 97-13, as amended or supplemented.
- E. Operation and Maintenance of the Project. The Recipient shall operate and maintain the Project in good repair and operating condition so as to preserve the long term public benefits of the Project, including making all necessary and proper repairs, replacements, additions, and improvements during term of the Loan. On or before the Project Closeout Deadline, Recipient shall adopt a plan acceptable to OBDD for the on-going operation and maintenance of the Project without reliance on OBDD financing and furnish OBDD, at its request, with evidence of such adoption. The plan must include measures for generating revenues sufficient to assure the operation and maintenance of the Project during the usable life of the Project.
- F. Insurance, Damage. The Recipient shall maintain, or cause to be maintained, insurance policies with responsible insurers or self insurance programs, insuring against liability and risk of direct physical loss, damage or destruction of the Project, at least to the extent that similar insurance is customarily carried by governmental units constructing, operating and maintaining similar facilities. Nothing in this provision precludes Recipient from asserting a defense against any party other than OBDD, including a defense of immunity. If the Project or any portion is destroyed, any insurance proceeds will be paid to OBDD and applied to prepay the outstanding balance on the Loan in accordance with section 4.D.(1), unless OBDD agrees in writing that the insurance proceeds may be used to rebuild the Project.
- G. Sales, Leases and Encumbrances. Except as specifically described in Exhibit C, Recipient shall not sell, lease, exchange, abandon, transfer or otherwise dispose of any substantial portion of or interest in the Project or any system that provides revenues for payment or is security for the Loan, unless worn out, obsolete, or, in the reasonable business judgment of Recipient, no longer useful in the operation of the Project. Nevertheless, OBDD may consent to such disposition if it has received 90 days' prior written notice from Recipient. Such consent may require assumption by transferee of all of Recipient's obligations under the Financing Documents and payment of OBDD's costs related to such assumption, and receipt by OBDD of an opinion of Bond Counsel to the effect that such disposition complies with applicable law and will not adversely affect the exclusion of interest on any Lottery Bonds from gross income for purposes of federal income taxation under Section 103(a) of the Code. The term "Bond Counsel" means a law firm determined by OBDD to have knowledge and expertise in the field of municipal law and whose opinions are generally accepted by purchasers of municipal bonds. In the case of sale, exchange, transfer or other similar disposition, Recipient shall,

within 30 days of receipt of any proceeds from such disposition, prepay the entire outstanding balance on the Loan in accordance with section 4.D.(1) unless OBDD agrees otherwise in writing. If Recipient abandons the Project, Recipient shall prepay the entire outstanding balance of the Loan immediately upon demand by OBDD.

- H. Condemnation Proceeds. If the Project or any portion is condemned, any condemnation proceeds will be paid to OBDD and applied to prepay the outstanding balance of the Loan in accordance with section 4.D.(1).
- I. Financial Records. The Recipient shall keep accurate books and records for the revenues and funds that are the source of repayment of the Loan, separate and distinct from its other books and records, and maintain them according to generally accepted accounting principles established by the Government Accounting Standards Board in effect at the time. The Recipient shall have these records audited annually by an independent certified public accountant, which may be part of the annual audit of all records of Recipient.
- J. Inspections; Information. The Recipient shall permit OBDD, and any party designated by OBDD, the Oregon Secretary of State's Office, the federal government and their duly authorized representatives: (i) to inspect, at any reasonable time, the property, if any, constituting the Project; and (ii) at any reasonable time, to inspect and make copies of any accounts, books and records, including, without limitation, its records regarding receipts, disbursements, contracts, investments and any other related matters, and financial statements or other documents related to its financial standing. The Recipient shall supply any related reports and information as OBDD may reasonably require. In addition, Recipient shall, upon request, provide OBDD with copies of loan documents or other financing documents and any official statements or other forms of offering prospectus relating to any other bonds, notes or other indebtedness of Recipient that are issued after the date of this Contract.
- K. Records Maintenance. The Recipient shall retain and keep accessible all books, documents, papers, and records that are directly related to this Contract, the Project or the Financing Proceeds for a minimum of six years, or such longer period as may be required by other provisions of this Contract or applicable law, following the Project Closeout Deadline. If there are unresolved issues at the end of such period, Recipient shall retain the books, documents, papers and records until the issues are resolved.
- L. Economic Benefit Data. The OBDD may require Recipient to submit specific data on the economic development benefits of the Project and other information to evaluate the success and economic impact of the Project, from the date of this Contract until six years after the Project Completion date. The Recipient shall, at its own expense, prepare and submit the data within the time specified by OBDD.
- M. Professional Responsibility. A professional engineer or architect, as applicable, registered and in good standing in Oregon, will be responsible for the design and construction of the Project. All service providers retained for their professional expertise must be certified, licensed, or registered, as appropriate, in the State of Oregon for their specialty. The Recipient shall follow standard construction practices, such as bonding requirements for construction contractors, requiring errors and omissions insurance, and performing testing and inspections during construction.
- N. Notice of Default. The Recipient shall give OBDD prompt written notice of any Default as soon as Recipient becomes aware of its existence or reasonably believes a Default is likely.
- O. Indemnity. To the extent authorized by law, Recipient shall defend (subject to ORS chapter 180), indemnify, save and hold harmless OBDD and its officers, employees and agents from and against any and all claims, suits, actions, proceedings, losses, damages, liability and court awards including costs, expenses, and attorneys' fees incurred related to any actual or alleged act or omission by Recipient, or its employees, agents or contractors; however, the provisions of this section are not to be

construed as a waiver of any defense or limitation on damages provided for under Chapter 30 of the Oregon Revised Statutes or under the laws of the United States or other laws of the State of Oregon.

- P. Further Assurances. The Recipient shall, at the request of OBDD, authorize, sign, acknowledge and deliver any further resolutions, conveyances, transfers, assurances, financing statements and other instruments and documents as may be necessary or desirable for better assuring, conveying, granting, assigning and confirming the rights, security interests and agreements granted or intended to be granted by this Contract and the other Financing Documents.
- Q. Exclusion of Interest from Federal Gross Income and Compliance with Code.
- (1) The Recipient shall not take any action or omit to take any action that would result in the loss of the exclusion of the interest on any Lottery Bonds from gross income for purposes of federal income taxation, as governed by Section 103(a) of the Code. OBDD may decline to disburse the Financing Proceeds if it finds that the federal tax exemption of the Lottery Bonds cannot be assured.
 - (2) The Recipient shall not take any action (including but not limited to the execution of a management agreement for the operation of the Project) or omit to take any action that would cause any Lottery Bonds to be “private activity bonds” within the meaning of Section 141(a) of the Code. Accordingly, unless Recipient receives the prior written approval of OBDD, Recipient shall not permit in excess of ten percent (10%) of either (a) the Financing Proceeds or (b) the Project financed or refinanced with the Financing Proceeds to be directly or indirectly used in any manner that would constitute “private business use” within the meaning of Section 141(b)(6) of the Code, including not permitting more than one half of any permitted private business use to be “disproportionate related business use” or private business use unrelated to the government use of the Financing Proceeds. Unless Recipient receives the prior written approval of OBDD, Recipient shall not directly or indirectly use any of the Financing Proceeds to make or finance loans to persons other than governmental units, as that term is used in Section 141(c) of the Code.
 - (3) The Recipient shall not directly or indirectly use or permit the use of any of the Financing Proceeds or any other funds, or take any action or omit to take any action, which would cause any Lottery Bonds to be “arbitrage bonds” within the meaning of Section 148(a) of the Code.
 - (4) The Recipient shall not cause any Lottery Bonds to be treated as “federally guaranteed” for purposes of Section 149(b) of the Code, as may be modified in any applicable rules, rulings, policies, procedures, regulations or other official statements promulgated or proposed by the Department of the Treasury or the Internal Revenue Service with respect to “federally guaranteed” obligations described in Section 149(b) of the Code. For purposes of this paragraph, any Lottery Bonds will be treated as “federally guaranteed” if: (a) all or any portion of the principal or interest is or will be guaranteed directly or indirectly by the United States of America or any agency or instrumentality thereof, or (b) five percent (5%) or more of the proceeds of the Lottery Bonds will be (i) used in making loans if the payment of principal or interest is guaranteed in whole or in part by the United States of America or any agency or instrumentality thereof, or (ii) invested directly or indirectly in federally insured deposits or accounts, and (c) none of the exceptions described in Section 149(b)(3) of the Code apply.
 - (5) The Recipient shall assist OBDD to ensure that all required amounts are rebated to the United States of America pursuant to Section 148(f) of the Code. The Recipient shall pay to OBDD such amounts as may be directed by OBDD to satisfy the requirements of Section 148(f) applicable to the portion of the proceeds of any tax-exempt bonds, including any Financing Proceeds or other amounts held in a reserve fund. The Recipient further shall reimburse OBDD

for the portion of any expenses it incurs related to the Project that is necessary to satisfy the requirements of Section 148(f) of the Code.

- (6) Upon OBDD's request, Recipient shall furnish written information regarding its investments and use of the Financing Proceeds, and of any facilities financed or refinanced therewith, including providing OBDD with any information and documentation that OBDD reasonably determines is necessary to comply with the arbitrage and private use restrictions that apply to the Lottery Bonds.
- (7) Notwithstanding anything to the contrary, so long as is necessary to maintain the exclusion from gross income for purposes of federal income taxation of interest on any Lottery Bonds, the covenants contained in this subsection will survive the payment of the Loan and the Lottery Bonds, and the interest thereon, including the application of any unexpended Financing Proceeds. The Recipient acknowledges that the Project may be funded with proceeds of the Lottery Bonds and that failure to comply with the requirements of this subsection could adversely affect any exclusion of the interest on the Lottery Bonds from gross income for federal income tax purposes.
- (8) Neither Recipient nor any related party to Recipient, within the meaning of 26 C.F.R. § 1.150-1(b), shall purchase any Lottery Bonds, from which proceeds were used to finance the Project, in an amount related to the amount of the Loan.

SECTION 9 - DEFAULTS

Any of the following constitutes an "Event of Default":

- A. The Recipient fails to make any Loan payment when due.
- B. The Recipient fails to make, or cause to be made, any required payments of principal, redemption premium, or interest on any bonds, notes or other material obligations, for any other loan made by the State of Oregon.
- C. Any false or misleading representation is made by or on behalf of Recipient, in this Contract, in any other Financing Document or in any document provided by Recipient related to this Loan or the Project or in regard to compliance with the requirements of section 103 and sections 141 through 150 of the Code.
- D. (1) A petition, proceeding or case is filed by or against Recipient under any federal or state bankruptcy or insolvency law, and in the case of a petition filed against Recipient, Recipient acquiesces to such petition or such petition is not dismissed within 20 calendar days after such filing, or such dismissal is not final or is subject to appeal;
- (2) The Recipient files a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, liquidation, dissolution, winding-up or composition or adjustment of debts;
- (3) The Recipient becomes insolvent or bankrupt or admits its inability to pay its debts as they become due, or makes an assignment for the benefit of its creditors;
- (4) The Recipient applies for or consents to the appointment of, or taking of possession by, a custodian (including, without limitation, a receiver, liquidator or trustee) of Recipient or any substantial portion of its property; or
- (5) The Recipient takes any action for the purpose of effecting any of the above.

- E. The Recipient defaults under any other Financing Document and fails to cure such default within the applicable grace period.
- F. The Recipient fails to perform any obligation required under this Contract, other than those referred to in subsections A through E of this section 9, and that failure continues for a period of 30 calendar days after written notice specifying such failure is given to Recipient by OBDD. The OBDD may agree in writing to an extension of time if it determines Recipient instituted and has diligently pursued corrective action.

SECTION 10 - REMEDIES

- A. Remedies. Upon any Event of Default, OBDD may pursue any or all remedies in this Contract or any other Financing Document, and any other remedies available at law or in equity to collect amounts due or to become due or to enforce the performance of any obligation of Recipient. Remedies may include, but are not limited to:
- (1) Terminating OBDD's commitment and obligation to make any further disbursements of Financing Proceeds under the Contract.
 - (2) Declaring all payments under the Contract and all other amounts due under any of the Financing Documents immediately due and payable, and upon notice to Recipient the same become due and payable without further notice or demand.
 - (3) Barring Recipient from applying for future awards.
 - (4) Withholding amounts otherwise due to Recipient for application to the payment of amounts due under this Contract, pursuant to ORS 285A.213(6) and OAR 123-049-0040.
 - (5) Foreclosing liens or security interests pursuant to this Contract or any other Financing Document.
 - (6) Exercising any remedy listed in OAR 123-049-0040.
- B. Application of Moneys. Any moneys collected by OBDD pursuant to section 10.A will be applied first, to pay any attorneys' fees and other fees and expenses incurred by OBDD; next, to pay interest due on the Loan; next, to pay principal due on the Loan, and last, to pay any other amounts due and payable under this Contract or any of the Financing Documents.
- C. No Remedy Exclusive; Waiver; Notice. No remedy available to OBDD is intended to be exclusive, and every remedy will be in addition to every other remedy. No delay or omission to exercise any right or remedy will impair or is to be construed as a waiver of such right or remedy. No single or partial exercise of any right power or privilege under this Contract or any of the Financing Documents shall preclude any other or further exercise thereof or the exercise of any other such right, power or privilege. The OBDD is not required to provide any notice in order to exercise any right or remedy, other than notice required in section 9 of this Contract.
- D. Default by OBDD. In the event OBDD defaults on any obligation in this Contract, Recipient's remedy will be limited to injunction, special action, action for specific performance, or other available equitable remedy for performance of OBDD's obligations.

- E. No Construction against Drafter. This Contract is to be construed as if the parties drafted it jointly.
- F. Severability. If any term or condition of this Contract is declared by a court of competent jurisdiction as illegal, invalid or unenforceable, that holding will not invalidate or otherwise affect any other provision.
- G. Amendments, Waivers. This Contract may not be amended without the prior written consent of OBDD (and when required, the Department of Justice) and Recipient. This Contract may not be amended in a manner that is not in compliance with the Act. No waiver or consent is effective unless in writing and executed by the party against whom such waiver or consent is sought to be enforced. Such waiver or consent will be effective only in the specific instance and for the specific purpose given.
- H. Attorneys' Fees and Other Expenses. To the extent permitted by the Oregon Constitution and the Oregon Tort Claims Act, the prevailing party in any dispute arising from this Contract is entitled to recover its reasonable attorneys' fees and costs at trial and on appeal. Reasonable attorneys' fees cannot exceed the rate charged to OBDD by its attorneys. The Recipient shall, on demand, pay to OBDD reasonable expenses incurred by OBDD in the collection of Loan payments.
- I. Choice of Law; Designation of Forum; Federal Forum. The laws of the State of Oregon (without giving effect to its conflicts of law principles) govern all matters arising out of or relating to this Contract, including, without limitation, its validity, interpretation, construction, performance, and enforcement.
- Any party bringing a legal action or proceeding against any other party arising out of or relating to this Contract shall bring the legal action or proceeding in the Circuit Court of the State of Oregon for Marion County (unless Oregon law requires that it be brought and conducted in another county). Each party hereby consents to the exclusive jurisdiction of such court, waives any objection to venue, and waives any claim that such forum is an inconvenient forum.
- Notwithstanding the prior paragraph, if a claim must be brought in a federal forum, then it must be brought and adjudicated solely and exclusively within the United States District Court for the District of Oregon. This paragraph applies to a claim brought against the State of Oregon only to the extent Congress has appropriately abrogated the State of Oregon's sovereign immunity and is not consent by the State of Oregon to be sued in federal court. This paragraph is also not a waiver by the State of Oregon of any form of defense or immunity, including but not limited to sovereign immunity and immunity based on the Eleventh Amendment to the Constitution of the United States.
- J. Integration. This Contract (including all exhibits, schedules or attachments) and the other Financing Documents constitute the entire agreement between the parties on the subject matter. There are no unspecified understandings, agreements or representations, oral or written, regarding this Contract.
- K. Execution in Counterparts. This Contract may be signed in several counterparts, each of which is an original and all of which constitute one and the same instrument.

The Recipient, by its signature below, acknowledges that it has read this Contract, understands it, and agrees to be bound by its terms and conditions.



OK
12/27/18

STATE OF OREGON
acting by and through its
Oregon Infrastructure Finance Authority
of the Business Development Department

CITY OF COBURG

By: *Chris Cummings*
Chris Cummings, Assistant Director
Economic Development

By: *Ray Smith*
The Honorable Ray Smith
Mayor of Coburg

Date: 12/27/2018

Date: 12/20/18

APPROVED AS TO LEGAL SUFFICIENCY IN ACCORDANCE WITH ORS 291.047:

/s/ Sam Zeigler via email dated 22 October 2018
Sam Zeigler, Senior Assistant Attorney General

RECEIVED
DEC 26 2018
BUSINESS OREGON

EXHIBIT A - GENERAL DEFINITIONS

As used in this Contract, the following terms have the meanings below.

“Act” means the Safe Drinking Water Act Amendments of 1996, Public Law 104-182, as amended.

“Award” means the award of financial assistance to Recipient by OBDD dated 3 August 2018.

“C.F.R.” means the Code of Federal Regulations.

“Code” means the Internal Revenue Code of 1986, as amended, including any implementing regulations and any administrative or judicial interpretations.

“Costs of the Project” means Recipient’s actual costs (including any financing costs properly allocable to the Project) that are (a) reasonable, necessary and directly related to the Project, (b) permitted by generally accepted accounting principles to be Costs of the Project, and (c) are eligible or permitted uses of the Financing Proceeds under applicable state or federal statute and rule.

“Counsel” means an attorney at law or firm of attorneys at law duly admitted to practice law before the highest court of any state, who may be of counsel to, or an employee of, OBDD or Recipient.

“Default” means an event which, with notice or lapse of time or both, would become an Event of Default.

“Financing Documents” means this Contract and all agreements, instruments, documents and certificates executed pursuant to or in connection with OBDD’s financing of the Project.

“Financing Proceeds” means the proceeds of the Section 2.A. Loan and the Forgivable Loan.

“Forgivable Loan” means the forgivable Loan described in section 2.B.

“Section 2.A. Loan” means the Loan described in section 2.A. of this Contract.

“Lottery Bonds” means any bonds issued by the State of Oregon that are special obligations of the State of Oregon, payable from unobligated net lottery proceeds, the interest on which is exempt from federal income taxation, together with any refunding bonds, used to finance or refinance the Project through the initial funding or refinancing of all or a portion of the Loan.

“Municipality” means any entity described in ORS 285B.410(9).

“ORS” means the Oregon Revised Statutes.

“Project Completion Date” means the date on which Recipient completes the Project.

“System” means Recipient’s drinking water system, which includes the Project or components of the Project, as it may be modified or expanded from time to time.

EXHIBIT B - SECURITY

- A. Full Faith and Credit Pledge. The Recipient pledges its full faith and credit and taxing power within the limitations of Article XI, sections 11 and 11 b, of the Oregon Constitution to pay the amounts due under this Contract. This Contract is payable from and secured by all lawfully available funds of Recipient.
- B. Pledge of Net Revenues of the System
- (1) All payment obligations under this Contract and the other Financing Documents are payable from the revenues of Recipient's System after payment of operation and maintenance costs of the System ("Net Revenues"). The Recipient irrevocably pledges and grants to OBDD a security interest in the Net Revenues to pay all of its obligations under this Contract and the other Financing Documents. The Net Revenues pledged pursuant to the preceding sentence and received by Recipient will immediately be subject to the lien of this pledge without physical delivery, filing or any other act, and the lien of this pledge is superior to and has priority over all other claims and liens, except as provided in subsections 2 and 3 of this section B, to the fullest extent permitted by ORS 287A.310. The Recipient represents and warrants that this pledge of Net Revenues complies with, and is valid and binding from the date of this Contract as described in, ORS 287A.310. The lien of the pledge made under this subsection 1 is hereinafter referred to as the "OBDD Lien".
 - (2) The Recipient shall not incur, without the prior written consent of OBDD, any obligation payable from or secured by a lien on and pledge of the Net Revenues that is on parity or superior to the OBDD Lien.
 - (3) Notwithstanding the requirements of subsection 2 of this section B, loans previously made and loans made in the future by OBDD to Recipient that are secured by the Net Revenues may have a lien on such Net Revenues on parity with the OBDD Lien; provided that nothing in this paragraph will adversely affect the priority of any of OBDD's liens on such Net Revenues in relation to the lien(s) of any third party(ies).
 - (4) The Recipient shall charge rates and fees in connection with the operation of the System which, when combined with other gross revenues, are adequate to generate Net Revenues each fiscal year at least equal to 120% of the annual debt service due in the fiscal year on the Loan and any outstanding obligation payable from or secured by a lien on and pledge of Net Revenues that is on parity with the OBDD Lien.
 - (5) The Recipient may establish a debt service reserve fund to secure repayment of obligations that are payable from or secured by a lien on and pledge of Net Revenues that is on parity with the OBDD Lien, provided that no deposit of the Net Revenues of the System into the debt service reserve fund is permitted until provision is made for the payment of all debt service on the Loan and any other obligations payable from or secured by a lien on and pledge of Net Revenues that is on parity with the OBDD Lien (including any obligations described in subsection 3 above) for the 12-month period after such deposit.

EXHIBIT C - PROJECT DESCRIPTION

The Recipient will complete the water system improvements as outlined in the “City of Coburg Water Master Plan Update, dated 2016, prepared by 4B Engineering and Consulting”. Proposed improvements include drilling and development of an additional well; rehabilitation of the 2 existing wells; construction of a pump station at the new well; installation of a transmission line connecting the areas on the east and west side of I-5; installation / replacement of water distribution lines; and a 750,000-gallon reservoir.

Project Condition: No later than the Project Completion Deadline, Recipient must execute an MOU or similar document whereby the Coburg Fire District agrees to record and report on the volume of water it uses, so that the Public Works Department is able to track that against overall usage and calculate system-wide leakage. Recipient must provide a copy to the Oregon Health Authority – Drinking Water Services program.

EXHIBIT D - PROJECT BUDGET

	OBDD Funds	Other / Matching Funds
Activity	Approved Budget	Approved Budget
Planning	\$0	\$120,000
Design / Engineering	450,000	300,000
Construction	4,280,000	200,000
Construction Contingency	320,000	80,000
Labor Standards	15,000	0
Project Management	15,000	0
Land Acquisition	450,000	100,000
Administration, Legal, Survey	0	200,000
Total	\$5,530,000	\$1,000,000

EXHIBIT E - INFORMATION REQUIRED BY 2 CFR § 200.331(A)(1)

Federal Award Identification:

- (i) Subrecipient* name (which must match registered name in DUNS): COBURG, CITY OF
- (ii) Subrecipient's DUNS number: 02-899-7435
- (iii) Federal Award Identification Number (FAIN): 98009017
- (iv) Federal Award Date: 18 Sep 2017
- (v) Sub-award Period of Performance Start and End Date: 36 months from Contract execution
- (vi) Total Amount of Federal Funds Obligated by this Contract: \$5,530,000
- (vii) Total Amount of Federal Funds Obligated by this initial Contract and any amendments: \$5,530,000
- (viii) Total Amount of Federal Award to the pass-through entity: \$14,046,000
- (ix) Federal award project description: Oregon's Drinking Water State Revolving Fund: This grant increases the capacity of Oregon to ensure that its public water systems continue to provide safe drinking water. This is done by (1) continuing loan financing to public water systems and support for newly proposed priority projects, (2) providing grant support for covering administrative expenses, small public water system technical assistance, State program management and local assistance, and (3) continuation of the loan fund to finance source water protection project initiatives, including acquiring conservation easements.
- (x) Name of Federal awarding agency, pass-through entity, and contact information for awarding official of the Pass-through entity:
 - (a) Name of Federal awarding agency: U.S. Environmental Protection Agency
 - (b) Name of pass-through entity: Oregon Business Development Department
 - (c) Contact information for awarding official of the pass-through entity: Ed Tabor, Programs & Incentives Manager, 503-949-3523
- (xi) CFDA Number and Name: 66.468 Safe Drinking Water State Revolving Fund
Amount: \$5,530,000
- (xii) Is Award R&D? No
- (xiii) Indirect cost rate for the Federal award: N/A

*For the purposes of this Exhibit E, "Subrecipient" refers to Recipient and "pass-through entity" refers to OBDD.

EXHIBIT F - CERTIFICATION REGARDING LOBBYING

(Awards in excess of \$100,000)

The undersigned certifies, to the best of his or her knowledge and belief, that:

- (1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan or cooperative agreement.
- (2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.
- (3) The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

Signed *Ray Smith*

Title *Mayor, City of Coburg*

Date *12/20/18*

RECEIVED
DEC 26 2018
BUSINESS OREGON

From: [SUNSERI Brenda * BIZ](#)
To: ["Sammy.egbert@ci.coburg.or.us"](mailto:Sammy.egbert@ci.coburg.or.us)
Cc: [BILBERRY Michelle * BIZ](#)
Subject: S19007 Water System Improvement Executed Contract
Date: Thursday, January 3, 2019 10:01:08 AM
Attachments: [S19007 Coburg Executed Contract.pdf](#)
[image001.png](#)

Good Morning,

Thank you for returning the signed Agreement. Attached please find an executed copy for your project file.

If you have any questions, please do not hesitate to contact your Regional Project Manager, Michelle Bilberry at 503-986-0142 or email to:

michelle.bilberry@oregon.gov.

Sincerely,

Brenda Sunseri

Administrative Assistant

Program and Incentives

www.oregon.4biz.com

503-986-0157 Office





Bid Award and Contract Authorization Stallings Lane Wellhouse Project

Meeting Date	Staff Contact	Email
May 13, 2025	Adam Hanks, City Administrator	Adam.Hanks@ci.coburg.or.us

SUMMARY AND REQUESTED COUNCIL ACTION

Acting in the role of the Local Contract Review Board, this item is a request for bid award to HP Civil Inc as the responsible and responsive low bidder with a bid of \$1,332,780 as well as an authorization for the City Administrator to execute the associated contract for the Stallings Lane Wellhouse Construction Project. This project is the second phase of a three-phase project providing additional water supply to the City’s municipal water system. The project was put out to bid on April 11, 2025 with a closing date of May 6, 2025.

Suggested Motion

I move to accept the bid and award the City of Coburg Stallings Lane Wellhouse project to HP Civil, Inc in the amount of \$1,332,780 as the responsible and responsive low bidder as reviewed and determined by the City of Coburg contract City Engineer and authorize the City Administrator to execute the project contract.

BACKGROUND

Utilizing the 2016 Water Master Plan, the City obtained a \$5.6 million dollar Water Loan managed by Business Oregon in 2019 to make significant investments in the City’s municipal water system. A number of important projects have been completed, including the Coleman waterline replacement, the waterline extension to the east side of I-5 (included a bore under I-5), purchase of the Stallings Lane property and the drilling/tapping of a well on Stallings, which represents phase one of this current three phase water supply project.

Water Loan Details

- Executed in 2019
- Project priorities and initial cost estimates taken from 2026 Water Master Plan
- Water Fund revenues (rates) estimated based on population growth estimates that projected much higher growth than actually occurred leaving a smaller customer base than anticipated
- Two extensions have been applied for and granted to extend the loan expiration date to March of 2026

- Approximate remaining funds available for disbursement totals \$1.3 million
- Debt service for the total loan amount begins in December of 2026 (FY27) with an estimated annual payment of \$170,000.
- A one time accrued interest payment of approximately \$175,000 will be due in early FY27 in advance of the initial annual debt service payment.

As has been discussed in a number of Council meetings over the past several years, project costs have sharply increased, leading to the constriction on the number of projects accomplished with the water loan funds compared to the original estimate and plan. The sharp increases in project costs have not subsided and even appear to be more significant as the spend-down of the water loan funds near the finish line.

As recently as six months ago, staff and the City’s engineer, Branch Engineering, anticipated utilizing the remaining \$1.3 million in loan funds to complete both phase II and III of this water supply project but the current construction cost environment have clearly altered that plan. See below for a summary of the water supply project phasing/cost plan

Stallings Lane Water Supply Project				
Description		Bid, Construction & Purchase Costs	Design/Eng & Other Costs	TOTAL
Pre-project	Stallings Lane Land Purchase	\$ 475,000	\$ -	\$ 475,000
Phase I	Well drilling/casing/capping	\$ 550,000	\$ 100,000	\$ 650,000
Phase II	Wellhouse/Treatment/Equipment	\$ 1,500,000	\$ 700,000	\$ 2,200,000
Phase III	Transmission Line to System	\$ 900,000	\$ 100,000	\$ 1,000,000
		\$ 3,425,000	\$ 900,000	\$ 4,325,000

The proposed budget for FY26 anticipated the full drawdown of the remaining water loan funds of \$1.3 million and an equivalent capital expenditure of \$1.3 million for phase II and III. It is evident that not only will Phase III not be possible in the coming year, but decisions will need to be made regarding how Phase II is moved forward and funded.

RECOMMENDATION

Staff has identified several options for Council to consider below. Staff recommends moving forward with option one.

Option 1

- Award the bid for Phase II for the wellhouse, treatment equipment, controls and security
- Direct staff to provide an amended capital budget for the Water Fund in the proposed FY26 budget for Council’s review and approval at the June 10, 2025 meeting, increasing capital expenditures by \$700,000 and reducing the ending fund balance by \$700,000.

- Complete all water loan disbursement requests to exhaust all remaining water loan funds
- Suspend all new capital project expenditures until a revised Capital Improvements Plan for the Water Fund has been presented and approved by Council
- Requires an additional funding solution of approximately \$1 million to connect the new water supply to the City’s distribution system

Option 2

- Do not award the bid for the Phase II project
- Forgo the use of the remaining \$1.3 million from the water loan
- Reduces future debt service from \$170,000 to approximately \$130,000
- Requires an additional funding solution of approximately \$3,000,000 to complete the project and connect to the City’s distribution system. Note: The \$3 million estimate is expected to continue to increase and would be significantly higher if additional funding opportunities turn out to be two, three or more years out.

BUDGET / FINANCIAL IMPACT

As noted above, both options alter the proposed FY25 budget, either by increasing capital expense appropriations (and reducing ending fund balance) by \$700,000 or by reducing the loan proceeds revenue and capital expense appropriation by \$1.3 million.

The Water Fund has a proposed ending fund balance of \$3,090,651 which allows for the ability to offer (and recommend) Option 1 of moving forward with the phase II project and utilizing ending fund balance to account for the overall project cost increase.

PUBLIC INVOLVEMENT

The Water Loan and the projects that it funds have been identified and discussed in a number of prior Council meetings and work sessions, most directly and formally in the July 2024 Council Work Session and the annual Capital Improvements Plan Council review/approval meetings (April 9, 2024 and February 11, 2025)

NEXT STEPS

If award is approved (option 1), Staff will coordinate with HP Civil for contract execution and will develop and present an updated Water Fund budget for review and incorporation into the final draft FY26 budget for Council adoption at the June 10, 2025 Council meeting.

ATTACHMENTS

1. Intent to Award Notice
2. Submitted Bid Summary – All bidders
3. Project Contract – Draft (as included in bid packet)



**City of Coburg
Balances
FY 2026
As of 02/28/2026**

Cash Balances

	FY 2026 Actual	FY 2025 Actual	EOY FY 2025
General Fund	459,162	884,600	92,468
Street Fund	794,420	686,307	879,706
Water Fund	2,052,110	2,243,331	2,165,834
Sewer Fund	1,107,591	1,547,964	1,335,062
Total Cash	4,413,283	5,362,202	4,473,070

Fund Balances

	FY 2026 Actual	FY 2026 Budget	FY 2025 Actual	EOY FY 2025
General Fund	434,501	225,081	345,751	193,523
Street Fund	820,609	355,924	715,788	891,709
Water Fund	2,576,327	2,590,651	2,702,130	2,584,283
Sewer Fund	1,448,265	1,163,478	1,096,202	1,445,496
Total Fund Balance	5,279,701	4,335,134	4,859,871	5,115,011

Interest Earnings Summary

Balance in Banks:	Cash	Percent in account	Interest Rate
Local Government Investment Pool	3,376,761	94%	4.60%
Key Bank	230,431	6%	0.00%
Total Cash	3,607,192	100%	



**City of Coburg
Fund Statements
City Wide
FY 2026
As of 02/28/2026**

	FY 2026			FY 2025	
	Actual YTD	Adopted Budget	% of B to A	Actual YTD	Audited EOY
Revenues:					
Taxes and Assessments	1,105,416	1,235,603	89%	987,407	1,211,913
Intergovernmental	612,065	663,000	92%	94,133	559,775
Franchise Fees	172,745	287,500	60%	139,612	274,994
Licenses, Permits & Fees	21,479	92,000	23%	58,849	90,998
Fines and Forfeitures	99,393	101,000	98%	44,600	104,467
Investment Revenue	105,936	66,000	161%	60,589	85,698
Grants and Donations	2,674	251,000	1%	100	423,686
Charges for Services	1,591,277	2,364,000	67%	1,297,713	2,179,041
Charges for Services -SDC	90,445	312,000	29%	299,789	450,263
Other Revenue	17,643	22,000	80%	21,140	22,606
Bond Proceeds	255,051	1,300,000	20%	252,935	253,803
Transfer In	100,000	150,000	67%	72,919	125,000
Total Revenue	4,174,124	6,844,103	61%	3,329,788	5,782,244
Operating Expenditures:					
Personnel Services	1,291,428	2,170,350	60%	1,151,276	1,977,730
Materials and Services	910,656	1,211,750	75%	787,285	1,229,172
Debt Service	844,456	1,129,811	75%	850,056	1,133,256
Capital Outlay	862,894	2,615,000	33%	1,327,742	1,956,747
Transfers Out	100,000	150,000	67%	72,919	125,000
Contingencies	-	500,000	0%	-	-
Total Expenditure	4,009,434	7,776,911	52%	4,189,278	6,421,905
Net Change	164,690	(932,808)	-18%	(859,490)	(639,661)
Fund Balance - June 30,	5,115,011	5,267,942	97%	5,754,134	5,754,672
Fund Balance	5,279,701	4,335,134	122%	4,894,645	5,115,011



**City of Coburg
Fund Statements
General Fund
FY 2026
As of 02/28/2026**

	FY 2026			FY 2025	
	Actual YTD	Adopted Budget	% of B to A	Actual YTD	Audited EOY
Revenues:					
Taxes and Assessments	972,936	1,072,603	91%	985,178	1,047,451
Intergovernmental	32,775	51,000	64%	33,906	42,465
Franchise Fees	172,745	287,500	60%	184,029	274,994
Licenses, Permits & Fees	21,479	92,000	23%	59,410	90,998
Fines and Forfeitures	99,393	101,000	98%	53,265	104,467
Investment Revenue	6,209	5,000	124%	1,130	1,522
Grants and Donations	2,674	1,000	267%	100	173,686
Charges for Services	96,640	146,500	66%	64,199	90,906
Charges for Services -SDC	6,678	65,000	10%	65,791	85,967
Other Revenue	5,087	13,000	39%	8,786	9,547
Transfer In - Admin Fee	100,000	150,000	67%	83,336	125,000
Total Revenue	1,516,615	1,984,603	76%	1,539,130	2,047,003
Expenditures					
Administration Department	389,472	469,190	83%	386,330	518,169
Facility Management Department	128,855	104,500	123%	93,657	104,921
Planning Department	102,175	195,640	52%	123,327	182,680
Police Department	439,804	793,150	55%	524,399	764,684
Municipal Court	116,316	183,550	63%	101,803	157,854
Economic Development	27,795	43,500	64%	29,537	44,626
Parks (Public Works)	64,319	118,780	54%	330,379	455,015
Debt Service:					
Principal	-	15,000	0%	-	15,000
Interest	6,900	13,800	50%	7,125	14,250
Contingency	-	50,000	0%	-	-
Total Expenditures	1,275,637	1,987,110	64%	1,596,558	2,257,199
Net Change	240,978	(2,507)	-9612%	(57,428)	(210,196)
Fund Balance - June 30,	193,523	227,588	85%	403,179	403,719
Fund Balance	434,501	225,081	193%	345,751	193,523



**City of Coburg
Fund Statements
Street Fund
FY 2026
As of 02/28/2026**

	FY 2026			FY 2025	
	Actual YTD	Adopted Budget	% of B to A	Actual YTD	Audited EOY
Revenues:					
Taxes and Assessments	132,480	160,000	83%	37,405	150,209
Intergovernmental	79,291	112,000	71%	80,074	117,310
Investment Revenue	17,368	8,000	217%	4,679	5,025
Grants and Donations	-	250,000	0%	-	250,000
Charges for Services	118,557	191,500	62%	108,679	167,103
Charges for Services -SDC	2,107	85,000	2%	75,914	104,771
Other Revenue	6,583	-	0%	403	1,062
Bond Proceeds	-	-	0%	-	-
Total Revenue	356,385	806,500	44%	307,156	795,480
Expenditures					
Administration Department	55,375	130,070	43%	56,935	87,321
Public Works Department	181,405	269,540	67%	138,946	219,584
Capital	56,306	800,000	7%	708,074	901,117
Transfer Out	20,000	30,000	67%	16,664	25,000
Debt Service:					
Principal	93,839	93,865	100%	92,523	92,523
Interest	20,561	20,540	100%	21,877	21,877
Contingency	-	50,000	0%	-	-
Total Expenditures	427,486	1,394,015	31%	1,035,019	1,347,422
Net Change	(71,100)	(587,515)	12%	(727,863)	(551,942)
Fund Balance - June 30,	891,709	943,439	95%	1,443,651	1,443,651
Fund Balance	820,609	355,924	231%	715,788	891,709



**City of Coburg
Fund Statements
Water Fund
FY 2026
As of 02/28/2026**

	FY 2026			FY 2025	
	Actual YTD	Adopted Budget	% of B to A	Actual YTD	Audited EOY
Revenues:					
Investment Revenue	55,081	50,000	110%	54,985	71,063
Grants and Donations	-	-	0%	-	-
Charges for Services	734,054	1,106,000	66%	703,440	1,029,881
Charges for Services -SDC	81,660	72,000	113%	65,627	98,756
Other Revenue	199	-	0%	4,621	4,621
Bond Proceeds	255,051	1,300,000	20%	252,935	253,803
Total Revenue	1,126,045	2,528,000	45%	1,081,609	1,458,124
Expenditures					
Administration Department	73,070	154,480	47%	69,755	111,983
Public Works Department	254,152	282,780	90%	217,807	340,187
Capital	765,579	1,800,000	43%	295,074	525,764
Transfer Out	40,000	60,000	67%	33,336	50,000
Debt Service:					
Principal	-	80,000	0%	-	80,000
Interest	1,200	2,400	50%	2,400	4,800
Contingency	-	200,000	0%	-	-
Total Expenditures	1,134,001	2,579,660	44%	618,372	1,112,734
Net Change	(7,956)	(51,660)	15%	463,236	345,390
Fund Balance - June 30,	2,584,283	2,642,311	98%	2,238,893	2,238,893
Fund Balance	2,576,327	2,590,651	99%	2,702,130	2,584,283



**City of Coburg
Fund Statements
Sewer Fund
FY 2026
As of 02/28/2026**

	FY 2026			FY 2025	
	Actual YTD	Adopted Budget	% of B to A	Actual YTD	Audited EOY
Revenues:					
Taxes and Assessments	-	3,000	0%	14,250	14,253
Intergovernmental	500,000	500,000	100%	-	400,000
Investment Revenue	27,278	3,000	909%	5,495	8,088
Grants and Donations	-	-	0%	-	-
Charges for Services	642,025	920,000	70%	582,932	891,151
Charges for Services -SDC	-	90,000	0%	100,473	160,769
Other Revenue	5,775	9,000	64%	7,376	7,376
Bond Proceeds	-	-	0%	-	-
Total Revenue	1,175,078	1,525,000	77%	710,526	1,481,637
Expenditures					
Administration Department	73,383	154,480	48%	52,095	80,663
Public Works Department	336,970	497,440	68%	312,486	483,391
Capital	-	-	0%	158,687	185,690
Transfer Out	40,000	60,000	67%	33,336	50,000
Debt Service:					
Principal	554,640	654,640	85%	549,900	644,900
Interest	167,316	249,566	67%	176,231	259,906
Contingency	-	200,000	0%	-	-
Total Expenditures	1,172,310	1,816,126	65%	1,282,735	1,704,550
Net Change	2,769	(291,126)	-1%	(572,209)	(222,913)
Fund Balance - June 30,	1,445,496	1,454,604	99%	1,668,411	1,668,409
Fund Balance	1,448,265	1,163,478	124%	1,096,202	1,445,496



City of Coburg
Department Summary of Expenditures by Fund
FY 2026
As of 02/28/2026
66.67% Target

	FY 2026			FY 2025	
	Actual YTD	Adopted Budget	% of B to A	Actual YTD	Audited EOY
General Fund					
Administration Department					
Personnel Services	180,293	238,190	75.69%	214,938	307,961
Material and Services	209,179	231,000	90.55%	171,392	210,208
Total Administration Department	389,472	469,190	83.01%	386,330	518,169
Facility Management Department					
Material and Services	104,780	99,500	105.31%	93,657	89,921
Capital	24,075	5,000	481.50%	-	15,000
Total Facility	128,855	104,500	123.31%	93,657	104,921
Public Works Administration					
Personnel Services	36,752	82,580	44.50%	64,284	96,136
Material and Services	-	-	0.00%	587	598
Total Public Works	36,752	82,580	44.50%	64,871	96,734
Planning Department					
Personnel Services	58,309	92,890	62.77%	51,794	60,408
Material and Services	43,866	102,750	42.69%	71,533	122,272
Total Planning Department	102,175	195,640	52.23%	123,327	182,680
Police Department					
Personnel Services	362,341	636,150	56.96%	451,620	623,212
Material and Services	77,463	157,000	49.34%	72,779	141,472
Capital Outlay	-	-	0.00%	-	-
Total Police Department	439,804	793,150	55.45%	524,399	764,684
Municipal Court					
Personnel Services	91,627	144,650	63.34%	83,456	129,026
Material and Services	24,689	38,900	63.47%	18,347	28,828
Total Municipal Court	116,316	183,550	63.37%	101,803	157,854
Economic Development					
Personnel Services	-	-	0.00%	-	-
Material and Services	27,795	43,500	63.90%	29,537	44,626
Total Economic Department	27,795	43,500	63.90%	29,537	44,626



City of Coburg
Department Summary of Expenditures by Fund
FY 2026
As of 02/28/2026
66.67% Target

	FY 2026			FY 2025	
	Actual YTD	Adopted Budget	% of B to A	Actual YTD	Audited EOY
Park					
Material and Services	10,633	26,200	40.59%	21,997	29,105
Capital	16,934	10,000	169.34%	243,512	329,176
Total Park	27,567	36,200	76.15%	265,509	358,281
Debt Service:					
Principal	-	15,000	0.00%	-	15,000
Interest	6,900	13,800	50.00%	7,125	14,250
Total Debt	6,900	28,800	23.96%	7,125	29,250
Total General Fund Expenditures	1,275,637	1,937,110	65.85%	1,596,558	2,257,199



City of Coburg
Department Summary of Expenditures by Fund
FY 2026
As of 02/28/2026
66.67% Target

	FY 2026			FY 2025	
	Actual YTD	Adopted Budget	% of B to A	Actual YTD	Audited EOY
Street Fund					
Administration Department					
Personnel Services	55,048	125,070	44.01%	56,785	87,172
Material and Services	327	5,000	6.53%	149	149
Total Administration Department	55,375	130,070	42.57%	56,935	87,321
Public Works Administration					
Personnel Services	82,869	170,640	48.56%	76,517	134,166
Material and Services	98,535	98,900	99.63%	62,429	85,418
Total Public Works	181,405	269,540	67.30%	138,946	219,584
Capital	56,306	800,000	7.04%	708,074	901,117
Transfer Out	20,000	30,000	66.67%	16,664	25,000
Debt Service:					
Principal	93,839	93,865	99.97%	92,523	92,523
Interest	20,561	20,540	100.10%	21,877	21,877
Total Debt	114,400	114,405	100.00%	114,400	114,400
Total Street Fund Expenditures	427,486	1,344,015	31.81%	1,035,019	1,347,422



City of Coburg
Department Summary of Expenditures by Fund
FY 2026
As of 02/28/2026
66.67% Target

	FY 2026			FY 2025	
	Actual YTD	Adopted Budget	% of B to A	Actual YTD	Audited EOY
<u>Water Fund</u>					
Administration Department					
Personnel Services	73,070	154,480	47.30%	67,491	109,437
Material and Services	-	-	0.00%	2,264	2,546
Total Administration Department	73,070	154,480	47.30%	69,755	111,983
Public Works Administration					
Personnel Services	108,315	151,280	71.60%	94,901	147,262
Material and Services	145,837	131,500	110.90%	122,906	192,925
Total Public Works	254,152	282,780	89.88%	217,807	340,187
Capital	765,579	1,800,000	42.53%	295,074	525,764
Transfer Out	40,000	60,000	66.67%	33,336	50,000
Debt Service:					
Principal	-	80,000	0.00%	-	80,000
Interest	1,200	2,400	0.00%	2,400	4,800
Total Debt	1,200	82,400	1.46%	2,400	84,800
Total Water Fund Expenditures	1,134,001	2,379,660	47.65%	618,372	1,112,734



City of Coburg
Department Summary of Expenditures by Fund
FY 2026
As of 02/28/2026
66.67% Target

	FY 2026			FY 2025	
	Actual YTD	Adopted Budget	% of B to A	Actual YTD	Audited EOY
<u>Sewer Fund</u>					
Administration Department					
Personnel Services	73,346	154,480	47.48%	50,573	84,501
Material and Services	37	-	0.00%	1,522	(3,838)
Total Administration Department	73,383	154,480	47.50%	52,095	80,663
Public Works Administration					
Personnel Services	169,457	219,940	77.05%	113,564	198,449
Material and Services	167,514	277,500	60.37%	198,922	284,942
Total Public Works	336,970	497,440	67.74%	312,486	483,391
Capital	-	-	0.00%	158,687	185,690
Transfer Out	40,000	60,000	66.67%	33,336	50,000
Debt Service:					
Principal	554,640	654,640	84.72%	549,900	644,900
Interest	167,316	249,566	67.04%	176,231	259,906
Total Debt	721,956	904,206	79.84%	726,131	904,806
Total Sewer Fund Expenditures	1,172,310	1,616,126	72.54%	1,282,735	1,704,550
Total City Expenditure	4,009,434	7,276,911	55.10%	4,532,683	6,421,905



City of Coburg
Budgetary Compliance
FY 2026
Resolution 2025-13
As of 02/28/2026
66.67% Target

	ACTUAL	ADOTPED BUDGET	% BUDGET to ACTUAL	BALANCE
General Fund				
Administration Department	389,472	469,190	83%	79,718
Facility Management Department	128,855	104,500	123%	(24,355)
Planning Department	102,175	195,640	52%	93,465
Police Department	439,804	793,150	55%	353,346
Municipal Court	116,316	183,550	63%	67,234
Economic Development	27,795	43,500	64%	15,705
Parks (Public Works)	64,319	118,780	54%	54,461
Debt Service	6,900	28,800	24%	21,900
Contingency	-	50,000		50,000
Total General Fund	1,275,637	1,987,110	64%	711,473

Street Fund				
Administration Department	55,375	130,070	43%	74,695
Public Works Department	181,405	269,540	67%	88,135
Capital	56,306	800,000	7%	743,694
Transfer Out	20,000	30,000	67%	10,000
Debt Service	114,400	114,405	100%	5
Contingency	-	50,000		50,000
Total Street Fund	427,486	1,394,015	31%	966,529

Water Fund				
Administration Department	73,070	154,480	47%	81,410
Public Works Department	254,152	282,780	90%	28,628
Capital	765,579	1,800,000	43%	1,034,421
Transfer Out	40,000	60,000	67%	20,000
Debt Service	1,200	82,400	1%	81,200
Contingency	-	200,000		200,000
Total Water Fund	1,134,001	2,579,660	44%	1,445,659



**City of Coburg
Budgetary Compliance
FY 2026
Resolution 2025-13
As of 02/28/2026
66.67% Target**

	ACTUAL	ADOTPED BUDGET	% BUDGET to ACTUAL	BALANCE
Wastewater Fund				
Administration Department	73,383	154,480	48%	81,097
Public Works Department	336,970	497,440	68%	160,470
Capital	-	-	0%	-
Transfer Out	40,000	60,000	67%	20,000
Debt Service	721,956	904,206	80%	182,250
Contingency	-	200,000		200,000
Total Wastewater Fund	1,172,310	1,816,126	65%	643,816
Total Appropriations	4,009,434	7,776,911	52%	3,767,477