



TUALATIN CITY COUNCIL MEETING

Tuesday, May 27, 2025

TUALATIN CITY SERVICES
10699 SW HERMAN ROAD
TUALATIN, OR 97062

Mayor Frank Bubenik
Council President Valerie Pratt
Councilor Maria Reyes Councilor Bridget Brooks
Councilor Christen Sacco Councilor Cyndy Hillier
Councilor Octavio Gonzalez

To the extent possible, the public is encouraged to watch the meeting live on local cable channel 28, or on the City's website.

For those wishing to provide comment during the meeting, there is one opportunity on the agenda: Public Comment. Written statements may be sent in advance of the meeting to Deputy City Recorder Nicole Morris up until 4:30 pm on Tuesday, May 27. These statements will be included in the official meeting record, but not read during the meeting.

For those who would prefer to make verbal comment, there are two ways to do so: either by speaking in person or entering the meeting using the zoom link and writing your name in chat. As always, public comment is limited to three minutes per person.

Phone: +1 669 900 6833

Meeting ID: 861 2129 3664

Password: 18880

Link: <https://us02web.zoom.us/j/86121293664?pwd=SS9XZUZyT3FnMk5rbDVKN2pWbnZ6UT09>

Work Session

- 1. 5:00 p.m. (20 min) – Website Redesign Update.** The City awarded a contract to Juicebox in July 2024 to redesign the City's website. The City Council last received a project update in October 2024, which included a preview of the homepage wireframe. Since then, Juicebox and the City's internal steering committee have made significant progress on the design. We are now nearing completion of the Design Phase and will be previewing several pages during tonight's presentation.
- 2. 5:20 p.m. (45 min) – Climate Friendly and Equitable Communities | Code Amendments for Walkable Communities** Tualatin is updating its Development Code to meet state requirements associated with the Climate-Friendly and Equitable Communities program which are intended to promote walkable and bike-friendly design in new residential and commercial development. During the February 10, 2025 work session, City Council

reviewed the preliminary findings of a code audit, heard stakeholder feedback, and reviewed “Code Concepts” which served as the recommended potential solutions. Tonight’s presentation summarizes the draft code amendments proposed to comply with the requirements.

3. **6:30 p.m. (30 min) – Council Meeting Agenda Review, Communications & Roundtable.** Council will review the agenda for the April 28 City Council meeting and brief the Council on issues of mutual interest

7:00 P.M. CITY COUNCIL MEETING

Call to Order

Pledge of Allegiance

Announcements

1. Proclamation Declaring June 2025 as Pride Month in the City of Tualatin
2. Proclamation Declaring June 2025 as Gun Violence Awareness Month in the City of Tualatin

Public Comment

This section of the agenda allows anyone to address the Council regarding any issue not on the agenda, or to request to have an item removed from the consent agenda. The duration for each individual speaking is limited to 3 minutes. Matters requiring further investigation or detailed answers will be referred to City staff for follow-up and report at a future meeting.

Consent Agenda

The Consent Agenda will be enacted with one vote. The Mayor will ask Councilors if there is anyone who wishes to remove any item from the Consent Agenda for discussion and consideration. If you wish to request an item to be removed from the consent agenda you should do so during the Citizen Comment section of the agenda.

1. Consideration of Approval of the Regular Meeting Minutes of May 12, 2025

General Business

If you wish to speak on a general business item please fill out a Speaker Request Form and you will be called forward during the appropriate item. The duration for each individual speaking is limited to 3 minutes. Matters requiring further investigation or detailed answers will be referred to City staff for follow-up and report at a future meeting.

1. Consideration of **Resolution No. 5880-25** Awarding a Contract for the Construction of the 2025 Pavement Maintenance Program
2. **6:05 p.m. (25 min) – Climate Action Plan | Implementation Funding** On May 12, the City Council discussed a variety of options to fund implementation of the Climate Action Plan; there were several questions that required staff follow-up. Staff has additional information responsive to the Council’s questions that will be presented.

Council Communications

Adjournment

Meeting materials, including agendas, packets, public hearing and public comment guidelines, and Mayor and Councilor bios are available at www.tualatinoregon.gov/citycouncil.

Tualatin City Council meets are broadcast live, and recorded, by Tualatin Valley Community Television (TVCTV) Government Access Programming. For more information, contact TVCTV at 503.629.8534 or visit www.tvctv.org/tualatin.

In compliance with the Americans with Disabilities Act, this meeting location is accessible to persons with disabilities. To request accommodations, please contact the City Manager's Office at 503.691.3011 36 hours in advance of the meeting.



CITY OF TUALATIN

Staff Report

TO: Honorable Mayor and Members of the City Council

THROUGH: Sherilyn Lombos, City Manager

FROM: Megan George, Deputy City Manager
Heidi Stanley, Creative Communications and Marketing Program Manager

DATE: May 27, 2025

SUBJECT:
Website Redesign Update

EXECUTIVE SUMMARY:

The City issued a Request for Proposals in April 2024 to redesign the City's website and awarded the contract to Juicebox in July 2024. The project includes the following phases:

- Phase 1: Discovery
- Phase 2: Design (current)
- Phase 3: Website Development
- Phase 4: Testing and Training
- Phase 5: Content Migration
- Phase 6: Website Launch

The City Council last received a project update in October 2024, which included a preview of the homepage wireframe. Since then, Juicebox and the City's internal steering committee have made significant progress on the design. We are now nearing completion of the Design Phase and will be previewing several pages during tonight's presentation.

The design aims to improve accessibility and ease of use for all visitors. Our goal is to create a user-friendly platform that allows community members to find information effortlessly, with a particular focus on ensuring all individuals can access City services without barriers. Through small group briefings, listening sessions and focus groups, we heard that an effective search function, strong accessibility, and a friendly, welcoming design that reflects the spirit of Tualatin were priorities for the City Council, staff, and community.

As we conclude the Design Phase we are preparing to enter the Website Development Phase, which will include:

- Beta site setup
- Front-end development
- Custom module developments and plugin integration
- Code review and testing

Following development, the project will proceed to the Training Phase, then Content Migration, with the official website launch planned for fall 2025.

FINANCIAL IMPLICATIONS:

This project is funded by the General Fund.

ATTACHMENTS:



CITY OF TUALATIN

Staff Report

TO: Honorable Mayor and Members of the City Council

THROUGH: Sherilyn Lombos, City Manager

FROM: Steve Koper, AICP, Assistant Community Development Director
Erin Engman, AICP, Senior Planner

DATE: May 27, 2025

SUBJECT:

Continued conversation on Tualatin's draft code amendments to comply with state-mandated Climate Friendly and Equitable Communities (CFEC) rulemaking for walkable communities.

BACKGROUND:

The City of Tualatin is updating its Development Code to meet state requirements and further the goals of the Climate-Friendly and Equitable Communities (CFEC) program. Requirements in Oregon Administrative Rules (OAR) 660-012-0330 (referred to as "Rule 0330") are intended to promote walkable and bike-friendly design in new residential and commercial development throughout the city by promoting pedestrian-oriented site design, connectivity, and compact development. Successful outcomes of walkable design standards would include:

- **Comfortable, direct, and convenient access** for pedestrians, cyclists, and transit riders equitably provided throughout areas, and reduced reliance on the automobile;
- **Neighborhoods that are comfortable** for families (people young and old), inclusive, sociable, and that offer safe, direct connections to surrounding destinations; and
- **Mixed-use districts that orient activity and entrances to the pedestrian realm** and that are designed for climate resilience and better health outcomes.

During the February 10, 2025 work session presentation, City Council reviewed the preliminary findings of a code audit, heard stakeholder feedback, and reviewed "Code Concepts" which served as the recommended potential solutions. This staff report summarizes the draft code amendments proposed to comply with the Rule 0330 requirements.

EXECUTIVE SUMMARY:

Below is a summary of the draft code amendments organized by sections from Rule 0330. Overall, the TDC already complies with many of the Walkable Design Standards requirements. However, the code audit did identify gaps in the code where modifications are needed. Many of the proposed amendments draw on examples and code language provided in DLCD's *Climate-Friendly and Equitable Communities Walkable Design Standards Guidebook*, and the accompanying *Model Code*.

Neighborhood Connectivity

This section of Rule 0330 applies to neighborhood-scale development (i.e., land divisions which include new streets), and calls for pedestrian-friendly and connected neighborhoods. Specific topics and code updates are summarized below.

Block Length / Connectivity:

Rule 0330 requires local governments to “set block length and block perimeter standards at distances that will provide for pedestrian network connectivity.” The amendments proposed for consistency with these requirements include:

- Reducing maximum block length from 530 feet to 400 feet and adding a maximum block perimeter standard that is consistent with four times the block length.
- Allowing block length and perimeter standards to be met with public streets, pedestrian/bicycle accessways, or private alleys.
- Requiring redevelopment of existing sites that are larger than 2 acres to add connections that meet the block length standards, as long as the improvements are proportional to the development’s impacts.
- Adding a requirement for cul-de-sacs to provide pedestrian/bicycle connectivity if a public pedestrian facility is close by.

Alleys:

Tualatin has had some residential development that included access from private alleys; however, there are no specific standards in the TDC to address these facilities. The draft amendments include alleys as an option to meet connectivity and access standards in new development, and provide a new set of standards to promote predictable and functional designs.

Mid-Block Accessways:

Mid-block pedestrian and bicycle accessways can be used to meet the connectivity standards discussed above. However, accessways will not serve the neighborhood if they do not feel safe and comfortable for users. City Council members shared concerns about adequate lighting and other safety measures for accessways. Revisions to Tualatin’s existing accessway standards are proposed to account for adequate width, lighting, and accessibility.

Residential Neighborhoods

This section of Rule 0330 applies to new residential construction in residential and mixed-use zoning districts and call for “efficient and sociable development patterns.” The rules specifically require local regulations to address building setbacks, lot size and coverage, building orientation, and access.

Minimum Setbacks:

Minimum setbacks limit how much of a site can be built on, and larger setbacks can inhibit the relationship between the sidewalk and the building. The TDC requires relatively large minimum front setbacks throughout residential zones, and structures with taller building heights are subject to stricter setbacks. The draft amendments reduce front setback requirements to further promote walkable design in all residential zones except for the Low Density Residential (RL) zone.

Maximum Setbacks:

The draft amendments add maximum setback requirements in higher-density zones to promote development that is oriented towards the street and that promotes a pedestrian-friendly street environment. These standards would apply in the High Density Residential (RH) zone and the High Density High Rise (RH-HR) zone, which staff proposes to rename as the “High Density Corridor (RH-C)” zone to better reflect the purpose and location of this designation.

To allow flexibility for meeting the maximum setback standards, the draft standards allow a pedestrian plaza or other amenity space to meet a portion of the requirement. This would allow some of the building to be set further back if there are amenities such as benches, hardscaping, and landscaping near the street.

Building Orientation:

It is recommended to add new entry orientation standards focused on multi-family development – specifically those with frontage on local streets. Developments on higher-traffic streets may benefit from being set further back from the street, with trees and landscaping providing privacy and noise buffering. However, orientation to lower-traffic, local streets would promote a pedestrian-friendly environment on those streets. The draft entry orientation standards are adapted from the *Walkable Design Standards Model Code*.

Site Design Standards for Commercial and Mixed-use Districts

This section of Rule 0330 applies to new development in commercial and mixed-use districts and calls for compact development patterns, easy ability to walk or use mobility devices, and direct access to pedestrian, bicycle, and public transportation networks.

Maximum Setbacks:

Similar to the standards discussed above for higher-density residential zones, maximum setback requirements are proposed in two of the City's commercial zones – Neighborhood Commercial (CN) and Central Commercial (CC). The Mixed Use Commercial (MUC) zone already has maximum setback provisions. Similar flexibility is proposed by allowing pedestrian plaza spaces to count toward the requirements.

Building Orientation:

Rule 0330 requires the following: "Primary pedestrian entrances to buildings must be oriented to a public pedestrian facility and be accessible to people with mobility disabilities." The draft design standards for non-residential development require the main entrance of new buildings in commercial zones to:

- Orient towards the street or be within 25 feet of the street;
- Provide architectural details to distinguish the main entrance;
- Remain unlocked during business hours, unless impractical for the operations of the proposed use; and
- Provide a safe and convenient pedestrian connection to the sidewalk.

In addition, the standards prohibit parking areas between the building and the street.

Exceptions:

To enable additional flexibility in meeting the non-residential design standards (including building orientation and parking location), new "Exceptions" language is proposed that mirrors existing language in the MUC regulations. These exceptions would allow alternative design approaches if it is not practical to meet the standards given site constraints, or if the proposed design would equally or better meet the purpose of the standard.

Auto Oriented Uses

This section of Rule 0330 applies to auto oriented uses, including drive-through facilities and uses related to the operation, sale, maintenance, or fueling of motor vehicles. The rules are intended to ensure auto-oriented uses are compatible with walkability and the use of mobility devices.

Drive-Through Standards

Drive-through facilities can conflict with walkability by creating uncomfortable spaces for pedestrians. They can also make it difficult to access businesses' services without a vehicle.

The TDC has some existing drive-through standards, but additional standards are proposed to improve access and safety for pedestrians. The standards address walk-up service areas, location of service areas and stacking lanes, and spacing of drive-through entrances from street intersections.

Rule 0330 does not require cities to prohibit drive-through uses in any zones. However, the *Walkable Design Standards Model Code* prohibits new drive-through facilities in the “downtown” and “main street” districts – i.e., the priority pedestrian districts. Therefore, it is recommended to consider prohibiting new drive-throughs in the MUC zone, which is one of Tualatin’s pedestrian-oriented districts.

The project team is seeking direction from City Council on this policy question. There are two main options for how to address drive-through facilities in the MUC zone:

- **Option 1:** Prohibit new drive-through facilities in the MUC zone.
- **Option 2:** Allow drive-through facilities with new standards and restrictions as required by Rule 0330.

OUTCOMES OF DECISION:

The state rulemaking provides development regulations for pedestrian-friendly and connected neighborhoods. An urban form that focuses on walkability reduces dependence on driving, lowers transportation pollution, and promotes more active lifestyles.

ALTERNATIVES TO RECOMMENDATION:

The state rulemaking is mandatory for metropolitan areas in Oregon.

FINANCIAL IMPLICATIONS:

The City was awarded direct assistance for this work by DLCD under an Intergovernmental Agreement authorized by Resolution No. 5813-24. No direct financial expenditures will be incurred.

ATTACHMENTS:

- A. Presentation



CFEC Walkable Design Standards

May 27, 2025 – Work Session



Agenda



- Project purpose & background
- Overview of draft code updates
- Questions & discussion



CITY of
TUALATIN

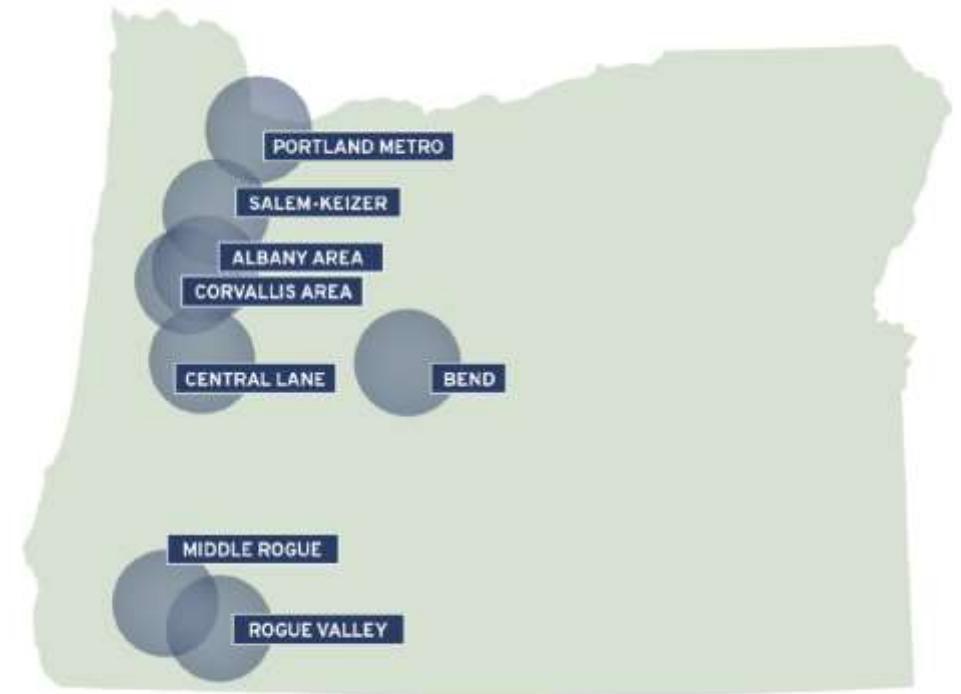
CFEC Summary

Climate-Friendly and Equitable Communities

State mandate to reduce greenhouse gas emissions from transportation

CFEC Components

- ✓ Designate Climate-Friendly Areas – Metro 2040 Growth Concept
- ✓ Parking Reform – Ordinance No. 1486-24
- ☐ Transportation System Plan Update
 - Walkable Design Standards



The CFEC program applies to regions with populations over 50,000 people.

Walkable Design Standards



Project Purpose: Promote walkable and bike-friendly design in new residential and commercial development throughout the city by promoting pedestrian-oriented site design, connectivity, and compact development.

Implement requirements in Oregon Administrative Rules 660-012-0330 (“Rule 0330”)



PEDESTRIAN-
ORIENTED
DEVELOPMENT



CONNECTIVITY
AND ACCESS

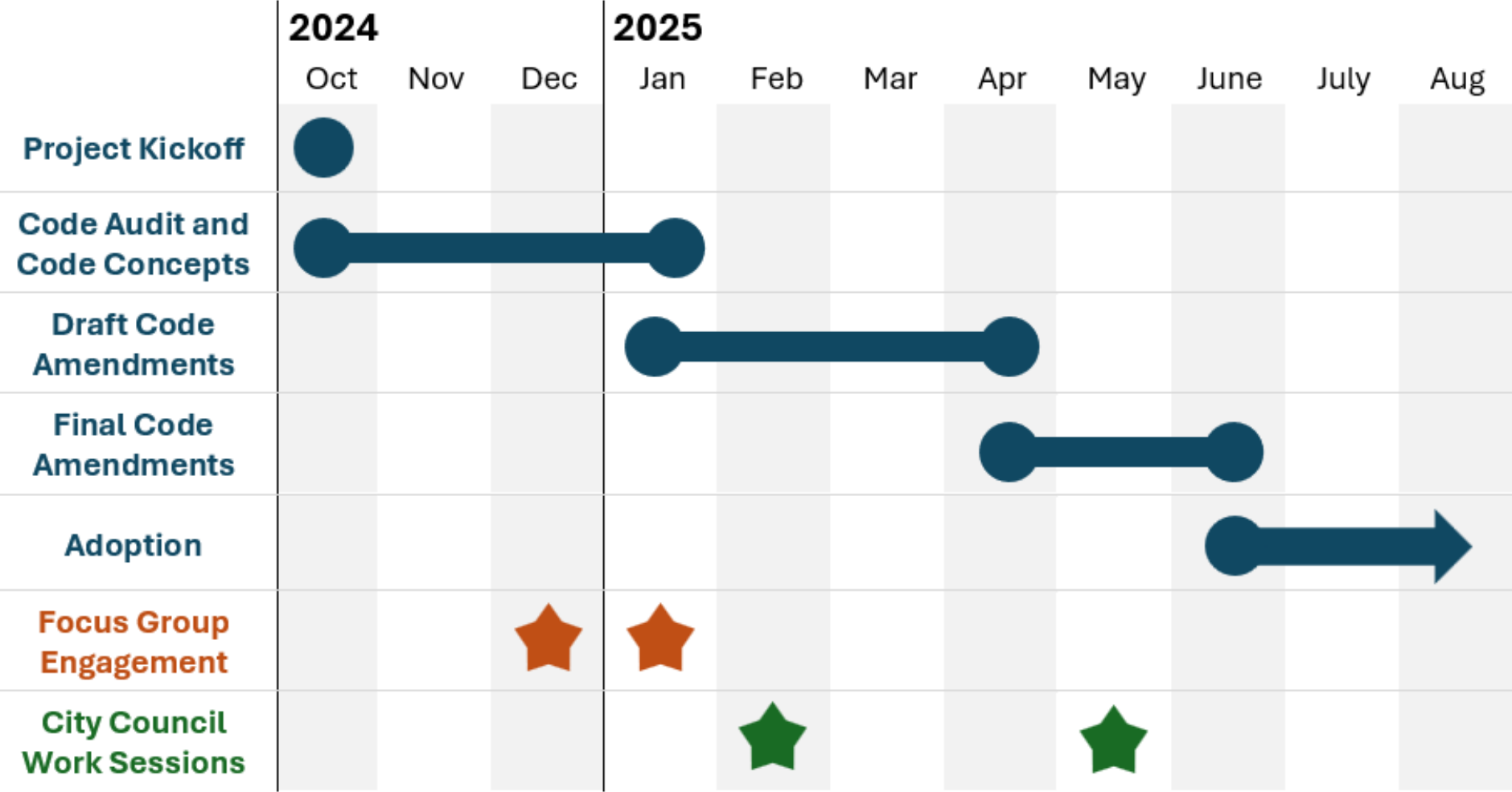


COMPACT
DEVELOPMENT

Walkable Design Standards



Project Timeline



Proposed Code Updates



Respond to:

- Rule 0330 requirements
- Findings and direction from the Walkable Design Standards Code Audit and Code Concepts (reviewed with City Council in February 2025)
- Input from community stakeholders
- Input from City Council at February work session
- Examples and code language in DLCD's *CFEC Walkable Design Standards Guidebook and Model Code*

Key Topic Areas:

- Neighborhood connectivity
- Residential neighborhoods
- Commercial and mixed-use districts
- Auto oriented uses

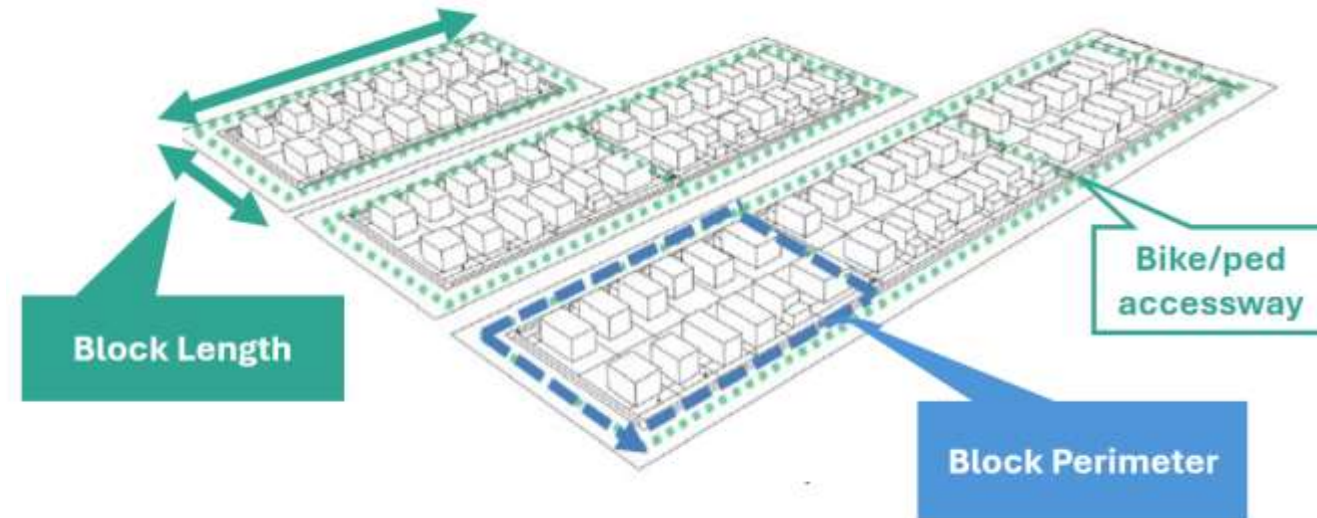
Neighborhood Connectivity



Rules apply to neighborhood-scale development (creation of new streets)

BLOCK LENGTH / CONNECTIVITY:

- Reduce max. block length from 530 feet to 400 feet.
- Add block perimeter standard.
- Block length can be met with public streets, pedestrian/bicycle accessways, or alley.
- Require cul-de-sacs to provide pedestrian/bicycle connection if a public pedestrian facility is close by.



Neighborhood Connectivity



ALLEYS:

- Create a new set of design standards for alleys to promote predictable and functional designs.
- Residential development can provide driveway access from alleys.
- Alleys can also be used to meet block length standards.

MID-BLOCK ACCESSWAYS:

- Pedestrian and bicycle accessways can be provided in lieu of full street connections.
- City Council members shared concerns about adequate lighting and other safety measures for accessways.
- Updates to accessway design standards account for adequate width, lighting, and accessibility.



Residential Neighborhoods



Rules apply to new residential construction and call for “efficient and sociable development patterns.” Local regulations must address building setbacks, lot size and lot coverage, building orientation, and access.

(No changes to lot size or lot coverage standards are proposed.)

MINIMUM SETBACKS:

- Reduce front setback requirements in most residential zones to promote walkable design and support development flexibility.

MAXIMUM SETBACKS:

- Add maximum setback requirements in the two high-density zones to promote orientation to the street.
- Include flexibility by allowing a pedestrian plaza or other amenity space to meet some of the requirement.



Residential Neighborhoods



BUILDING ORIENTATION:

- Add new entry orientation standards focused on multi-family development.
- Only apply to sites with frontage on local streets (i.e., lower traffic streets).
- Require entry to face the street or open onto a porch or courtyard that faces the street.



Commercial and Mixed-Use Districts



Rules call for compact development patterns, easy ability to walk or use mobility devices, and direct access to pedestrian, bicycle, and public transportation networks

MAXIMUM SETBACKS:

- Similar approach as for residential setback standards.
- Mixed Use Commercial (MUC) zone already has maximum setback provisions. Add provisions to Neighborhood Commercial (CN) and Central Commercial (CC).



MUC buildings close to streets

Commercial and Mixed-use Districts

BUILDING ORIENTATION AND PARKING LOCATION:

- Require main entry to orient towards the street or be within 25 feet of the street.
- Require a safe and convenient pedestrian connection to the sidewalk.
- Prohibit parking areas between the building and the street. (Mirror the MUC standards in other commercial districts.)
- Add flexibility by allowing exceptions if it is not practical to meet the standards given site constraints, or if the proposed design would equally or better meet the purpose of the standard.



Auto Oriented Uses



Rules apply to drive-through facilities and other uses related to the operation, sale, maintenance, or fueling of motor vehicles. Intended to ensure auto-oriented uses are compatible with walkability and the use of mobility devices.

DRIVE-THROUGH STANDARDS:

- Drive-through facilities can create uncomfortable spaces for pedestrians and can make it difficult to access businesses' services without a vehicle.
- Additions to existing drive-through standards are proposed to improve pedestrian access and safety.
- Standards address walk-up service areas, location of service areas and stacking lanes, and spacing of drive-through entrances from street intersections



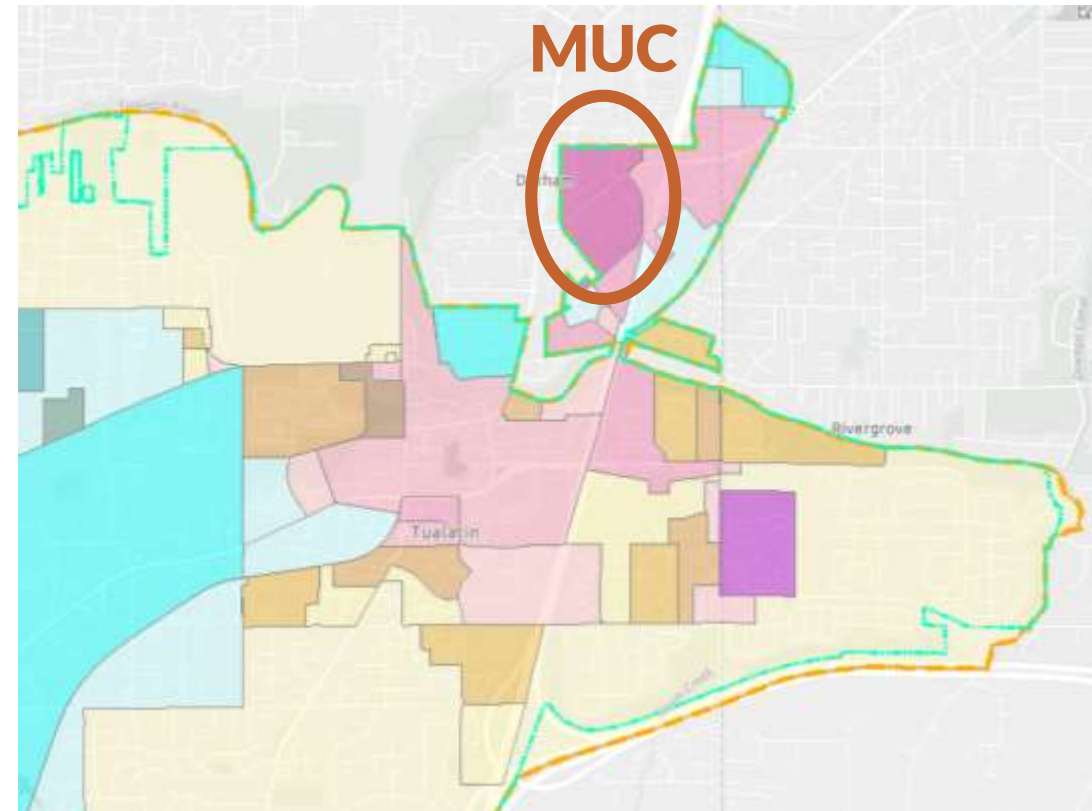
Policy Question

How should drive-through facilities be treated in the MUC zone?

- *Walkable Design Standards Model Code* prohibits new drive-through facilities in the “downtown” and “main street” districts – i.e., the priority pedestrian districts.
- Drive-throughs are already restricted in the Central Tualatin Overlay Zone. Should they also be restricted in MUC?

TWO MAIN OPTIONS:

- **Option 1:** Prohibit new drive-through facilities in the MUC zone.
- **Option 2:** Allow drive-through facilities with new standards and restrictions as required by Rule 0330.



Conclusion

Any other questions or discussion?

Next Steps

- Revised, adoption-ready draft code amendments
- City staff will take the amendments through adoption later this year





CITY *of*
TUALATIN



Proclamation

WHEREAS, the City Council's 2030 Vision is for Tualatin to be an inclusive community that promotes equity, diversity, and access in creating a meaningful quality of life for everyone, which includes diversity of sexual orientation and identity; and

WHEREAS, we recognize, support, and appreciate the invaluable contributions of the members of the LGBTQIA+ community; and

WHEREAS, Pride Month is currently celebrated each year in the month of June to honor the 1969 Stonewall Uprising in Manhattan; and

WHEREAS, many LGBTQIA+ community members continue to face harassment and physical violence and are four times more likely to experience violent victimization than non-community members; and

WHEREAS, LGBTQIA+ youth are almost five times as likely to have attempted suicide compared to straight cisgender youth, and each episode of LGBTQIA+ victimization, such as physical or verbal harassment or abuse, increases the likelihood of self-harming behavior by 2.5 times on average; and

WHEREAS, we remain steadfast in our dedication to eliminate the prejudices and discrimination faced by members of the LGBTQIA+ community; and

WHEREAS, we believe that the rich diversity of communities in Tualatin is one of our greatest strengths, and we seek to amplify the voices of the LGBTQIA+ community, including youth, allies, and student groups such as Tualatin High School's Gay-Straight Alliance and Hazelbrook Middle School's Aqua Club;

NOW, THEREFORE, BE IT PROCLAIMED BY THE CITY COUNCIL OF THE CITY OF TUALATIN, Oregon that Tualatin recognizes June 2025 as Pride Month. The community is encouraged to respect and honor our diverse community, celebrate, and build a culture of inclusivity and acceptance, and we invite you to participate in our summer concert celebrating Pride on August 8.

INTRODUCED AND ADOPTED this 27th day of May, 2025.

CITY OF TUALATIN, OREGON

BY _____
Mayor

ATTEST:

BY _____
City Recorder





Proclamation

WHEREAS, every day, more than 120 Americans are killed by gun violence, alongside more than 200 who are shot and wounded, and on average there are more than 18,000 gun homicides every year; and

WHEREAS, Oregon has an average of 587 gun deaths every year, Oregon has the 34th highest rate of gun deaths in the US; and

WHEREAS, cities across the nation are working to end the senseless violence with evidence-based solutions; and

WHEREAS, support for the Second Amendment rights of law-abiding citizens goes hand-in-hand with keeping guns away from people with dangerous histories; and

WHEREAS, gun violence prevention is more important than ever as we see an increase in firearm homicides, and nonfatal shootings across the country, increased calls to domestic violence hotlines, and an increase in city gun violence;

WHEREAS, in January 2013, Hadiya Pendleton was tragically shot and killed at age 15; and in June to recognize Hadiya Pendleton's birthday (born: June 2, 1997), people across the United States recognize Gun Violence Awareness and wear orange in tribute to Hadiya Pendleton and other victims of gun violence and the loved ones of those victims; and

WHEREAS, the idea was inspired by a group of Hadiya's friends, who asked their classmates to commemorate her life by wearing orange; they chose this color because hunters wear orange to announce themselves to other hunters when out in the woods and orange is a color that symbolizes the value of human life; and

WHEREAS, by wearing orange in June, Tualatin will raise awareness about gun violence and honor the lives of gun violence victims and survivors; and

WHEREAS, we renew our commitment to reduce gun violence and pledge to do all we can to keep firearms out of the wrong hands, and encourage responsible gun ownership to help keep our children safe.

NOW THEREFORE, BE IT PROCLAIMED BY THE CITY COUNCIL OF THE CITY OF TUALATIN, Oregon that June 2024 is Gun Violence Awareness Month in the City of Tualatin. The community is encouraged to support efforts to prevent the tragic effects of gun violence and to honor and value human lives.

INTRODUCED AND ADOPTED this 27th day of May, 2025.

CITY OF TUALATIN, OREGON

BY _____
Mayor

ATTEST:

BY _____
City Recorder





CITY OF TUALATIN

Staff Report

TO: Honorable Mayor and Members of the City Council

THROUGH: Sherilyn Lombos, City Manager

FROM: Nicole Morris, Deputy City Recorder

DATE: May 27, 2025

SUBJECT:
Consideration of Approval of the Regular Meeting Minutes of May 12, 2025

RECOMMENDATION:
Staff respectfully recommends the Council adopt the attached minutes.

ATTACHMENTS:

-City Council Regular Meeting Minutes of May 12, 2025



TUALATIN CITY COUNCIL

OFFICIAL MEETING MINUTES
FOR MAY 12, 2025

PRESENT: Mayor Frank Bubenik, Council President Valerie Pratt, Councilor Bridget Brooks, Councilor Maria Reyes, Councilor Cyndy Hillier, Councilor Christen Sacco, Councilor Octavio Gonzalez

Call to Order

Mayor Bubenik called the meeting to order at 7:00 p.m.

Pledge of Allegiance

Announcements

1. Proclamation Declaring May 2025 as Mental Health Awareness Month in the City of Tualatin

Clackamas NAMI (National Alliance on Mental Illness) Executive Director Dave Hunt presented information on Mental Health Awareness Month. He spoke to his organizations mission and activities.

Councilor Brooks stated the group is a great advocacy group and asked for more information. Director Hunt spoke to some of their legislative advocacy and their connections to other agencies.

Councilor Hillier added that NAMI will be partnering with the local LEAP group on a Teen Mental Health Townhall coming up.

Councilor Cindy Hillier read the proclamation declaring May 2025 as Mental Health Awareness Month in the City of Tualatin.

2. New Employee Introduction- Management Analyst II Jackson Porterfield

Deputy Public Works Director Nic Westendorf introduced Management Analyst II Jackson Porterfield. The Council welcomed him.

Public Comment

None.

Consent Agenda

Motion to adopt the consent agenda made by Councilor Sacco, Seconded by Council President Pratt. Voting Yea: Mayor Bubenik, Council President Pratt, Councilor Brooks, Councilor Reyes, Councilor Hillier, Councilor Sacco, Councilor Gonzalez

MOTION PASSED

1. Consideration of Approval of the Work Session and Regular Meeting Minutes of April 28, 2025

Special Reports

1. Outside Agency Grant Awardee- MITCH Charter School

MITCH Charter School Board Member presented an update on the school's recently launched breakfast and lunch program. She explained that the program was developed by a school lunch committee to address the lack of a full-size kitchen and officially began on November 13, 2024. Since then, approximately 87% of MITCH families have opted in, with an average of 175 students receiving meals daily. They share that the program includes a sharing bin to support students needing additional nutrition and that a lunch assistant was hired to manage meal pickup, service, and next-day breakfast preparation. She stated that City funding was used for program-related expenses such as a service vehicle, electrical outlet installation, and staff salary. The Board Member shared that additional support was provided by the Community Eligibility Provision (CEP) through TTSD Nutrition Services and the MITCH Parent-Student Organization. She stated all students at MITCH now receive free breakfast and lunch.

Councilor Brooks thanked them for the update and expressed appreciation for the work done to establish the program. She stated she was pleased to see City funds being used in such a meaningful way.

General Business

1. Climate Action Plan – Implementation Funding

City Manager Sherilyn Lombos presented a funding strategy for the implementation of the Climate Action Plan. She recapped that the plan was adopted in May 2024, with a short-term work plan approved in October 2024. She explained that the Climate Action Plan consists of four sections, seven focus areas, nine strategies, and 59 actions. Focus areas one through three support adaptation to climate change, while areas four through seven focus on mitigation strategies to reduce emissions citywide.

Manager Lombos noted that the plan calls for the city to hire a dedicated staff member to oversee implementation, a role that does not currently exist within the organization. She stated that without a dedicated resource, the city cannot meaningfully advance the plan's goals. Manager Lombos reviewed recommendations from EcoNorthwest, which conducted a funding analysis and presented six options to the Council earlier in the year. Council directed staff to explore three of those options further: a right-of-way or franchise fee increase, a building permit surcharge, and a Share the Pennies opt-up utility billing program.

Manager Lombos reviewed franchise fee rate comparisons and revenue projections. She stated that Tualatin's current fees are lower than those in comparable cities and that a 0.5% increase in electric franchise fees alone could raise approximately \$249,000. A 1% or 1.5% increase would generate proportionally more. Manager Lombos shared that a 5% surcharge on building permit fees could yield an estimated \$68,000 annually. She explained the Share the Pennies program and the rounding up utility bills is not currently supported by the billing system, but a fixed fee such as \$0.49 or \$0.99 could be added as an opt-out option. She stated annual revenue would range from \$64,000 to \$130,000 depending on participation rates.

Manager Lombos stated the total annual cost to fund the program, including a full-time coordinator and related implementation and consulting costs, is estimated at \$250,000. She requested Council direction on how to proceed.

Councilor Sacco asked how an increase in right-of-way or franchise fees might affect residents, since utility providers might pass those costs on. City Manager Lombos said staff would investigate those impacts and follow up.

Councilor Brooks expressed concern that the estimated \$100,000 allocated for consultant costs might be too low to successfully launch the program. She requested that this figure be reconsidered.

Council President Pratt stated that her first choice would be the Share the Pennies program, since it gives residents the ability to opt out. She supported the building permit surcharge as a second option because it does not directly affect households. She acknowledged, however, that additional funding would be needed beyond those two tools and that a franchise fee increase may be necessary.

Councilor Brooks emphasized that the Climate Action Plan will produce efficiencies and long-term cost savings that will help justify the investment.

Council President Pratt added that she would like to explore a mix of funding sources and cautioned against relying too heavily on building permit fees, which can fluctuate with the economy.

Councilor Sacco also expressed concern about the potential impact of franchise fee increases and stated that she could not support that approach without knowing how much it would affect individual households.

Councilor Hillier stated she was not ready to support increasing the proposed \$250,000 annual cost until the program is up and running. She asked for additional analysis on what a 0.3% franchise fee increase would mean for residents.

Mayor Bubenik stated that a combination of a 0.3% right-of-way fee increase, a 3% surcharge on building permits, and the Share the Pennies program could be sufficient to fund the first year while minimizing the impact on residents and businesses. He stated the program, and its funding model should be reviewed annually.

Councilor Sacco asked how Tualatin's building permit fees compare to those in other nearby cities. She expressed concern about making development more expensive and potentially discouraging builders from choosing Tualatin.

Councilor Reyes stated that she would prefer to begin with the Share the Pennies program because it allows residents to choose whether to contribute. She expressed opposition to increasing right-of-way fees without further information.

Councilor Gonzalez stated he supports the Share the Pennies approach, noting that it empowers residents to participate voluntarily. He recommended building up a balance from that program to support the plan year over year.

Councilor Brooks stated she favored using all three tools—a franchise fee increase, permit fee surcharge, and Share the Pennies program—as the most sustainable path forward.

Council President Pratt added that implementing a \$0.99 Share the Pennies fee, the permit surcharge, and a modest right-of-way fee increase would likely meet the City’s funding goal.

Councilor Hillier asked for additional details on the potential operational savings that the new position might deliver.

City Manager Lombos responded that staff would return with more information on cost impacts, revenue comparisons, and expected efficiencies before final Council action.

Council Communications

Councilor Sacco stated she attended the Willamette River Water Coalition and the Clackamas County Coordinating Committee (C4).

Councilor Hillier shared that the LEAP Youth Alliance held its Mental Health Rally.

Councilor Reyes stated she attended the Latino Business Network meeting.

City Manager Sherilyn Lombos delivered her Manager’s Report. She announced that the first meeting of the CORA Community Advisory Committee would be held later that week. She also noted that staff are developing a process for evaluating the potential grade separation at Tualatin-Sherwood Road. Manager Lombos stated Plambeck Gardens received its final certificate of occupancy, and the Bulky Waste and Yard Debris Day was recently held. She reported that Congresswoman Salinas completed a ride along with the Police Department. Additional events include the upcoming Riverpark Community Fair, recognition of Public Service Appreciation Week, Police Week, and next week’s National Public Works Week. She also noted that Hazelbrook Middle School will host a “Hazelbrook Cares” park cleanup event, and that the ribbon cutting for Veteran’s Plaza is scheduled for later this month.

Councilor Gonzalez reported attending the East CIO meeting.

Councilor Brooks stated she participated in the League of Oregon Cities Spring Conference and attended the ribbon cutting for Salt & Straw.

Council President Pratt stated she attended the League of Oregon Cities Spring Conference.

Mayor Bubenik stated he met with Senator Wyden’s staff to discuss local and statewide issues, participated in the Neighbors Nourishing Communities plant giveaway, and attended the ribbon cutting at Salt & Straw. He also testified in Salem in support of funding for the Veteran’s Plaza shade structure and the City’s seismic valve project. Additional meetings included the Washington County Coordinating Committee and the Aging Task Force.

Adjournment

Mayor Bubenik adjourned the meeting at 8:48 p.m.

Sherilyn Lombos, City Manager

_____/ Nicole Morris, Recording Secretary

_____/ Frank Bubenik, Mayor



CITY OF TUALATIN

Staff Report

TO: Honorable Mayor and Members of the City Council

THROUGH: Sherilyn Lombos, City Manager

FROM: Bert Olheiser, Street/Storm/Sewer Manager
Rachel Sykes, Public Works Director

DATE: May 27, 2025

SUBJECT:

Consideration of Resolution 5880-25 Awarding a Contract for the Construction of the 2025 Pavement Maintenance Program.

RECOMMENDATION:

Staff recommends Council approve Resolution 5880-25, allowing the City Manager to execute a contract with (placeholder - low bid contractor to be added May 21) to construct the 2025 Pavement Maintenance Program in the amount of (placeholder - low bid amount to be added May 21)

EXECUTIVE SUMMARY:

The 2025 Pavement Maintenance Program will focus on overlay, or adding a new layer of pavement, on roads that are degraded beyond preventative maintenance efforts. Determination of what type of repairs a roadway receives is based on the road's Pavement Condition Index (PCI) rating, which is a standardized scoring system to grade roadways on a scale of 1-100. Roads with a PCI below 70 typically become good candidates for overlay.

The 2025 project will overlay the following areas:

Road	Begin	End	PCI	Distance (mi.)	ADA Ramps
Sagert St.	Boones Ferry Rd.	Martinazzi Ave.	55	0.34	6
Nyberg Ln.	65 th Ave.	57 Ave.	63	0.48	4
57 th Ave.	Nyberg Ln.	Natchez	67	.018	10
108 th Ave.	Tualatin Rd.	580 ft. south	40	0.11	0
Martinazzi Ave.	Seminole Trail.	Avery St.	73	0.05	0

This project will also include full depth patch repairs on Boones Ferry Rd. from Tualatin Rd. to the Tualatin River Bridge. While Boones Ferry is nearing a time where an overlay is required, staff recommend holding off on repaving until more work is done visioning the Core Opportunity and Reinvestment Area and completing the Transportation System Plan to ensure any improvements to the road support future roadway design standards and development goals in the area. Staff believe full depth patch work can keep the road in a safe, drivable state while the abovementioned planning work is undertaken, without increasing future overlay costs. This will ensure alignment between the paving project and these other City priorities.

This year will also be the first year the City begins requiring Environmental Product Declarations (EPDs) as part of the project's bid documents. EPDs are standardized documents that provide information about a given

product's environmental impact. Collection of EPDs is the City's first step in understanding the carbon emissions related to construction projects. This can be informative to future work on Climate Action Plan initiative 7.3.1, which recommends updating the Public Works Construction Code to require low emissions materials.

COUNCIL VISION: This project supports two items from the Council 2030 Vision: Neighborhoods & Transportation.

OUTCOMES OF DECISION:

Adopting Resolution 5880-25 will allow the city to proceed with the 2025 Pavement Maintenance Program as described in the Executive Summary section above and shown on the attached project maps.

ALTERNATIVES TO RECOMMENDATION:

The City Council could choose not to adopt Resolution 5880-25 and not to proceed with this year's 2025 Pavement Maintenance Program. This is not recommended

FINANCIAL IMPLICATIONS:

Funds for the project are budgeted in Road Utility Fund.

ATTACHMENTS:

- Resolution 5880-25
- PowerPoint presentation with project locations
- Bid award recommendation from Otak *(to be added May 21)*



Pavement Maintenance Planned Work 2025

May 27, 2025

Pavement Maintenance



- **The City maintains roads in four primary ways:**
 1. Crack seal treatment (\$)
 2. Slurry seal (\$\$)
 3. Overlay (\$\$\$)
 4. Reconstruction (\$\$\$\$)
- **Each year, several roadways are chosen for focused, preventative maintenance.**
- **Maintenance is paid for by the Road Utility Fund**
 - Revenue from Tualatin street fees and Vehicle Registration Fees



Pavement Maintenance



- Each roadway has a 0-100 Pavement Condition Index Score (“PCI Score”)
 1. Good (70-100)
 2. Fair (50-69)
 3. Poor (26-49)
 4. Very Poor (0-25)
- The PCI is a standardized method for assessing pavement condition and is used for budgeting, planning repairs, and prioritizing projects
- Projects typically include ADA curb ramp and storm drain replacement/repairs, which increase the cost of work



Sagert St/ Martinazzi Ave.

Boones Ferry Rd to Martinazzi Ave./ Sagert St. To Avery St.

2025 Pavement Maintenance Program

TUALGIS



PCI = 55

Distance = 0.34 mi.

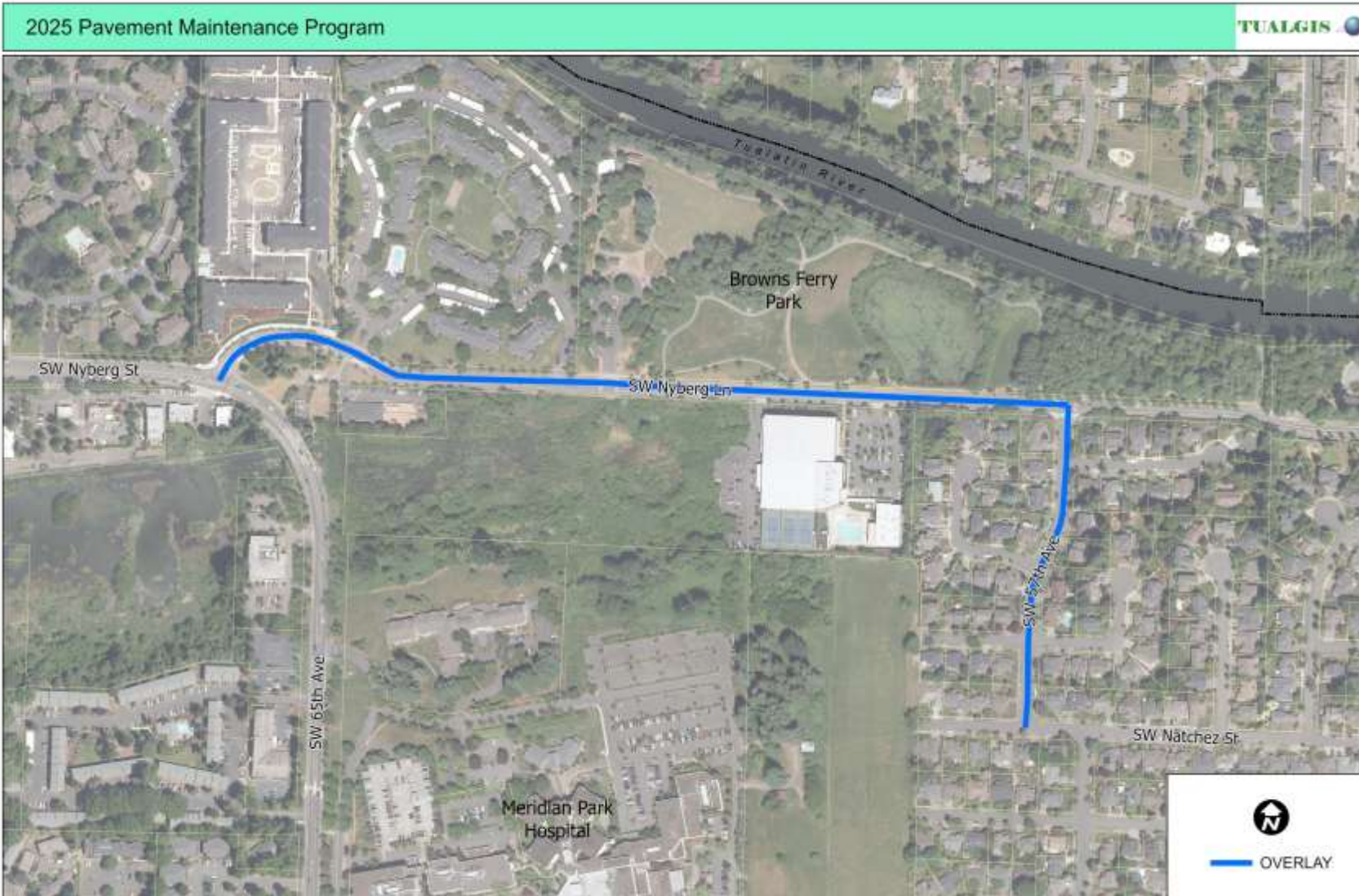
ADA Ramps = 6



CITY of
TUALATIN

Nyberg Lane / 57th Ave

65th Ave to 57th Ave Nyberg Ln to Natchez St



PCI = 65

Distance = 0.66 mi.

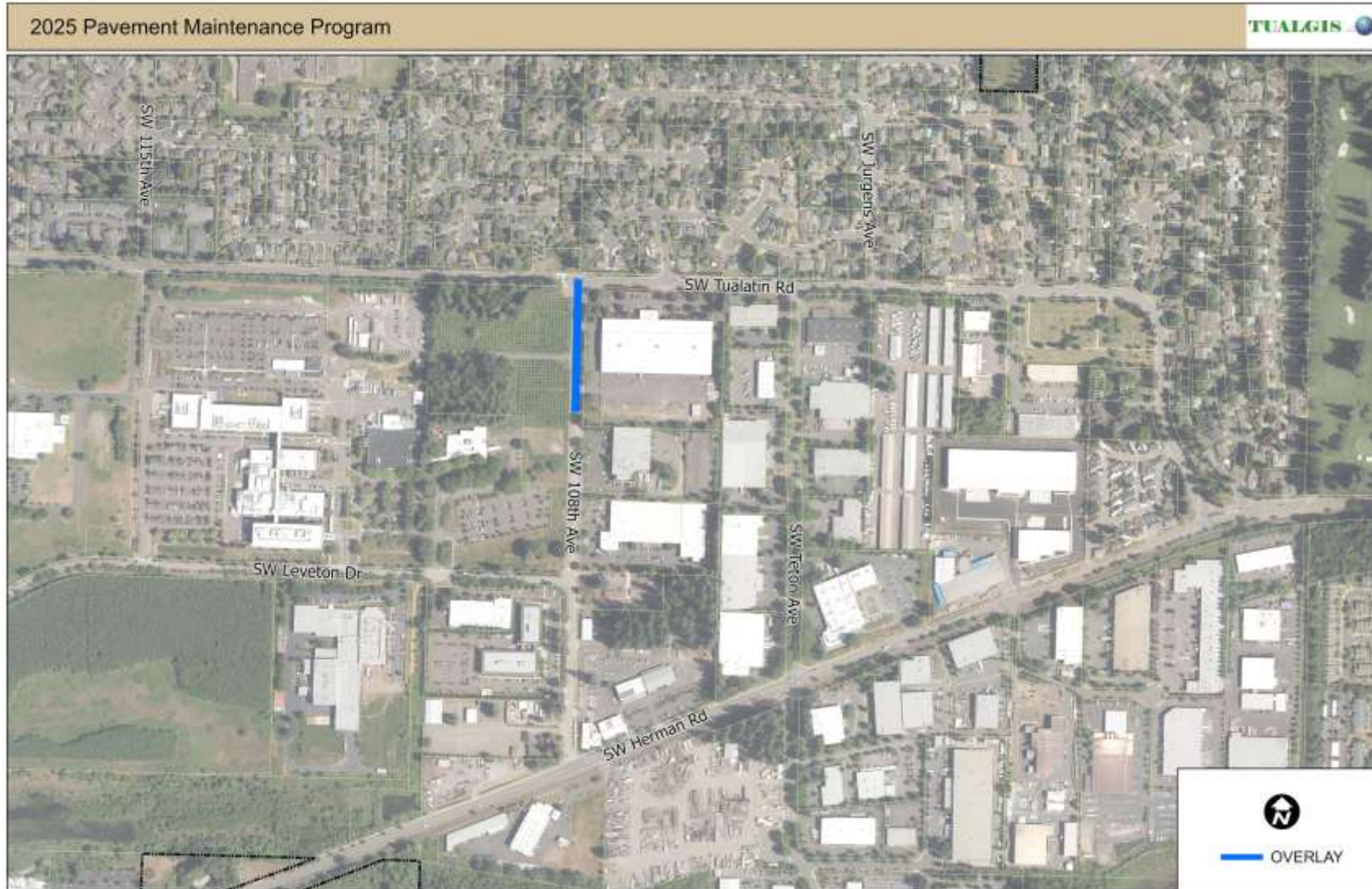
ADA Ramps = 14



CITY of
TUALATIN

108th Ave

North end to SW Tualatin Rd



PCI = 40

Distance = 0.11 mi.

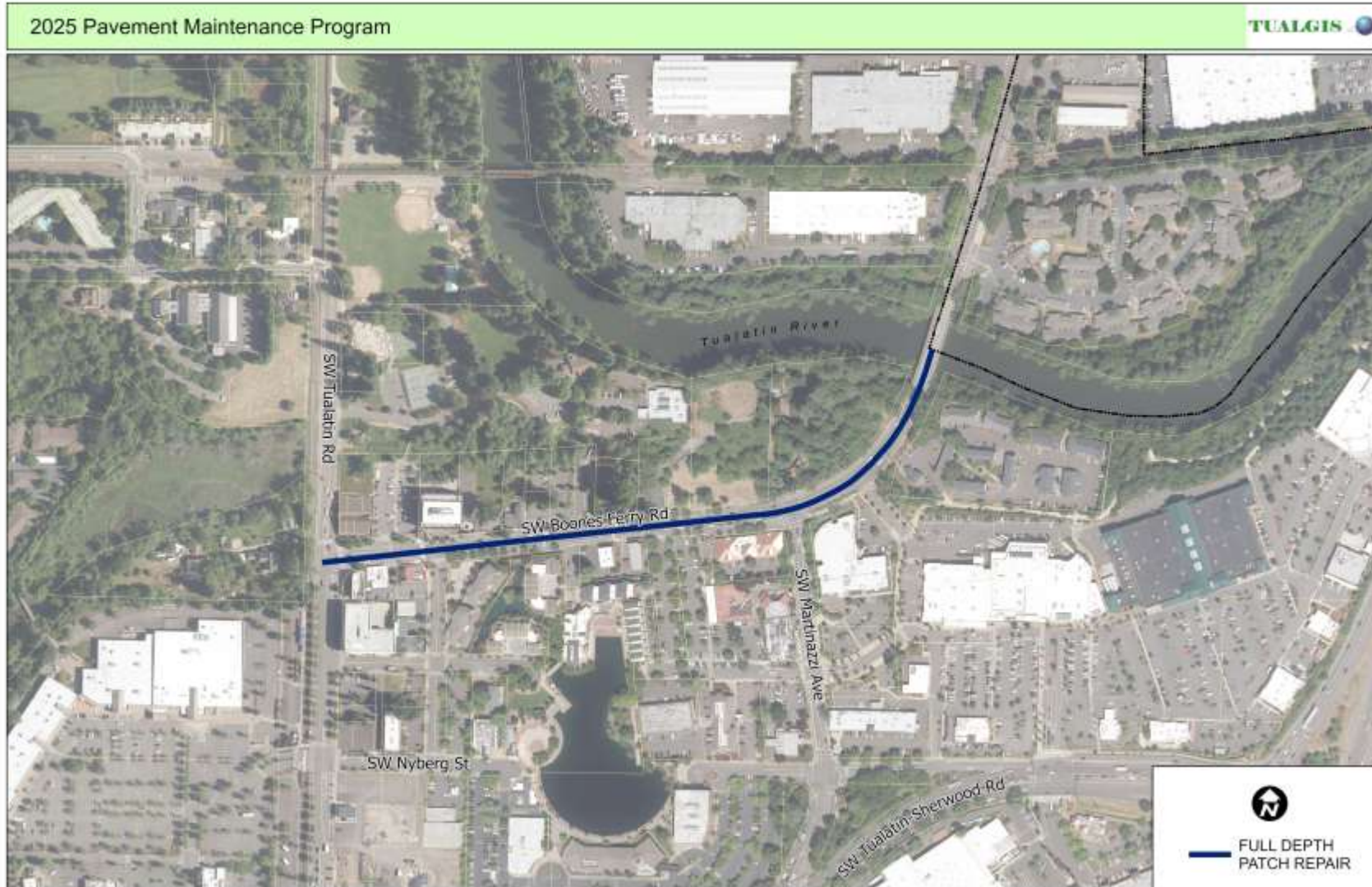
ADA Ramps = 0



CITY of
TUALATIN

Boones Ferry Rd

Tualatin Rd to Tualatin River Bridge



PCI = 52

Distance = 0.38 mi.

ADA Ramps = 0



CITY of
TUALATIN

Recommendation



Recommend approval of Resolution 5880-25, awarding a contract for the 2025 Pavement Maintenance Program to *(insert low bidder)** in the amount of *(inset low bid)**.

**Slide will be updated May 21 with low bid and contract amount.*



RESOLUTION NO. 5880-25

RESOLUTION AWARDING THE BID FOR THE CONSTRUCTION OF THE 2025
PAVEMENT MAINTENANCE PROGRAM.

WHEREAS, the Notice of Construction of the 2025 Pavement Maintenance Program was published in the *Daily Journal of Commerce* on May 2nd and May 5th , 2025;

WHEREAS, XXX proposals were received and publicly opened and read on May 20, 2025;

WHEREAS, the procurement complies with the City's public contracting requirements; and

WHEREAS, funds are available for this project in the FY 2025/2026 Road Utility Fund;

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF TUALATIN, OREGON, that:

Section 1. _____ was the successful responsible low bidder and is hereby awarded a contract to construct the 2025 Pavement Maintenance Program.

Section 2. The City Manager is authorized to execute a contract with _____ in the amount of \$_____.

Section 3. The City Manager or designee is authorized to execute Change Orders totaling up to 10% of the original contract price.

Section 4. This resolution is effective upon adoption.

Adopted by the City Council this 27th day of May, 2025.

CITY OF TUALATIN OREGON

BY _____
Mayor

APPROVED AS TO FORM

ATTEST

BY _____
City Attorney

BY _____
City Recorder



CITY OF TUALATIN

Staff Report

TO: Honorable Mayor and Members of the City Council

FROM: Sherilyn Lombos, City Manager

DATE: May 27, 2025

SUBJECT:
Climate Action Plan – Implementation Funding

RECOMMENDATION:
Staff is requesting direction to proceed on one or more of the options to fund the Climate Action Plan program implementation.

EXECUTIVE SUMMARY:

In October 2024 the City Council adopted a short—term work plan with a number of associated actions, one of which was to conduct an analysis of options for sustainable funding for the climate action program with the outcome of funding for a staff resource/position to oversee and manage the program, and funding for the general program.

Staff contracted with EConorthwest to perform that analysis. The consultant team analyzed a number of options and working with staff narrowed them down to ones that were the most viable. In February EConorthwest presented information to the City Council (see attached memo dated February 13, 2025). Council asked for some additional information on Right-of-Way/Franchise fees, Building Permit fees, and a Utility Fee Round-Up program.

Based on the Council's direction, EConorthwest provided the attached Addendum which includes information about how the City's Right-of-Way fees compare, and how much revenue could be raised by increasing those rates. It also includes an updated estimate of Building Permit fees, and finally, it includes how a "Share the Pennies" program might work in Tualatin.

Staff have recommended the inclusion of a Climate Action Plan Implementation Program Coordinator position in the 25/26 budget, which would be housed out of the City Manager's Office. In addition, there is one-time funding included in the budget to account for needed consultants or other costs associated with moving the Climate Action Plan forward in a meaningful and strategic way in FY 25/26. It is assumed that there will be some level of funding necessary above and beyond the personnel costs of a new position; therefore, staff estimates that the Climate Action Plan implementation needs approximately \$250,000 per year to be fully funded.

At the May 12 Council meeting, the City Council asked the following questions:

- If the City Council raised the franchise fee on the electric franchise by .5% or by .3%, what would that increase look like on an average residential bill?
- How volatile are Building Permit fees?
- How does Tualatin compare to other cities in Building fees?

Electric Franchise Fee, effect on rates:

Staff has requested the average residential bill from PGE the average residential bill; however, we have not yet received that information. We did; however pull two local residential bills that were available. The first shows the bill for a single-family detached home with a household of three.

Account charges		Public Purpose Charge (1.5%)	2.86
Balance forward	0.00	Amount due 5/12/25	\$204.11
Previous amount due 4/10/25	169.07		
Payments through 4/17/25	169.07 (CR)		
XXXXXXXXXX	204.11		
Energy charges	184.91		
Basic Charge	13.00		
Energy Use Charge (961.000 kWh x \$0.0354)	34.02		
Transmission Charge (961.000 kWh x \$0.00862)	8.28		
Distribution Charge (961.000 kWh x \$0.07014)	67.40		
Power Cost Adjustment (961.000 kWh x \$0.05788)	55.62		
Green Future Choice (701.530000 kWh x \$0.0094)	6.59		
Regulatory charges and credits	15.71		
Other charges and credits	0.03		
Metro Supportive Housing Services Tax Recovery (0.018%)	0.03		
Taxes and fees	3.46		
Low Income Assistance	0.60		

The franchise fee increase would be on the energy charges of \$184.91 (rather than the entire bill). So an increase of .05% (one half of one percent) would increase the bill by \$.92 per month. An increase of .03% would mean a \$.55 increase per month.

The second shows the bill for an attached condominium in Tualatin with a household of one.

Account charges		Public Purpose Charge (1.5%)	1.79
Balance forward	0.00	Amount due 5/15/25	\$127.52
Previous amount due 4/15/25	186.67		
Payments through 4/22/25	186.67 (CR)		
XXXXXXXXXX	127.52		
Energy charges	114.84		
Basic Charge	13.00		
Energy Use Charge (592.000 kWh x \$0.0354)	20.96		
Transmission Charge (592.000 kWh x \$0.00862)	5.10		
Distribution Charge (592.000 kWh x \$0.07014)	41.52		
Power Cost Adjustment (592.000 kWh x \$0.05788)	34.26		
Regulatory charges and credits	10.27		
Other charges and credits	0.02		
Metro Supportive Housing Services Tax Recovery (0.018%)	0.02		
Taxes and fees	2.39		
Low Income Assistance	0.60		

Again, the franchise fee increase would be on the energy charges of \$114.84. So an increase of .05% (one half of one percent) would increase the bill by \$.57 per month. An increase of .03% would mean a \$.34 increase per month.

As a reminder, EConorthwest provided the following chart showing the estimated revenue potential of increases to Tualatin's rates:

SERVICE TYPE	CURRENT RATE	FY 2024 REVENUE	+0.5%	+1.0%	+1.5%
Electric	3.5%	\$1,653,000	\$249,000	\$498,000	\$747,000
Natural Gas	5.0%	\$721,000	\$75,000	\$151,000	\$226,000
Telecommunication	5.0%	\$257,000	\$27,000	\$53,000	\$80,000
Solid Waste	3.0%	\$300,000	\$51,000	\$103,000	\$154,000

Building Permit Fees

Regarding the volatility of Tualatin's Building Permit Fees, staff ran an analysis of the Actual revenues since 2021. The 2025 Actual numbers are through April 2025. As can be seen, there is not a high degree of volatility in these rates across the years.

GL Account	2021 Actual	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2025 Budget	With 5% Surcharge
42231 - Permits - Structural	\$ 237,535	\$ 371,319	\$ 534,190	\$ 421,991	\$ 609,146	\$ 598,500	\$ 628,425
42232 - Permits - Plumbing	\$ 39,503	\$ 83,848	\$ 97,313	\$ 159,562	\$ 148,789	\$ 115,500	\$ 121,275
42234 - Permits - Mechanical	\$ 120,653	\$ 179,673	\$ 215,230	\$ 217,128	\$ 284,461	\$ 173,985	\$ 182,680
42236 - Permits - Manufactured Homes	\$ 1,092	\$ 182	\$ 182	\$ 1,164	\$ 840	\$ 210	\$ 220
42239 - Permits - Excavation & Demo	\$ 1,320	\$ 1,815	\$ 4,980	\$ -	\$ 100	\$ 1,050	\$ 1,100
42251 - Fees - Structural	\$ 144,127	\$ 168,141	\$ 421,463	\$ 440,887	\$ 716,740	\$ 220,500	\$ 231,530
42252 - Fees - Plumbing	\$ 3,986	\$ 20,685	\$ 27,318	\$ 11,296	\$ 7,706	\$ 21,000	\$ 22,050
42254 - Fees - Mechanical	\$ 61,727	\$ 100,973	\$ 131,504	\$ 116,414	\$ 143,971	\$ 115,500	\$ 121,280
42255 - Fees - Fire & Safety	\$ 70,171	\$ 77,284	\$ 188,292	\$ 42,842	\$ 90,101	\$ 105,000	\$ 110,250
42259 - Fees - Miscellaneous	\$ 645	\$ 840	\$ 2,220	\$ 3,750	\$ 6,325	\$ 2,625	\$ 2,760
	<u>\$ 680,760</u>	<u>\$ 1,004,759</u>	<u>\$ 1,622,692</u>	<u>\$ 1,415,035</u>	<u>\$ 2,008,178</u>	<u>\$ 1,353,870</u>	<u>\$ 1,421,570</u>
						Total Increase	<u>\$ 67,700</u>

Regarding comparisons to other jurisdictions, staff is still researching this information and expects to have it for the May 27 discussion.

ATTACHMENTS:

- Climate Funding Analysis for the City of Tualatin (February 13, 2025)
- Climate Funding Analysis for the City of Tualatin: Addendum (April 20, 2025)
- Building Permits & Fees Analysis (Updated)
- Presentation from May 12

DATE: February 13, 2025
TO: Sherilyn Lombos (City Manager) and Don Hudson (Assistant City Manager/Finance Director), City of Tualatin
FROM: Becky Steckler, AICP, Jen Cannon, AICP, and James Kim, ECONorthwest
SUBJECT: Climate Funding Analysis for the City of Tualatin

Executive Summary

Climate change is a global issue, and everyone contributes to it. Greenhouse gas (GHG) emissions are coming from our buildings, cars, and industries. The City of Tualatin's assessment showed its main sources of emissions are building energy (42 percent); imported emissions from goods, food, and fuel production (41 percent); and transportation energy (12 percent).¹ Although local emissions in Tualatin are expected to decrease over time thanks to strong state climate regulations impacting utilities,² this reduction alone will not be enough to reach the City's goal of net zero emissions by 2050.

The City of Tualatin is already stepping up to the challenge. It approved a Climate Action Plan (CAP) in early 2024 after two years of work. In October 2024, the City Council adopted a two-year work plan with actions that ensure the community moves closer to achieving its climate action goals. Two of those actions are (1) dedicating employee resources to manage and communicate implementation of the CAP and (2) evaluating potential funding sources to support CAP actions.

To that end, ECONorthwest researched potential fiscal tools for funding the City of Tualatin's implementation of the CAP. The first step was to conduct a scan of funding tools that the City might want to consider. These tools were explored in the context of the City's budget and financial condition. With feedback from the City of Tualatin, ECONorthwest prioritized six tools for further evaluation.

As a result of that analysis, ECONorthwest identified two promising revenue sources to fund climate-related work in the short-term. These resources can help fund staffing costs needed to kickstart the management and communication of the CAP actions. The City of Tualatin City Council can consider adopting one or more of the funding tools.

- ◆ 0.5% increase in right-of-way fees for electricity, telecommunication, and waste management services to raise about \$327,000 per year.

¹ The City of Tualatin. *Tualatin's Community Climate Action Plan*. 2024. https://www.tualatinoregon.gov/sites/default/files/fileattachments/public_works/page/54031/cap_executive_summary_0513.pdf

² Oregon Department of Energy. "Oregon Energy Strategy." <https://www.oregon.gov/energy/Data-and-Reports/Pages/Energy-Strategy.aspx>

- ◆ 5% increase in building permit fees to raise about \$60,000 per year, though this value will fluctuate year to year with economic cycles.

To fund its CAP in the long-term, the City of Tualatin will need additional resources. There is a long list of options the City can consider. Working with City staff, ECONorthwest identified three best options. They will not fully fund the CAP, but they are the least likely to face barriers. To be sure, adopting any one of these options will require concerted effort from the City, including campaigns to organize support and address concerns. Moreover, the use of the new revenues may be limited to specific purposes (e.g., transportation infrastructure). The three analyzed options are:

- ◆ 1.5% increase in right-of-way fees for electricity, natural gas, telecommunication, and waste management services to raise about \$1,208,000 per year. This action will require establishing new franchise agreements.
- ◆ 3-cent gas tax to raise about \$246,000 per year, though this value will fluctuate year to year and decrease over time with increasing vehicle fuel efficiency.
- ◆ 5% increase in Transportation Development Tax to raise about \$70,000 per year, though this value will fluctuate year to year with economic cycles and a nexus study may be required.

Additionally, the City may want to consider applying for grant opportunities that can provide one-time funding. This memorandum includes some examples the City could monitor and explore.



Organization of This Memorandum

- ◆ **Fiscal Context** (page 4): A quick reminder of limitations on revenue options for Oregon cities.
- ◆ **Short-Term Funding Options** (page 5): Two revenue options to get started on CAP actions.
- ◆ **Long-Term Funding Options** (page 9): Three revenue options to continue working on CAP actions.
- ◆ **Grant Opportunities** (page 14): A list of current or upcoming grant opportunities to monitor or apply for.
- ◆ **Additional Funding Ideas** (page 17): A list of other funding options that were considered, but ultimately not recommended.

Research Process

ECONorthwest worked with the City Manager and the Assistant City Manager/Finance Director between November 2024 and January 2025 to identify research objectives, vet potential funding options, and confirm analysis details. Estimating the revenue potential required detailed financial data from the City as well as information from City reports, including the Annual Comprehensive Financial Report.

When evaluating the funding tools for their advantages and disadvantages, ECONorthwest used a systematic framework to make sure all tools were consistently evaluated. The evaluation informed the “Arguments For” and the “Arguments Against” sections of each revenue tool, using the following criteria:

- ◆ **Adequacy:** How much revenue can it generate?
- ◆ **Administrative ease:** Is it easy to implement with existing resources?
- ◆ **Flexibility:** What can the revenue be used for?
- ◆ **Stability:** Will the revenue fluctuate over time?
- ◆ **Fairness:** Who benefits and who pays? Does the tool treat similar taxpayers consistently? Do those with more resources pay more than those with less?
- ◆ **Nexus:** Is there a clear connection between the tax and the taxed economic activity?
- ◆ **Neutrality:** Is it likely to cause unintended changes in where people spend money and how much they spend?
- ◆ **Political viability:** Who will support and who will oppose it?
- ◆ **Transparency:** Is it easy to see or understand the new tax?



Fiscal Context

Like many other communities in Oregon, the City of Tualatin faces a difficult challenge: to provide more services with limited funds. People generally expect their governments to do more but do not necessarily want to pay higher taxes.

This is particularly true with climate-related investments and actions. Residents, employers, and workers in Tualatin may recognize the dire need to combat climate change and its effects, and they may support the City's strategies and goals in the CAP. But only few will decide to pay new taxes now to fund investments and actions that are unlikely to generate results until years later.

The City's existing funding sources cannot grow fast enough to even partially fund its CAP actions because of limitations on property taxes, the main source of revenue for Oregon cities. Measures 5 and 50 created a framework that capped property taxes and made annual increases more predictable.

- ◆ Measure 5, passed in 1990, capped property taxes at \$10 per \$1,000 of real market value for general government services and \$5 per \$1,000 for education services.
- ◆ Measure 50, passed in 1997, created a permanent tax rate limit for each taxing district that cannot be changed by the district or its voters. Voters can approve temporary levies (i.e., local option levies) to exceed the permanent tax rate.
- ◆ Measure 50 also separated the assessed value from the real market value. The assessed value is used to calculate property taxes for each property and cannot grow more than 3 percent each year, though exceptions apply for new constructions and major renovations. Measure 5 limits still apply to the real market value.

Since the adoption of Measures 5 and 50, the real market values (e.g., housing prices) and the cost of providing government services grew faster than the assessed values of existing properties. Although a steady flow of new development has allowed property tax revenues to grow at 4 to 5 percent per year, future growth remains uncertain. Moreover, property taxes from industrial equipment can increase or decrease each year depending on depreciation of existing equipment and investment in new equipment.

As a result of the property tax limitations, Oregon cities are generally left with the following options to fund new programs and projects.

- ◆ Asking voters to approve local option levies every 5 or 10 years.
- ◆ Attracting and permitting new construction and major improvements that can increase the taxable assessed value, though they represent a small fraction of the total tax roll.
- ◆ Increasing other taxes and fees or adopting new ones that charge for government services, including access to the public right-of-way.

To fund climate actions, the City of Tualatin may have to make difficult decisions.



Short-Term Funding Options

The City of Tualatin's short-term goals to advance the CAP include finding dedicated resources for managing and communicating its implementation. Assuming the City's planned budgets and existing funding sources cannot fund new CAP actions, the City will need to raise new revenue. An analysis of potential funding tools found two tools that can be implemented relatively easily while raising meaningful revenue. Although there certainly are some important tradeoffs to consider, they may be the best options for raising new revenue in the short-term.

A1. Right-of-Way Fees / Franchise Fees (0.5 percent)

Cities can charge utility-type companies for their privilege to use public rights-of-way (like streets, sidewalks, and roads) to install and maintain infrastructure such as pipes, wires, and poles. These are also called franchise fees, privilege taxes, and utility license fees, with slightly different nuances. They are a tax on the company's gross revenue. These fees continue year to year without a sunset period.

Right-of-way fees can cover administrative costs of regulating the utility or be used as a general revenue source. These revenues can be used to fund energy efficiency programs, renewable energy investments, and water conservation efforts. The City of Tualatin's franchise fee revenues were \$3.0 million in FY 2024, representing about 7 percent of governmental activities revenues.³

The City of Tualatin currently assesses the following right-of-way/franchise fees:

- ◆ Electric: 3.5 percent of gross revenue⁴
- ◆ Natural gas: 5.0 percent of gross revenue⁵
- ◆ Telecommunications: 5.0 percent of gross revenue⁶
- ◆ Waste management: 3.0 percent of gross revenue⁷

These charges are in addition to application fees, system development charges, and installation charges.

The fees on telecommunication carriers cannot exceed 7 percent of gross revenue (see ORS⁸ 221.515).

Disclaimer: EConorthwest's analysis is based on its interpretation and knowledge of Oregon laws. The City of Tualatin should consult its Legal Services Department before acting on information in this memorandum.

³ City of Tualatin. *Annual Comprehensive Financial Report*. For Fiscal Year ended June 30, 2024.

⁴ City of Tualatin. *Fee Schedule*. Fees effective July 9, 2024.

⁵ Ibid.

⁶ Ibid.

⁷ City of Tualatin. "Current Franchise Agreements." www.tualatinoregon.gov/legal/current-franchise-agreements

⁸ Oregon Revised Statutes



The fees on other public utilities may not exceed 5 percent of gross revenue, unless a franchise agreement is place (see ORS 221.450). The fees can be greater with a franchise agreement. The City of Tualatin has a franchise agreement with PGE but not with other electric or natural gas companies. The City of Tualatin also has a franchise agreement for waste management services. Increasing the fees beyond 5 percent of gross revenue on companies without a franchise agreement may require establishing franchise agreements.

Nearby cities have increased their utility license fees to support their general funds, which include climate-related uses.

- ◆ The City of Milwaukie: In 2024, the City Council increased fees on electric and natural gas providers from 5 percent to 8 percent. The fee on communications providers was already 7 percent.⁹
- ◆ The City of Gresham: In 2020, the City Council increased fees on electric and natural gas providers from 7 percent to 10 percent.¹⁰ A portion of the increased fee is dedicated to City’s Streetlight program. The fee on communications providers is 7 percent.¹¹

While these fees are paid by utility companies, the costs are likely to be passed onto utility customers. Utility companies can include line items for the fee in their monthly bills to customers or incorporate them into other charges. In either case, Tualatin residents and business owners may not notice this change because they tend to focus on the total bill amount. Still, excessive increases in the fees are likely to financially impact Tualatin residents and business owners.

Even if the fees are fully passed onto utility customers, the impact on monthly bills is expected to be a couple of dollars. For example, if monthly utility expenses add up to \$400, a 0.5 percent increase would equal a \$2 increase.

Utility use is clearly related to GHG emissions. Generating and supplying electricity produces GHG missions, though the state requires electricity suppliers to eliminate their greenhouse gas emissions by 2040.¹² Burning natural gas to heat homes and water produces GHG emissions. The energy required to power telecommunication networks and devices—including broadband and data centers¹³—relies on electricity. Finally, waste disposal makes up a tiny fraction of local GHG emissions, but that share will grow as a percent of total emissions as emissions associated with electricity decreases over time.

Analyzed Action: Increase existing right-of-way/franchise fees on electric utility, telecommunication, and waste management companies by 0.5 percentage points. This would increase the fees to 4.0 percent of gross revenue for electric companies, 5.5 percent

⁹ City of Milwaukie. “Utility license fee increase for electricity and natural gas.” www.milwaukieoregon.gov/finance/utility-license-fee-increase

¹⁰ City of Gresham. “Utility License Fees.” www.greshamoregon.gov/services/utilities/utility-license-fee-increase/

¹¹ City of Gresham. *Master Fee Schedule*. July 3, 2024.

¹² Oregon Department of Environmental Quality. “Oregon Clean Energy Targets.” www.oregon.gov/deq/ghgp/pages/clean-energy-targets.aspx

¹³ U.S. Department of Energy. “DOE Releases New Report Evaluating Increase in Electricity Demand from Data Centers.” December 20, 2024.



of gross revenue for telecommunication companies, and 3.5 percent of gross revenue for waste management companies. Do not change the right-of-way fee for natural gas companies since it may require new franchise fee agreements.

Figure 1. Current and Analyzed Right-of-Way Fees (Option A1)

UTILITY TYPE	CURRENT RATE	ANALYZED RATE
Electric	3.5%	4.0%
Natural Gas	5.0%	5.0% (no change)
Telecommunication	5.0%	5.5%
Waste Management	3.0%	3.5%

Source: ECONorthwest

Arguments For

- ◆ Fee increases are expected to generate about \$327,000 per year.¹⁴
- ◆ Fee increases are relatively small (0.5 percent), keeping the total tax rates competitive compared to some other jurisdictions in the region.
- ◆ Right-of-way/franchise fees can generate consistent revenue that comes from a broad tax base.
- ◆ Revenue can be added to the general fund and used flexibly.
- ◆ Increasing existing fees is easier to implement than establishing new ones.
- ◆ Utility uses are directly related to greenhouse gas emissions, so charging based on resource consumption is aligned with the goals of the CAP.
- ◆ Fee increases could incentivize property owners to make energy efficiency improvements in their buildings.

Arguments Against

- ◆ Though they are charged directly to utility providers, they are likely to be passed on to utility customers.
- ◆ They disproportionately affect lower-income households that spend a larger portion of their income on utilities.
- ◆ Natural gas use is also directly related to greenhouse gas emissions. Increasing the fee on electricity use without increasing the fee on natural gas use could appear illogical.

¹⁴ Based on ECONorthwest's calculations using financial data provided by the City of Tualatin.



A2. Building Permit Fee Surcharge

The City charges many types of building permit fees on new development and major improvements. Revenue from these fees in the last 4 years averaged about \$1.2 million per year. In the City of Tualatin, building permit fees are deposited into the Building Fund, which funds activities of the building division. Building energy is the largest source of emissions for Tualatin.¹⁵

Analyzed Action: Increase building permit fees by 5 percent and identify activities of the building division that align with CAP goals.

Arguments For

- ◆ A 5 percent increase is expected to generate about \$60,000 per year.
- ◆ The fees ensure those driving new development also fund its environmental mitigation.
- ◆ In general, voters are more likely to support fees on new development and growth rather than fees on themselves.

Arguments Against

- ◆ Revenue can depend on the pace of development, which can fluctuate with economic conditions and development decisions. In the past four years, annual building permit fees revenue ranged from about \$700,000 to \$1.6 million.
- ◆ The fees can increase development costs, impacting affordability.
- ◆ Support for fees on new development can be at odds with support for removing barriers to housing production. Opposition is likely to be concentrated among developers and people engaged in development activities.
- ◆ Use of building permit fees revenue is limited to activities of the building division, but many kinds of projects can be funded within this category (e.g., *Strategy 4.1 Energy efficiency and conservation*).

¹⁵ The City of Tualatin. *Tualatin's Community Climate Action Plan*. 2024.



Long-Term Funding Options

Implementing the goals in the CAP will require a large amount of ongoing funding. The options above are unlikely to be sufficient. EConorthwest analyzed three other potential options for long-term funding. Revenue from some of these options can only be used for transportation-related programs. Transportation energy makes up 12 percent of local emissions for Tualatin.¹⁶

B1. Right-of-Way Fees / Franchise Fees (1.5 percent)

The City of Tualatin can raise much more revenue with right-of-way/franchise fees if the rates are increased higher than by 0.5 percentage points. Fees on telecommunication carriers cannot exceed 7 percent of gross revenue. Fees on other companies without a franchise agreement is limited to 5 percent of gross revenue, so higher fees can require establishing new franchise agreements.

Analyzed Action: Increase existing right-of-way/franchise fees by 1.5 percentage points for electric, natural gas, and telecommunication companies. This would increase the fees to 5.0 percent of gross revenue for electric companies, 6.5 percent of gross revenue for natural gas and telecommunication companies, and 4.5 percent for waste management companies.

Figure 2. Current and Analyzed Right-of-Way Fees (Option B1)

UTILITY TYPE	CURRENT RATE	ANALYZED RATE
Electric	3.5%	5.0%
Natural Gas	5.0%	6.5%
Telecommunication	5.0%	6.5%
Waste Management	3.0%	4.5%

Source: EConorthwest

Arguments For

- ◆ Fee increases are expected to generate about \$1,208,000 per year.¹⁷
- ◆ Right-of-way/franchise fees can generate consistent revenue that comes from a broad tax base.
- ◆ Revenue can be added to the general fund and used flexibly.
- ◆ Increasing existing fees is easier to implement than establishing new ones.
- ◆ Utility uses are directly related to greenhouse gas emissions, so charging based on resource consumption is aligned with the goals of the CAP.

¹⁶ The City of Tualatin. *Tualatin’s Community Climate Action Plan*. 2024.

¹⁷ Based on EConorthwest’s calculations using financial data provided by the City of Tualatin.



Arguments Against

- ◆ Though the fees are charged directly to utility providers, they are likely to be passed on to utility customers. It would be prudent to conduct some public opinion research and engage members of the public before moving forward.
- ◆ If the fees are fully passed onto utility customers and monthly utility expenses add up to \$400, a 1.5 percent increase would equal a \$6 increase per month.
- ◆ They disproportionately affect lower-income households that spend a larger portion of their income on utilities. Expanding the City's Utility Bill Assistance program could offset some equity concerns.
- ◆ The fee increases could make the tax rates less competitive compared to other jurisdictions in the region.

B2. Gas Tax

All levels of government can charge a tax on gasoline sold at gas stations in Oregon. Drivers purchasing gasoline in Tualatin pay federal (\$0.184 per gallon), state (\$0.40 per gallon), and Washington County (\$0.01 per gallon) taxes. The City of Tigard is the only jurisdiction in Washington County to charge a local gas tax (\$0.03 per gallon). Other nearby jurisdictions with local gas taxes are:

- ◆ Multnomah County: \$0.03 per gallon
- ◆ City of Portland: \$0.10 per gallon
- ◆ City of Troutdale: \$0.03 per gallon
- ◆ City of Milwaukie: \$0.02 per gallon
- ◆ City of Happy Valley: \$0.02 per gallon

The City of Tualatin's Road Operating Fund—which accounts for gas taxes received from the State of Oregon and Washington County for the operation and maintenance of the street system, traffic signals, bike paths and landscaping of roadside area—received about \$3.1 million in revenues in FY 2024, including interest.¹⁸

A key concern with a local gas tax is that drivers may avoid purchasing gas in Tualatin. There are neighboring jurisdictions without gasoline taxes (though Tigard charges it), so drivers who are aware of the tax may plan ahead and fill up elsewhere. This could not only limit the revenue potential but also negatively impact gas station employment.

However, studies show gas taxes tend to have a minimal impact on gas purchases. A 3-cent increase is expected to decrease gas demand by less than 1 percent.¹⁹ The small effect on gas

¹⁸ City of Tualatin. *Annual Comprehensive Financial Report*. For Fiscal Year ended June 30, 2024.

¹⁹ A review of literature shows a range of reductions. (1) David Coyle, Jason DeBacker, and Richard Prisinzano. "Estimating the supply and demand of gasoline using tax data." *Energy Economics* 34, no. 1 (2012): 195-200. doi.org/10.1016/j.eneco.2011.07.011. This study indicates a short-run elasticity of negative 0.07, which is equivalent to a 0.06% reduction based on an assumed gas price of \$3.50 per gallon and a 3-cent gas tax. A higher assumed gas price would mean a smaller reduction. (2) Lutz Kilian and Xiaoqing Zhou. "Gasoline demand



demand is in part due to the small size of the gas tax. Hypothetically, a 30-cent gas tax could reduce gas demand by several percentage points.²⁰

Analyzed Action: Ask voters to adopt a 3-cent gas tax.

Arguments For

- ◆ A 3-cent gas tax is expected to generate about \$246,000 per year.²¹
- ◆ Administration would be easy, as it is collected and distributed by the Oregon Department of Transportation's Fuel Tax Group.
- ◆ Gas taxes can address greenhouse gas emissions from the transportation sector. They are applied broadly to all gas users.

Arguments Against

- ◆ Gas tax is becoming a less reliable revenue source as vehicles become increasingly more fuel-efficient and as people transition to electric vehicles (EVs)—Oregon is one of top EV states.²² An alternative transportation funding source is a road usage charge (RUC), or vehicle miles traveled (VMT) tax. The State of Oregon has one of the longest running Road Usage Charge pilot programs in the country. While lawmakers are anticipated to introduce legislation for a transportation package in 2025,²³ it remains to be seen if they will expand the RUC, which could potentially replace the gas tax. It is unclear if a new RUC program would allow for local rates or fees (similar to the local gas tax).
- ◆ A gas tax can disproportionately affect lower-income households that spend a larger portion of their income on gasoline. Moreover, higher-income households are more likely to own EVs, avoiding the gas tax altogether.
- ◆ Use of the revenue is limited to transportation-related projects, though there still are many transportation activities related to the Climate Action Plan (i.e., *Strategy 6.1 Fuel Switching* and *Strategy 6.2 Active Transportation*)

more responsive to price changes than economists once thought.” Federal Reserve Bank of Dallas. June 16, 2020. Accessed December 27, 2024. <https://www.dallasfed.org/research/economics/2020/0616>. This article suggests a short-run elasticity of negative 0.37, which is equivalent to a 0.32% reduction based on an assumed gas price of \$3.50 per gallon and a 3-cent gas tax. (3) Shanjun Li, Joshua Linn, and Erich Muehlegger. “Gasoline Taxes and Consumer Behavior.” Harvard Kennedy School. M-RCBG Faculty Working Paper No. 2012-02. www.hks.harvard.edu/sites/default/files/centers/mrcbg/files/MRCBG_FWP_2012_02-Muehlegger_Gasoline.pdf. This study indicates a 5-cent increase would reduce gas consumption by 1.3% in the short-run.

²⁰ But one should be careful to use estimates that are extrapolated from a study on small changes. The effect of the first 10-cent increase could be different than the effect of the next 10-cent increase or the following 10-cent increase.

²¹ Based on ECONorthwest's calculations using Oregon Department of Transportation's taxable distribution reports. This imputed value also incorporates a 1% reduction to account for a small chance that some drivers may sometimes purchase their gas in nearby jurisdictions as a result of the new gas tax.

²² Gosia Wonzniacka. “Oregon surpasses 100,000 registered electric vehicles, remains one of top EV states.” *Oregonlive*. November 19, 2024. www.oregonlive.com/environment/2024/11/oregon-surpasses-100000-registered-electric-vehicles-remains-one-of-top-ev-states.html

²³ Elizabeth Castillo. “Oregon lawmakers address transportation policy and hit the road.” Oregon Public Broadcasting. June 10, 2024. www.opb.org/article/2024/06/09/think-out-loud-oregon-lawmakers-address-transportation-policy-on-road-trip/



- ◆ Gas tax revenue can fluctuate over time as people adjust their driving behaviors based on economic conditions.
- ◆ Public support for a gas tax is not yet explored. The City of Tualatin may want to develop a clear communication plan and ask potential voters (through surveys, conversations, public meetings) before moving forward with a ballot measure. ORS 319.950 requires a vote to implement a gas tax.

B3. Transportation Development Tax Surcharge

The City of Tualatin's Transportation Development Tax (TDT) can fund infrastructure improvements necessary for growth. This fee can align development with sustainability goals, such as transit-oriented growth, multimodal transit, and renewable energy integration. With proper studies that demonstrate the nexus (or link) between the fee and the impact of new development, the City of Tualatin can raise new TDT revenues to fund EV charging stations, bike paths, and transit hubs, for example. TDT revenues in the last 4 years averaged about \$1.4 million per year.²⁴ TDT rates vary by use; for example, \$11,478 per unit for single family detached and \$7,510 per unit for apartments.²⁵

Analyzed Action: Conduct one or more nexus studies to assess the possibility of raising the TDT for funding capital investments in climate-related infrastructure.

Arguments For

- ◆ A 5 percent increase is expected to generate about \$70,000 per year.
- ◆ The tax ensures those driving new development also fund its environmental mitigation.
- ◆ In general, voters are more likely to support a tax on new development and growth rather than a tax on themselves.

Arguments Against

- ◆ Revenue can depend on the pace of development, which can fluctuate with economic conditions and development decisions. In the past four years, annual TDT revenue ranged from about \$700,000 to \$1.9 million.
- ◆ The tax can increase development costs, particularly for smaller housing types that have smaller building area to spread out the costs. The City could offer deferrals and financing options to minimize impact on new development, though administering those options will take up staff time.
- ◆ Adjusting the TDT rates may require one or more nexus studies, which can be time-consuming and difficult to finish all adjustments in a year.

²⁴ Based on ECONorthwest's calculations using financial data provided by the City of Tualatin for fiscal years 2021 through 2024.

²⁵ City of Tualatin. *Transportation Development Tax Rate Schedule*. For Fiscal Year 2024-25.



- ◆ Use of TDT revenue is limited to infrastructure projects related to new capacity, but many kinds of transportation projects can be funded within this category.
- ◆ Support for a tax on new development can be at odds with support for removing barriers to housing production. Opposition is likely to be concentrated among developers and people engaged in development activities.



Grant Opportunities

In addition to the funding options described above, the City could apply for grants in 2025 and beyond. An obvious advantage of grants is that they do not tax residents or local businesses. They are not costless because City staff resources will be needed to research the grants, build partnerships, and write grant applications. Some grants may require the City to provide matching funds or regular progress reports. Still, grants can provide one-time funding without imposing new costs on residents and local businesses.

The City currently has limited capacity with existing staff to apply and manage grants. The City would need to first secure short-term funding or reallocate resources to fund a staff person that could then apply for grants.

Cities have used grants to kickstart their climate-related programs. For example, the City of Tualatin and a coalition of cities received \$15 million through the Charging and Fueling Infrastructure (CFI) Grant Program in 2024, although this funding is currently on hold.²⁶ Grants are temporary funding opportunities, but they can provide short-term funding needed to advance the CAP. Although application periods are variable and the future of federal funding is uncertain, the City of Tualatin can watch for the next opportunity. While there are potentially hundreds of grants that Tualatin could apply for, a few of the possible state and private foundation climate grant fund opportunities include:

- ◆ **Community Renewable Energy Grant Program | Oregon Department of Energy:** Oregon communities can receive up to \$100,000 for planning projects and up to \$1 million for constructing community renewable energy or energy resilience projects. Eligible projects include renewable energy generation systems like solar or wind, and energy storage systems, electric vehicle charging stations, or microgrid technologies paired with new or existing renewable energy systems. Eligible applicants are encouraged to partner with community groups, non-profits, private businesses, and others on potential projects.
 - CAP Priorities:
 - *Focus Area 4: Buildings and energy*
 - *Strategy 6.1: Fuel switching – EVs, renewable diesel, biodiesel, ethanol, and other low-emissions fuels*
 - Deadline: final funding round to be announced in 2025
 - Link: <https://www.oregon.gov/energy/Incentives/Pages/CREP.aspx>
- ◆ **Clean Water State Revolving Fund | Oregon Department of Environmental Quality:** This program works like an environmental infrastructure bank that provides below-market rate loans to eligible recipients for water infrastructure projects. As money is paid back into the state's revolving loan fund, Oregon Department of Environmental Quality (DEQ) makes new loans to other recipients for high priority,

²⁶ City of Tualatin. "City of Tualatin Awarded \$15 Million for EV Charging Infrastructure." August 27, 2024. <https://www.tualatinoregon.gov/publicworks/city-tualatin-awarded-15-million-ev-charging-infrastructure>



water quality activities. Repayments of loan principal and interest earnings are recycled back into the program to finance new projects that allow the funds to revolve at the state level over time. Eligible projects include wastewater treatment, nonpoint source pollution management program, stormwater management, water conservation and reuse, energy efficiency, and more.

- CAP Priorities

- *Strategy 1.3: Improve the resilience of Tualatin's natural systems, resources, and infrastructure to handle an increase in heavy precipitation events, flooding, and winter storms*

- Deadlines: April 11, 2025; August 8, 2025; December 12, 2025

- Link: <https://www.oregon.gov/deq/wq/cwsrf/Pages/CWSRF-Application.aspx>

- ◆ **Climate Pollution Reduction Grant (CPRG) | Oregon Department of Environmental Quality:** The State of Oregon was awarded \$197 million from the EPA to fund pollution reduction, energy efficiency, and climate resiliency projects in the state. The grant will focus on three main areas for reducing greenhouse gas emissions: waste and materials, buildings, and transportation. The grant is currently in its 1st year of the planning phase, and funding may be available for local jurisdictions, public utilities, local organizations, and Tribes. The State has not yet announced its process for distributing the funds, including whether they will have a competitive grant process for all or a portion of the funds.

- CAP Priorities:

- *Focus Area 4: Buildings and energy*
- *Focus Area 6: Transportation – modes and fuel switching*
- *Focus Area 7: Consumption – food and goods*

- ◆ **Urban and Community Forestry | Oregon Department of Forestry:** Oregon Department of Forestry received \$26.6 million through the federal Inflation Reduction Act (IRA) to promote urban and community forest investment and tree equity for overburdened and underserved communities. The funding must entirely benefit either federally recognized tribes or disadvantaged communities as defined by the Climate and Environmental Justice Screening Tool, the Environmental Protection Agency (EPA) IRA Disadvantaged Communities Mapping Tool, or other government-sponsored vulnerability tools

- CAP Priorities:

- *Strategy 5.2: Urban and community forestry and carbon sequestration*

- Deadline: based on past funding availability, next round of funding is likely to be announced in the summer of 2025

- <https://www.oregon.gov/odf/forestbenefits/Documents/ucf-ira-funding-faq.pdf>

- ◆ **Partners for Places | The Funders Network:** The Partners for Places grants “aims to enhance local capacity to build equitable and sustainable communities in the United



States and Canada. These matching awards support the planning and implementing of urban sustainability and green stormwater infrastructure projects.”²⁷ This opportunity requires partnerships between (1) a local government sustainability and / or water department, (2) a frontline community partner, and (3) a place-based funder. The grant requires a local foundation match of 50% of project budget. Each community partnership must signal its collective priorities and collaborative approaches in the application.

- CAP Priorities:
 - *Strategy 1.3: Improve the resilience of Tualatin’s natural systems, resources, and infrastructure to handle and increase in heavy precipitation events, flooding, and winter storms*
 - *Strategy 2.3: Increase preparedness and provide resources to help people who live, work, learn, and play in Tualatin better handle the impacts of heavy precipitation events and winter storms*
 - *Strategy 3.3: Improve resilience of Tualatin’s businesses and workers to handle and increase in heavy precipitation events, flooding, and winter storms*
- Deadline: February 28, 2025
- <https://www.fundersnetwork.org/partners-for-places/>

²⁷ The Funders Network. “Partners for Places.” www.fundersnetwork.org/partners-for-places/



Additional Funding Ideas

During the evaluation of the funding tools above, ECONorthwest also identified many other tools that the City of Tualatin might be interested in. ECONorthwest worked with the city staff and determined that these were less promising than the tools listed above.

- ◆ **Green lodging tax:** The City can increase the transient lodging tax (TLT)—currently 2.5 percent—and dedicate the new revenue to uses related to the Climate Action Plan. Seventy (70) percent of TLT revenue’s uses are already limited to “tourism promotion” or “tourism-related facilities.”²⁸ Green lodging taxes are charged on hotel stays and other short-term accommodations, providing revenue for climate resilience projects in tourism-heavy areas. For example, in Hawaii, revenue from lodging taxes funds coastal adaptation projects to address sea-level rise, ensuring the sustainability of the state’s tourism economy.
- ◆ **Local option levies (property tax):** In Oregon, jurisdictions can adopt local option levies to raise new property tax revenues. Voters need to approve and renew local option levies (every 5 years for operating levies and every 10 years for capital levies). The time limitation reassures voters that they have a choice in the tax’s future. The City of Tualatin currently does not have a local option levy.
- ◆ **Stormwater utility fee:** Based on examples from Cincinnati, Ohio,²⁹ and Philadelphia, Pennsylvania,³⁰ the City can create a new fee that is based on impervious surface area and targets properties contributing to runoff and flooding.
- ◆ **Utility fees for business-type services:** These are charges for water, sewer, and stormwater services. The City can increase the utility fees or create a new fee category that is charged to utility customers.
- ◆ **Utility fee round-up:** Share the Pennies is a voluntary program in Memphis, Tennessee that rounds up utility customers’ bills by default to the nearest dollar. Customers are automatically enrolled in the program with the ability to opt-out at any time. The success of the opt-out design is based on behavioral science principles.³¹ The revenue funds weatherization and energy-efficient retrofits for low-income households. While the city staff were interested in this innovation, it was found that the round-up and the opt-out mechanism are technically difficult and did not recommend it at this time.

²⁸ ORS 320.300 outlines definitions for tourism promotion and tourism-related facilities as “a conference center, convention center or visitor information center; and other improved real property that has a useful life of 10 or more years and has a substantial purpose of supporting tourism or accommodating tourist activities.”

²⁹ City of Cincinnati. “Rates and Service Charges.” www.cincinnati-oh.gov/stormwater/rates-and-service-charges/.

³⁰ Philadelphia Water Department. “Residential Stormwater Charge.” water.phila.gov/stormwater/billing/residential/

³¹ Key behavioral science principles are choice architecture, default effect/status quo bias, and framing effect/social norms. Choice architecture: The way options are presented to people influence their decisions. Subtle nudges can guide behavior without limiting freedom of choice. Default effect/status quo bias: People tend to stick with default options rather than making an active choice to manage it. Framing effect/social norms: A choice to “opt-out” suggests people are deciding to not participate in something that is normal or expected.



ECONorthwest also recommended to the city staff to avoid the following options. Some tools have raised much revenue for Portland and other cities in the county. However, for reasons explained below, these tools are not suitable for the City of Tualatin.

- ◆ **Dynamic congestion pricing:** This is a daily fee on vehicles for entering a specific area. The fee can vary during peak times, incentivizing public transit use and reducing emissions. Funds generated are reinvested in transportation improvements, including public transit and active transportation infrastructure. New York City spent a great deal of financial and political capital to adopt the county's first congestion pricing, which started on January 1, 2025. Internationally, London, Singapore, and Stockholm also charge congestion prices.

However, congestion pricing is extremely difficult to implement. First, the tracking, managing, and enforcement mechanism is costly. Second, New York's experience shows strong resistance to congestion pricing in the United States, at least before they are implemented. Oregonians also have a history of opposing tolls.³² Efforts to create a tolling system for the Portland region's freeways were put on hold by Governor Kotek in March 2024, delaying toll collection to until at least 2026.³³ Congestion pricing would make more sense as a regional policy, not a local one.

- ◆ **Gross receipts tax:** Portland's Clean Energy Surcharge is a 1 percent gross receipts tax on large retailers, generating significant revenue for equity-focused climate projects. Funds are allocated to initiatives that prioritize underserved communities, including energy efficiency programs, renewable energy projects, and workforce development in green industries. Gross receipts tax is applied to the gross sales revenue businesses generate. Unlike a sales tax that is applied to final sales to consumers, a gross receipts tax is applied to business transactions.

However, Oregon law (ORS 317A.158) prohibits other local jurisdictions from adopting gross receipts taxes unless it was in place before the law took effect. Portland is the only jurisdiction in Oregon to have a gross receipts tax.

- ◆ **Parking tax:** Parking taxes are charged in addition to typical parking fees to fund sustainable transportation infrastructure. These taxes encourage more efficient land use and reduce car dependency by supporting public transit, bike lanes, and pedestrian infrastructure.

However, the tax base in Tualatin is not large enough to warrant a parking tax. Paid parking in Tualatin is limited to the Core Area Parking District. So, a parking tax is unlikely to generate much additional revenue. The FY 2024 revenue for the Core Area Parking District Fund was \$95,181, including interest.³⁴

- ◆ **Sustainability sales tax:** In Colorado, Boulder County and the City of Denver charges a sales tax to help fund their climate goals. Both were approved by voters, 2019 for

³² Michaela Bourgeois. "Survey finds majority of Oregon voters oppose proposed tolling projects." *KOIN*. February 26, 2024. www.koin.com/news/oregon/survey-finds-majority-of-oregon-voters-oppose-proposed-tolling-projects/

³³ Oregon Department of Transportation. "I-205 Toll Project." www.oregon.gov/odot/tolling/pages/i-205-tolling.aspx

³⁴ City of Tualatin. *Annual Comprehensive Financial Report*. For Fiscal Year ended June 30, 2024.



Boulder County and 2020 for Denver.^{35,36} These sales taxes generate substantial, stable revenue for a wide range of climate actions.

However, a sales tax in Tualatin would not be viable. Voter approval can be extremely challenging, especially in Oregon where no municipality has successfully passed a general sales tax. A sales tax could drive away business activity to neighboring jurisdictions. Also, sales taxes disproportionately burden lower-income households.

³⁵ Boulder County. *Sustainability Tax: 2023 Report*. www.bouldercounty.gov/climate/s-tax-2023-report/

³⁶ Conrad Swanson. "Denver Ballot Measure 2A, 2B Results: Voters Approve Taxes for Homeless, Environment." *The Denver Post* (blog). November 4, 2020. www.denverpost.com/2020/11/03/denver-election-results-2a-2b-taxes-homeless-environment/



DATE:	April 30, 2025
TO:	Sherilyn Lombos (City Manager) and Don Hudson (Assistant City Manager/Finance Director), City of Tualatin
FROM:	Becky Steckler, AICP, and James Kim, ECONorthwest
SUBJECT:	Climate Funding Analysis for the City of Tualatin: Addendum

Introduction

The City of Tualatin approved a Climate Action Plan (CAP) in early 2024, and the City Council adopted in October 2024 a two-year work plan with actions that ensure the community moves closer to achieving its climate action goals. Two of those actions are (1) dedicating employee resources to manage and communicate implementation of the CAP and (2) evaluating potential funding sources to support CAP actions.

The City of Tualatin asked ECONorthwest to research potential fiscal tools for funding the City of Tualatin's implementation of the CAP. To that end, ECONorthwest delivered on February 13, 2025, a memorandum titled *Climate Funding Analysis for the City of Tualatin*. As documented in this memorandum, ECONorthwest identified two potential revenue sources to fund climate-related work in the short-term. These resources can help fund staffing costs needed to kickstart the management and communication of the CAP actions.

- ◆ 0.5% increase in right-of-way fees for electricity, telecommunication, and waste management services
- ◆ 5% increase in building permit fees

ECONorthwest also evaluated other options such as higher rates for the right-of-way fees, a gas tax, and an increase to Transportation Development Tax. ECONorthwest also looked at many other funding ideas including a utility fee round-up program, which would automatically enroll

the City's utility customers into a voluntary program that rounds up utility bills to the nearest dollar.

After presentation of the research and findings to the City Council February 24, 2025, the City staff requested a follow-up analysis based on some of the feedback from the City Council. This memorandum provides a summary of the follow-up analysis. It does not recommend specific actions. Rather, it presents the findings of financial analyses.



Right-of-Way Fees

How do the City of Tualatin's rates compare?

The City of Tualatin's right-of-way fees (sometimes called franchise fees) are between 3 percent and 5 percent, depending on the utility service type. These rates are much lower than in Milwaukie, where the rates are between 5 percent and 8 percent, or in Gresham, where the rates are between 5 percent and 10 percent.

Figure 1. Right-of-Way Fees in Tualatin and Nearby Cities

SERVICE TYPE	TUALATIN	MILWAUKIE	GRESHAM
Electric	3.5%	8.0%	10.0%
Natural Gas	5.0%	8.0%	10.0%
Telecommunication	5.0%	7.0% (communications)	7.0% (ORS 221.515)
		5.0% (cable systems)	5.0% (all other)
Solid Waste	3.0%	5.0%	10.0%

Source: City of Tualatin, City of Milwaukie, City of Gresham

How much revenue could the City raise by increasing the right-of-way fee rates?

The original memorandum estimated the revenue potential of changes to the City's right-of-way fee rates for 0.5 percentage points increase and 1.5 percentage points increase. The 0.5 percentage points increase did not consider natural gas, whereas the 1.5 percentage points increase included natural gas. It is possible the City of Tualatin may choose different rates of increases across utility service types. To assist with that decision-making process, ECONorthwest created the following estimates in Figure 2.



Figure 2. Estimated Revenue Potential of Increases to City of Tualatin's Right-of-Way Fee Rates

SERVICE TYPE	CURRENT RATE	FY 2024 REVENUE	+0.5%	+1.0%	+1.5%
Electric	3.5%	\$1,653,000	\$249,000	\$498,000	\$747,000
Natural Gas	5.0%	\$721,000	\$75,000	\$151,000	\$226,000
Telecommunication	5.0%	\$257,000	\$27,000	\$53,000	\$80,000
Solid Waste	3.0%	\$300,000	\$51,000	\$103,000	\$154,000

Source: EConorthwest

Note: Revenue increase estimates are based on expected revenues in Fiscal Year (FY) 2025.



Building Permit Fees

Updated estimate of Building Permit Fees

The City of Tualatin Community Development Department estimated that increasing the building permit fees on new development and major improvements by 5 percent would raise approximately \$66,000 per year. This is a revision to EConorthwest's estimate of \$60,000 from February 12, 2025, based on more updated and detailed data available to the City.



Utility Fee Round-Up

How might a “Share the Pennies” program work in Tualatin?

While the utility fee round-up program—Share the Pennies in Memphis, Tennessee—was interesting in several aspects, it was found to be impractical because the round-up feature would not be technically feasible within the existing operating system used for the City’s utility billing.

However, an alternative approach might be a small, fixed charge that is less than a dollar. New revenues from these “pennies” could be tracked and used for funding CAP actions. The analysis in Figure 3 shows 49 cents and 99 cents as examples.

Like the program in Memphis, this would be an opt-out program, meaning existing and new utility addresses would be automatically enrolled into the program with an option of removing oneself from the program. In Memphis, the share of customers who chose to opt out was about 13 percent.

Figure 3. Estimated Revenue Potential of a Tualatin Version of the Share the Pennies Program

SERVICE TYPE	49 CENTS	99 CENTS
87% Participation Rate (13% Opt-Out Rate)	\$64,000	\$130,000
50% Participation Rate (50% Opt-Out Rate)	\$37,000	\$75,000

Source: ECONorthwest



Building Permits and Fees Analysis
5% Surcharge
May 2025

GL Account	2021 Actual	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2025 Budget	With 5% Surcharge
42231 - Permits - Structural	\$ 237,535	\$ 371,319	\$ 534,190	\$ 421,991	\$ 609,146	\$ 598,500	\$ 628,425
42232 - Permits - Plumbing	\$ 39,503	\$ 83,848	\$ 97,313	\$ 159,562	\$ 148,789	\$ 115,500	\$ 121,275
42234 - Permits - Mechanical	\$ 120,653	\$ 179,673	\$ 215,230	\$ 217,128	\$ 284,461	\$ 173,985	\$ 182,680
42236 - Permits - Manufactured Homes	\$ 1,092	\$ 182	\$ 182	\$ 1,164	\$ 840	\$ 210	\$ 220
42239 - Permits - Excavation & Demo	\$ 1,320	\$ 1,815	\$ 4,980	\$ -	\$ 100	\$ 1,050	\$ 1,100
42251 - Fees - Structural	\$ 144,127	\$ 168,141	\$ 421,463	\$ 440,887	\$ 716,740	\$ 220,500	\$ 231,530
42252 - Fees - Plumbing	\$ 3,986	\$ 20,685	\$ 27,318	\$ 11,296	\$ 7,706	\$ 21,000	\$ 22,050
42254 - Fees - Mechanical	\$ 61,727	\$ 100,973	\$ 131,504	\$ 116,414	\$ 143,971	\$ 115,500	\$ 121,280
42255 - Fees - Fire & Safety	\$ 70,171	\$ 77,284	\$ 188,292	\$ 42,842	\$ 90,101	\$ 105,000	\$ 110,250
42259 - Fees - Miscellaneous	\$ 645	\$ 840	\$ 2,220	\$ 3,750	\$ 6,325	\$ 2,625	\$ 2,760
	<u>\$ 680,760</u>	<u>\$ 1,004,759</u>	<u>\$ 1,622,692</u>	<u>\$ 1,415,035</u>	<u>\$ 2,008,178</u>	<u>\$ 1,353,870</u>	<u>\$ 1,421,570</u>
					Total Increase		<u>\$ 67,700</u>



Climate Action Plan Implementation Funding

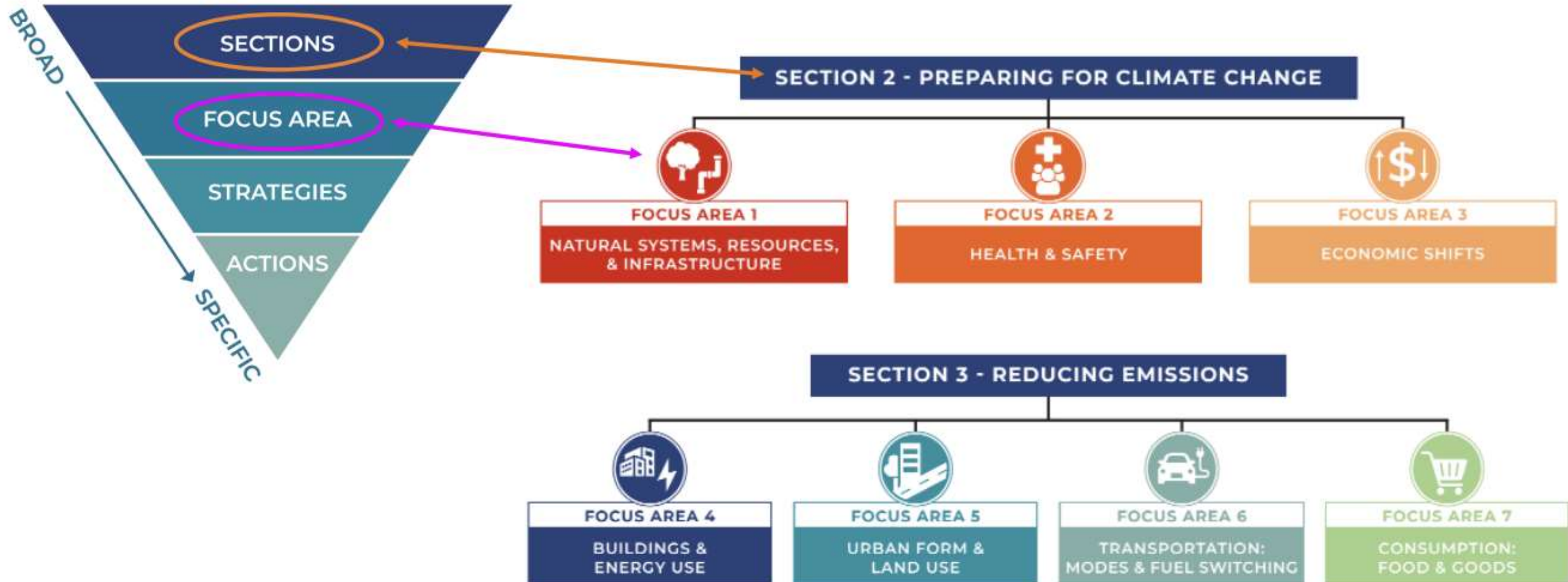
May 12, 2025

ReCAP

- Climate Action Plan adopted by Council on May 28, 2024
Resolution #5775-24
- 2-year Work Plan adopted by Council on October 14, 2024
- Included in Council's 2025 Priorities



ReCAP



July 2024

December 2024

July 2025

December 2025

July 2026

1. SUSTAINABLE FUNDING: Conduct an analysis of options for sustainable funding for the climate action program with the outcome of funding for a staff resource/position to oversee and manage the program, and funding for the general program (*Fall 2024*)

2. SUSTAINABLE FUNDING: Following up on the analysis and presentation of options, implement a sustainable funding source for the climate action program including hiring a staff resource/position to oversee and manage the program (*Summer 2025*)

ACTION: Conduct Analysis of Funding Options

ECOnorthwest's scope focused on analyzing fiscal tools to begin funding climate action implementation.

- Scanned funding tools available to the City
- Analyzed six tools in context of the City's budget and financial condition

Main Project Goals

- Inform how to fund a staff member dedicated to climate actions
- Identify tools to begin funding needed climate projects
- Council support on funding stream to implement climate projects

Summary of Climate Funding Tools

COMMON TOOLS

- **Local Option Levies**
- **Right-of-Way Fees / Franchise Fees**
- **Utility Fees**
- **Gas Tax**
- **Building Permit Fees**
- **Grants**

INNOVATIVE AND EMERGING TOOLS

- **Share the Pennies
(utility bill round-up)**
- **Stormwater Utility Fee**
- **Climate Tax**
- **Development Impact Fee**
- **Green Lodging Tax**
- **Green Bonds**

Right-of-Way / Franchise Fees



- How do the City of Tualatin's rates compare?

SERVICE TYPE	TUALATIN	MILWAUKIE	GRESHAM
Electric	3.5%	8.0%	10.0%
Natural Gas	5.0%	8.0%	10.0%
Telecommunication	5.0%	7.0% (communications) 5.0% (cable systems)	7.0% (ORS 221.515) 5.0% (all other)
Solid Waste	3.0%	5.0%	10.0%

- How much revenue could the City raise by increasing the rates?

SERVICE TYPE	CURRENT RATE	FY 2024 REVENUE	+0.5%	+1.0%	+1.5%
Electric	3.5%	\$1,653,000	\$249,000	\$498,000	\$747,000
Natural Gas	5.0%	\$721,000	\$75,000	\$151,000	\$226,000
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Building Permit Fees



GL Account	2025 Budget	With 5% Surcharge
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42259 - Fees - Miscellaneous	\$ 2,625	\$ 2,760
	<u>\$ 1,353,870</u>	<u>\$ 1,421,570</u>
	Total Increase	<u>\$ 67,700</u>



Share the Pennies Program



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50% Participation Rate (50% Opt-Out Rate)	\$37,000	\$75,000



Costs of the Implementation Program



- Climate Action Plan Program Coordinator Position
 - Proposed to start Summer 2025
 - Housed in the City Manager's Office
 - Salary, benefits, ancillary costs (training, memberships, etc.)
- Implementation Program Expenses
 - Consultants
 - Action implementation (to be determined)
- Need \$250,000 per year to fully fund program



Looking for direction from the City Council for how to raise the funds to support the Climate Action Plan implementation.

THANK YOU