

**TO:** Mayor and City Council

**FROM:** Councilor Paul Tigan, Ward 1

**SUBJECT:**

Operations Fee Adjustments: Motion from Councilor Paul Tigan directing staff to prepare information regarding potential adjustments to the City Operations Fee for Council consideration.

Ward(s): All Wards

Councilor(s): All Councilors

Neighborhood(s): All Neighborhoods

**MOTION:**

I move that Council direct staff to prepare information regarding potential adjustments to the City Operations Fee for Council consideration.

**DISCUSSION:**

The City operations fee was first enacted by the City Council in November 2019. The fee is intended to offset the cost of providing City services. The fee applies to all improved properties within the city through the City utility billing system. The operations fee rate is based on the classification of the account as follows:

1. Residential: \$16.28 per month,
2. Multifamily: \$13.02 per unit, per month,
3. Commercial, industrial, institutional, and public: \$78.47 per account, per month.

As Council has previously discussed, the Operations Fee rate structure established in 2019 has been restricted based on the City's utility billing software. That software has now been replaced with a new system implemented this year. This change allows Council to consider modifications to the rate structure to provide more fairness for residents and property owners. The information provided by staff should provide options for Council to consider to diversify and correct the current rate structure. These options may include more specific customer classifications based on impact or demand on City services.

The Operations Fee is an increasingly important part of the City's General Fund. In

FY2026, the City budgeted approximately \$15m for the Operations Fee, nearly 10% of the \$182 million in General Fund revenues budgeted for FY2026.

In order to determine the feasibility of implementing priorities arising from growth of the City, the current strategic planning effort, as well as identified needs connected with the *Safe, Clean and Healthy Salem*, this motion also directs staff to include analysis of the anticipated cost to implement the following requests brought forth to Council:

- permanent expansion of the SOS, HST, and CARES teams,
- fully staffing two of the six community policing teams;
- fully staffing the two ladder trucks; and
- The anticipated cost of future staffing of Fire Station 12 (Ward 3) |

Attachments:

|None. |