



Public Safety Funding

GENERAL FUND CHALLENGES AND OPPORTUNITIES

Public Safety Funding

- ▶ Subject and Summary
 - ▶ Why We Are All Here
 - ▶ City of Grants Pass' Journey
 - ▶ Funding Options
 - ▶ Lessons Learned



JC Rowley, Finance Director
Aaron Cubic, City Manager



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 - ▶ Lessons Learned



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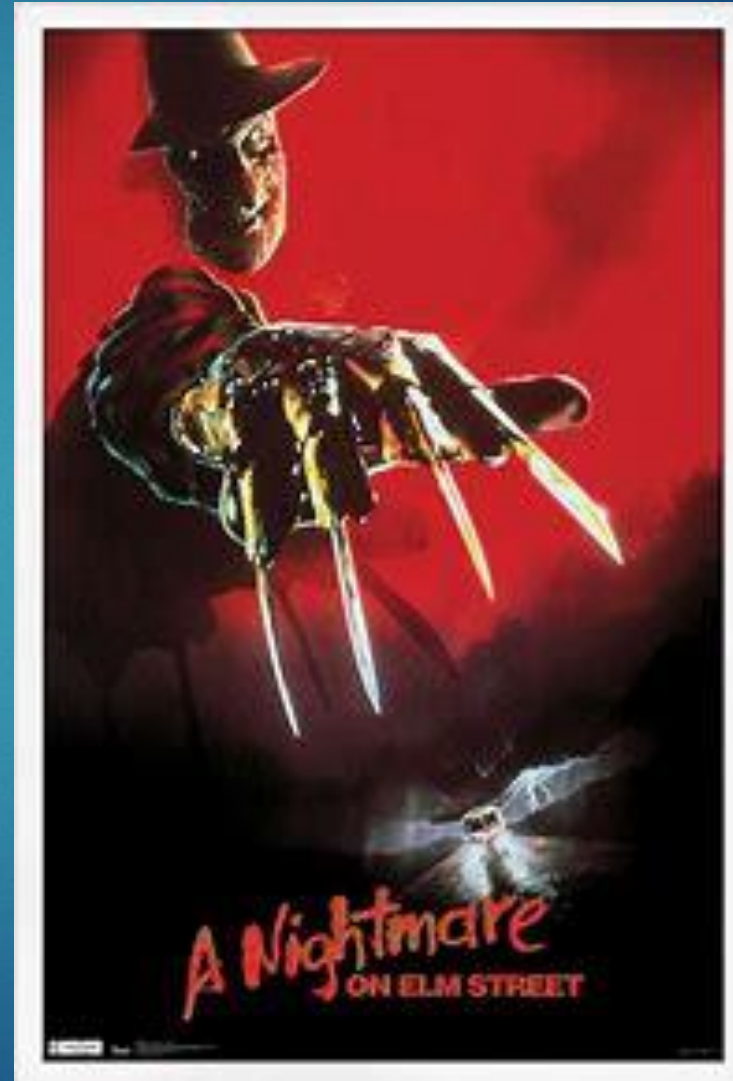


Why We Are All Here



- ▶ Measures 5 & 50

Talk about a nightmare...





Why We Are All Here



▶ Measure 5

- ▶ Measure 5 introduced limits, starting in 1991-92, on the taxes paid by individual properties. The limits of \$5 per \$1,000 real market value for school taxes and \$10 per \$1,000 real market value for general government taxes apply only to operating taxes, not bonds.
- ▶ If either the school or general government taxes exceeded its limit, then each corresponding taxing district had its tax rate reduced proportionately until the tax limit was reached. This reduction in taxes to the limits is called "compression."



Why We Are All Here



- ▶ Measure 50
 - ▶ Permanent Tax Rate: froze local tax rates at the 1997 level
 - ▶ Created Assessed Value (TAV): properties no longer taxed at their real market value (RMV)
 - ▶ Capped Annual Rate of Growth: limited annual growth rate of taxable property value to 3% of the assessed value



City of Grants Pass' Journey





City of Grants Pass' Journey



▶ Revenues

- ▶ Measure 5, 47 and 50 limit property tax growth to a maximum 3% annually.
- ▶ Levy has been \$1.79 since 2010
 - ▶ Renewed through June 30, 2029

▶ Expenditures

- ▶ Personnel – PERS, insurance, collective bargaining, etc.
- ▶ Inflation (last two years of 8.03% and 4.73%)
 - ▶ Materials and Services

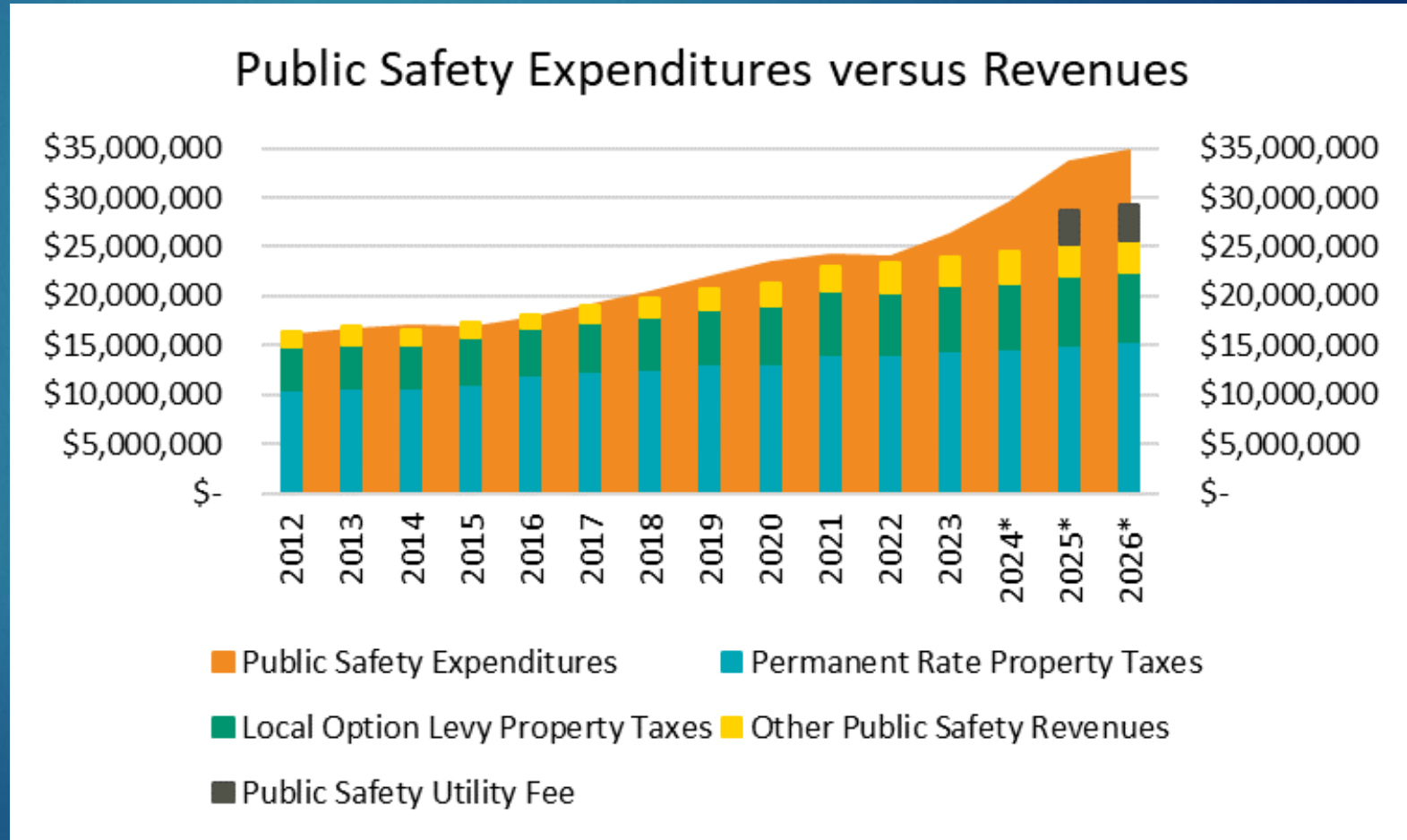




City of Grants Pass' Journey

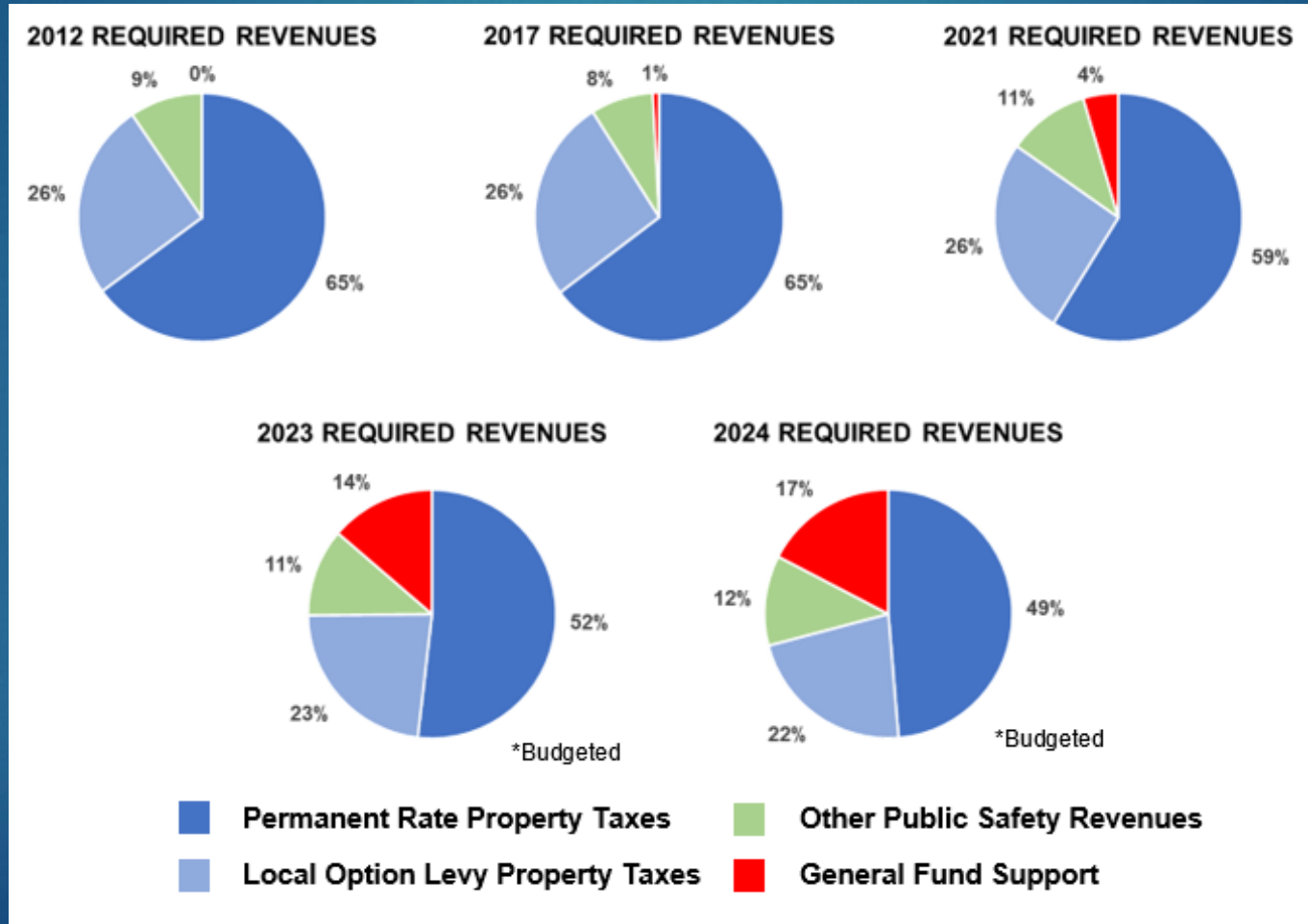


► The Issue...





City of Grants Pass' Journey





City of Grants Pass' Journey

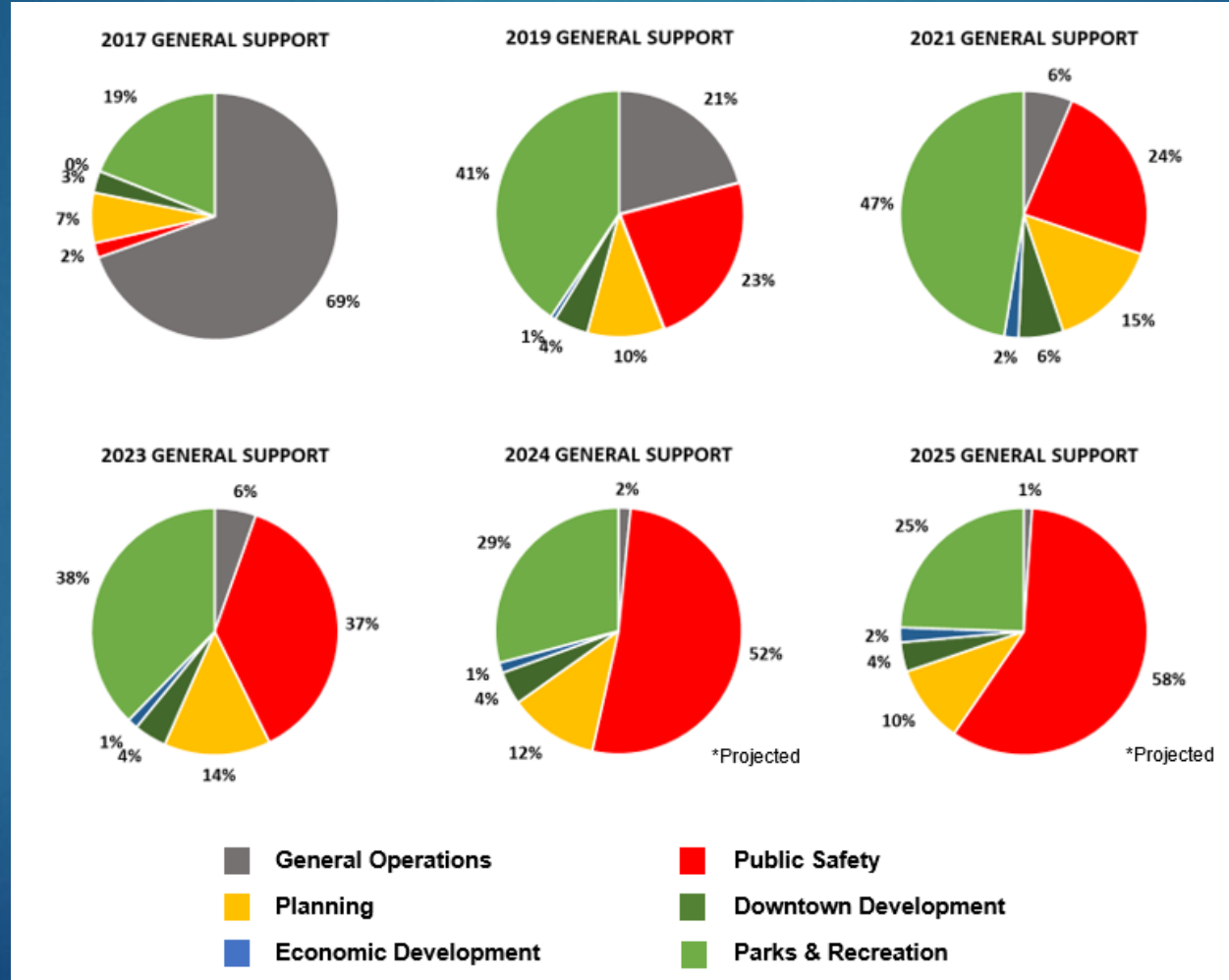


► What's happening???





City of Grants Pass' Journey





City of Grants Pass' Journey

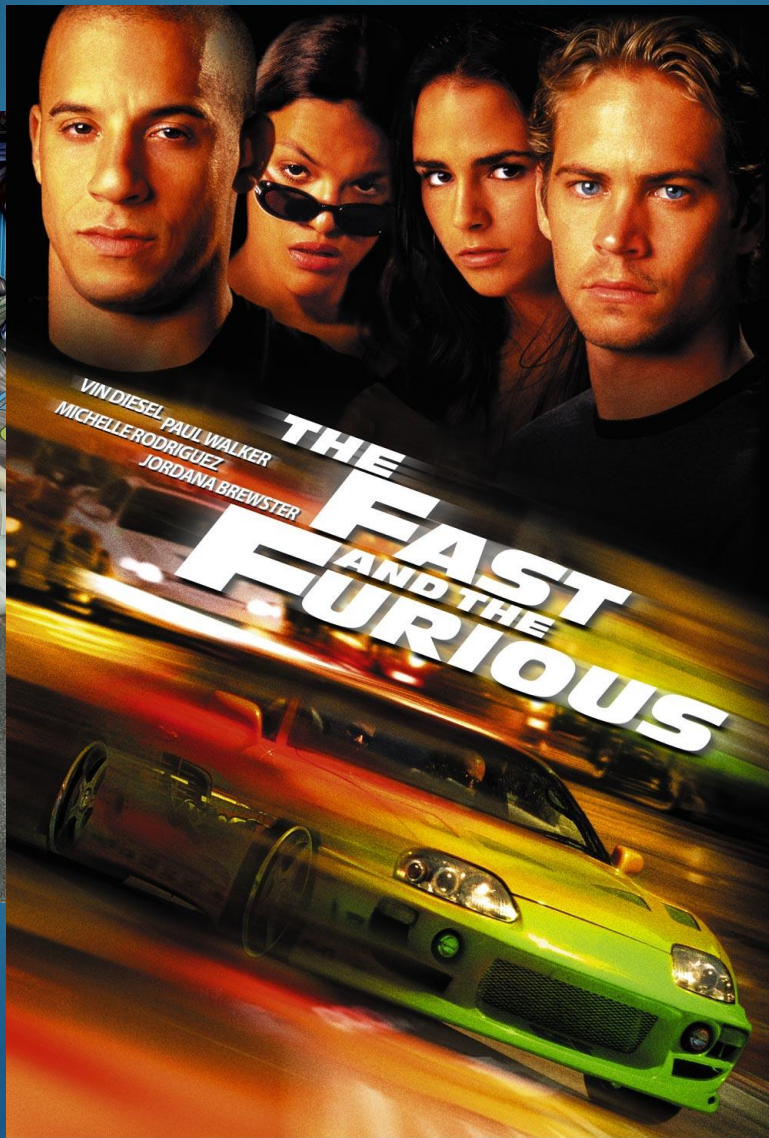


▶ Previous Efforts

- ▶ 2008: Public Safety Levy @ \$1.89/1,000 measure failed
- ▶ 2015: Public Safety Sales Tax @ 2% measure failed
- ▶ 2019: Fire Service District @ \$2.03/1,000 measure failed
- ▶ 2020: Public Safety Levy @ \$1.89/1,000 measure failed
- ▶ 2021: Service Level Reductions @ ~\$2.0 million
- ▶ 2022: Criminal Justice Sales Tax 3% seasonal measure failed
- ▶ 2023: Service Level Reductions @ ~\$1.9 million
- ▶ 2024: Public Safety Utility Fee @ \$3.4 million



Funding Options

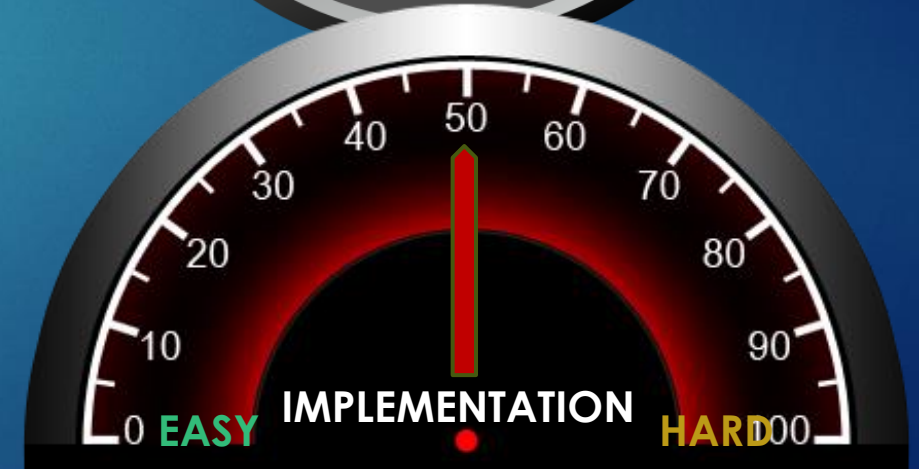
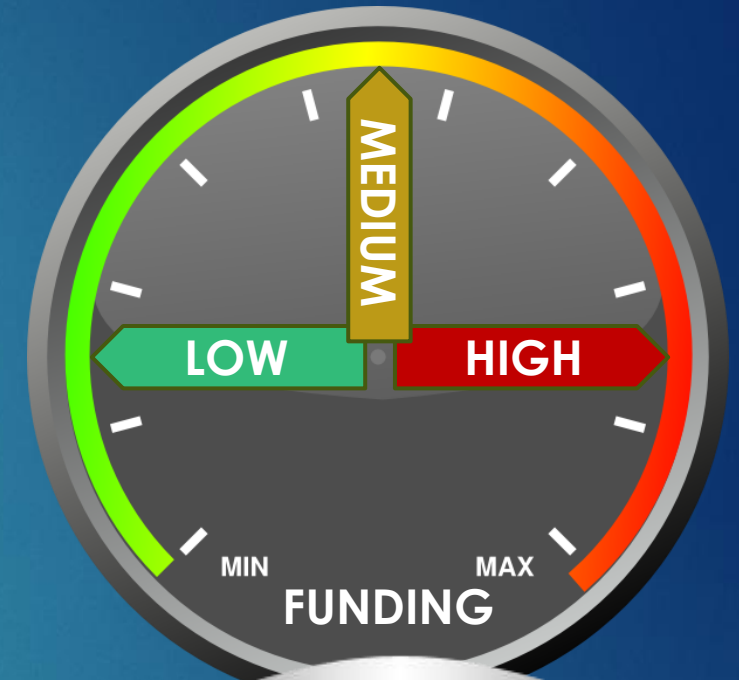




Funding Options



- ▶ Utility/Service Fee
- ▶ Local Option Levy
- ▶ Service District
- ▶ Food & Beverage Tax
- ▶ Sales Tax
- ▶ Payroll Tax
- ▶ Transactional/Income Tax

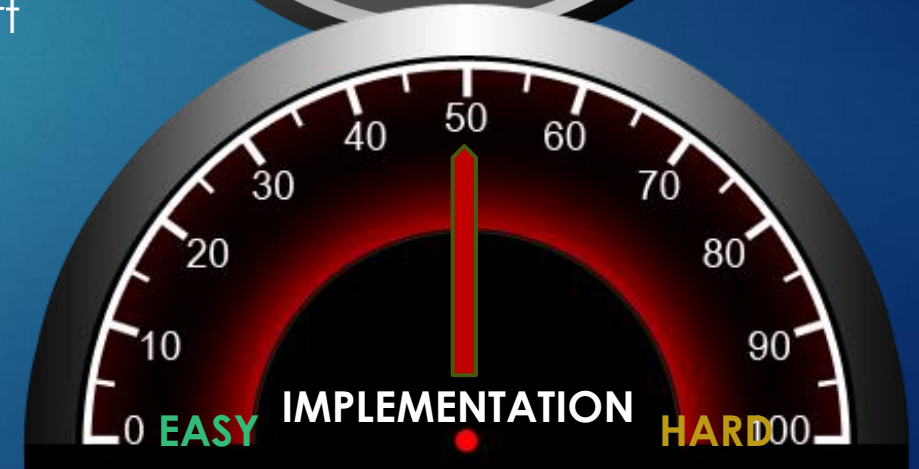
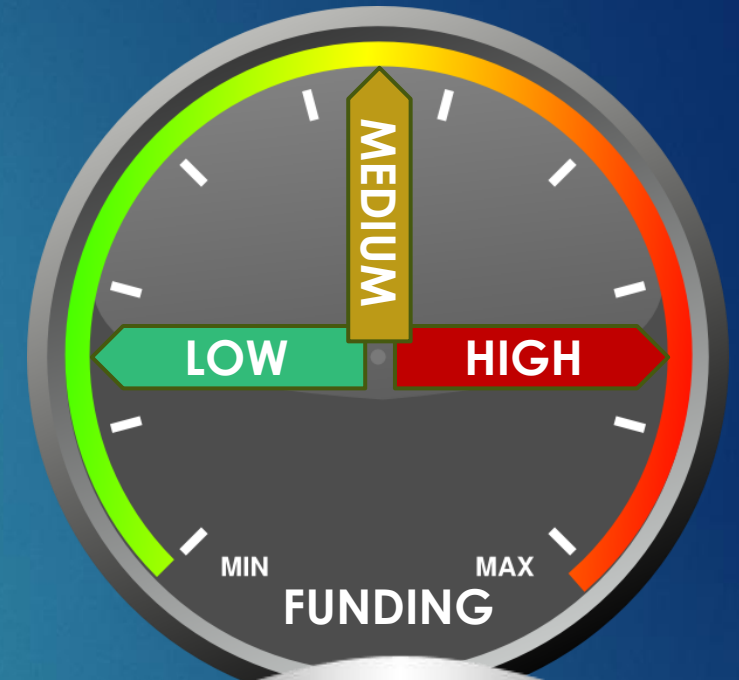




Funding Options



- ▶ Funding
 - ▶ Can vary depending on jurisdiction and individualization (i.e., 1%, 2%, 2.5%, etc.)
- ▶ Implementation
 - ▶ Can vary depending on jurisdiction and organizational structure
 - ▶ Includes outreach and needed community support

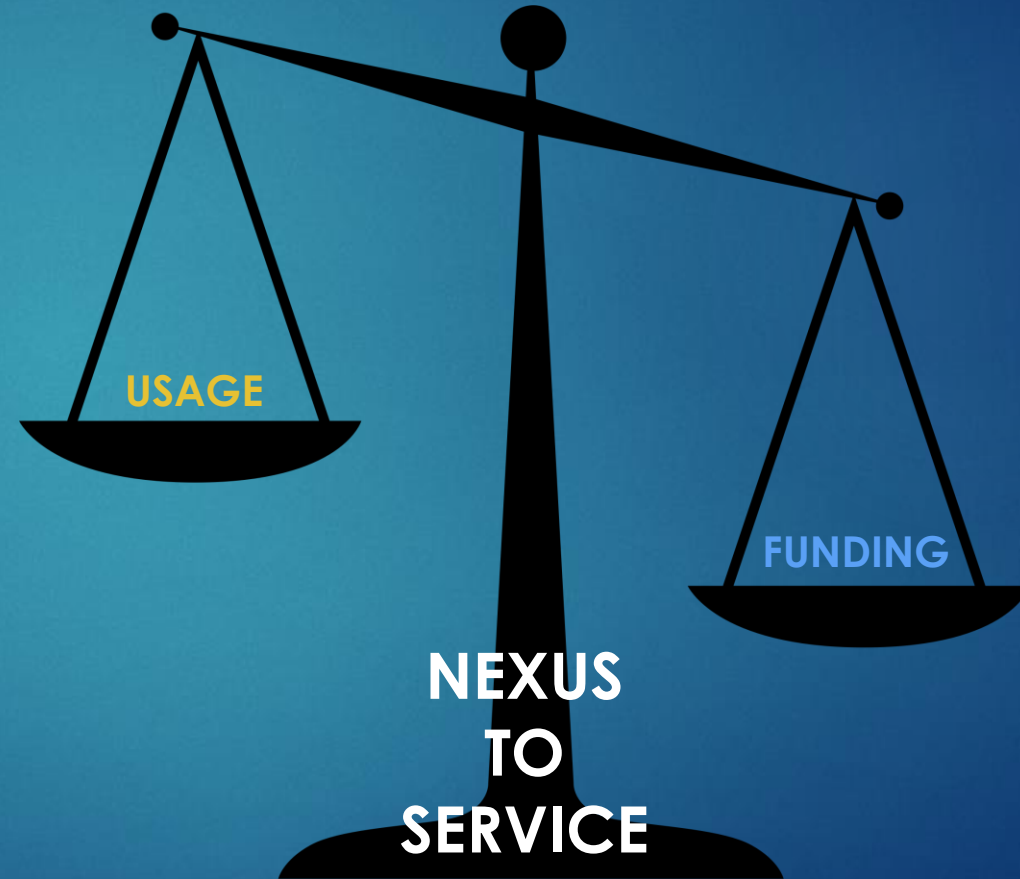




Funding Options



- ▶ Revenue Impact = ???
 - ▶ Who is affected?
 - ▶ Who is using the service?
 - ▶ Who is paying for the service?

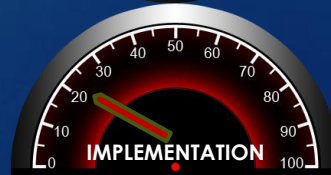




Funding Options: Utility/Service Fee



- ▶ Most Popular Option – 50+ Cities in Oregon have implemented
 - ▶ 2019 reported that 26% of fees served Public Safety in part
 - ▶ List of fees on utility bills per League of Oregon Cities
 - Ambulance Fee
 - Capital Improvements
 - Debt Service
 - Dirt Fill/Blocked Access
 - Door Hanger Fee
 - Excess Water Usage
 - Fire Flow Charges
 - Franchise Fees
 - Garbage/Sanitation
 - Streets and Infrastructure
 - Streetlights
 - Irrigation
 - Late Fees
 - Public Safety Fees
 - Reconnection Fees
 - System Development Charges

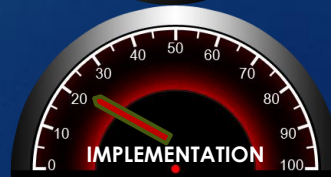




Funding Options: Utility/Service Fee



- ▶ Voter Required = No
- ▶ Revenue Impact = Residents and Business Owners
- ▶ Pros
 - ▶ Passed to those who already use other City services, and logical assumption that they use Public Safety
 - ▶ Can include those that are property tax exempt
 - ▶ Similar staffing and resources already in place
 - ▶ Case of a jurisdiction lowering their fee
- ▶ Cons
 - ▶ “Another” fee on Utility Bills
 - ▶ Increased delinquencies





Funding Options: Local Option Levy



- ▶ A local option tax levy is a special levy subject to many conditions. It is often referred to as a “gap” levy because it can fill the gap between the Measure 50 tax limit and the Measure 5 tax limit. A local option levy is in addition to Measure 50 taxes, but Measure 50 taxes plus any local option taxes cannot exceed the Measure 5 tax limit.





Funding Options: Local Option Levy



- ▶ Voter Required = Yes
- ▶ Revenue Impact = Property Owners
- ▶ Pros
 - ▶ Can be an extension of permanent rate
 - ▶ System is in place for billing
- ▶ Cons
 - ▶ Temporary in practice as can have a maximum of 5 years
 - ▶ Subject to future property tax compression first
 - ▶ Subject to voter approval
 - ▶ Level of service stability > community and organizational impact



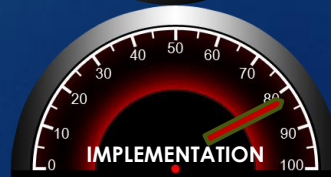


Funding Options: Service District



- ▶ Drawn boundary of properties that comes together to support a service via property taxes.

- Water
- Parks and Recreation
- Transit
- Library
- 9-1-1
- Sanitary
- Metropolitan
- County service
- Irrigation
- Weed control
- Urban flood safety and water quality
- Soil and water conservation
- Vector control
- Health
- Highway lighting
- Rural Fire

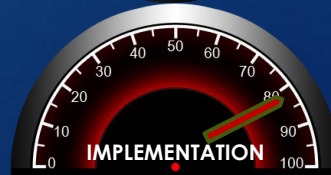




Funding Options: Service District



- ▶ Voter Required = Yes
- ▶ Revenue Impact = Property Owners
- ▶ Pros
 - ▶ Establishes a permanent property tax rate
- ▶ Cons
 - ▶ Garnering voter support for a new district
 - ▶ Limited by the same property tax growth

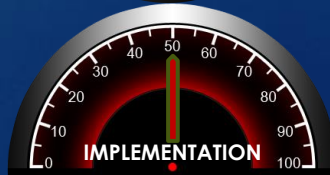




Funding Options: Food & Beverage Tax



- ▶ Applied to all food and beverages sold by restaurants located within the jurisdiction to the public
 - ▶ Nuances between prepared and grocery
 - ▶ Alcohol is excluded
 - ▶ Exclusions can be tailored
 - ▶ Sold on hospital grounds
 - ▶ Sold in vending machines
 - ▶ Public and private schools





Funding Options: Food & Beverage Tax



- ▶ Voter Required = No
- ▶ Revenue Impact = Consumers (Residents and Outsiders)
- ▶ Pros
 - ▶ Consumers pay for services (includes outsiders)
 - ▶ Other jurisdictions have models to leverage from
- ▶ Cons
 - ▶ Subject to economic volatility
 - ▶ Staffing, system, collection and enforcement

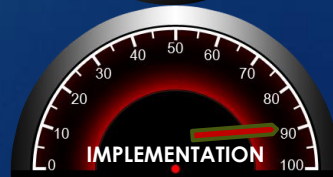




Funding Options: Sales Tax



- ▶ Applied to retail sales and services
 - ▶ Federal guidelines for certain items such as SNAP benefits
 - ▶ Alcohol is excluded
 - ▶ Exclusions can be tailored
 - ▶ Auction sales
 - ▶ Sales of livestock
 - ▶ Sales of airplanes
 - ▶ Sales to nonresidents of tangible property





Funding Options: Sales Tax



- ▶ Voter Required = No
- ▶ Revenue Impact = Consumers (Residents and Outsiders)
- ▶ Pros
 - ▶ Consumers pay for services (includes outsiders)
 - ▶ Wider base of taxable items, including the Food & Beverage items
- ▶ Cons
 - ▶ Subject to economic volatility
 - ▶ Staffing, system, collection and enforcement
 - ▶ Timeline to implement (legal)





Funding Options: Payroll Tax



- ▶ Contributions based on wages
- ▶ Employee and employer rates and structures can be different
- ▶ Limitations can be placed on max, such as the first \$100,000 of wages paid





Funding Options: Payroll Tax



- ▶ Voter Required = No
- ▶ Revenue Impact = Employers and Employees
- ▶ Pros
 - ▶ Employers and employees of local industry pay for services
 - ▶ Learn from Eugene, OR (implemented in Jan 2021)
 - ▶ Resources increase with Cost of Living
- ▶ Cons
 - ▶ Subject to economic volatility
 - ▶ Deter business to other local jurisdictions
 - ▶ Staffing, system, collection and enforcement





Funding Options: Transactional/Income Tax

- ▶ Can be an extension of Business Occupancy License/Tax
 - ▶ Charged like a business income tax
 - ▶ Limitations can vary, such as gross income, net income, or net of other federal and state deductions
 - ▶ Large retailer focused? (Portland's Clean Energy Surcharge Tax Rate)
 - ▶ Large Retailers: All businesses with total sales of \$1 billion or more and Portland sales of \$500,000.
 - ▶ Large Retailers shall pay a 1% surcharge on Retail Gross Revenue within the City. This surcharge is not a tax imposed directly on the purchaser (consumer). If a Large Retailer itemizes its cost of doing business for the purchaser (consumer), these amounts are still considered Retail Sales subject to the Clean Energy Surcharge.





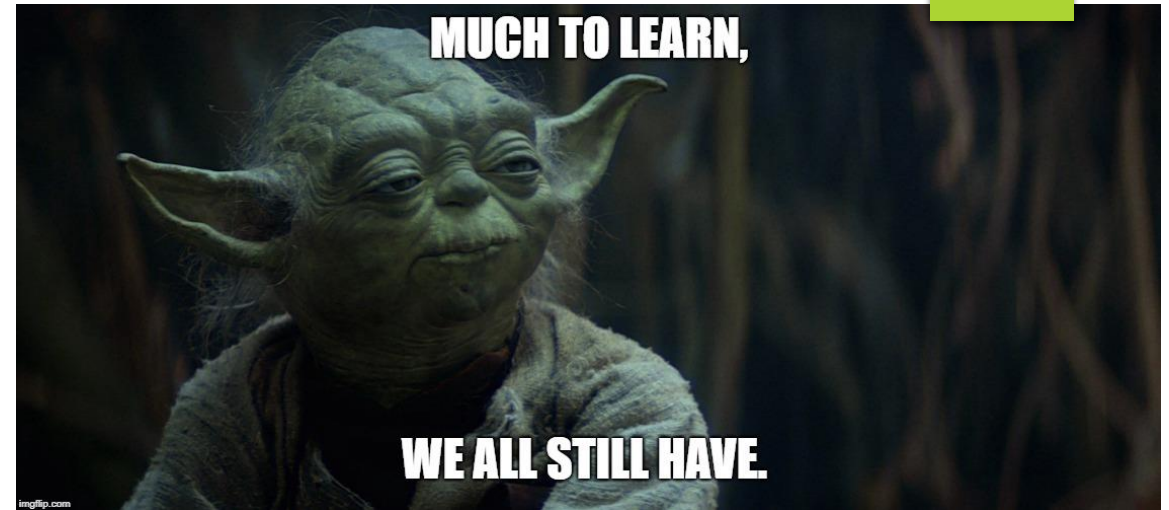
Funding Options: Transactional/Income Tax

- ▶ Voter Required = No
- ▶ Revenue Impact = Business
- ▶ Pros
 - ▶ Industry pays for services
 - ▶ Can be marginalized (lean towards larger “box” companies)
- ▶ Cons
 - ▶ Subject to economic volatility
 - ▶ Deter business to other local jurisdictions
 - ▶ Staffing, system, collection and enforcement



Lessons Learned

- ▶ You can't trust dogs to watch your food.
- ▶ Don't sneeze when someone is cutting your hair.
- ▶ Never hold a Dust-Buster and a cat at the same time.
- ▶ You can't hide a piece of broccoli in a glass of milk.
- ▶ Today's mighty oak is yesterday's nut that held its ground.
- ▶ Worrying is like a rocking chair. It gives you something to do but it doesn't get you anywhere.
- ▶ Your never to old to be young.



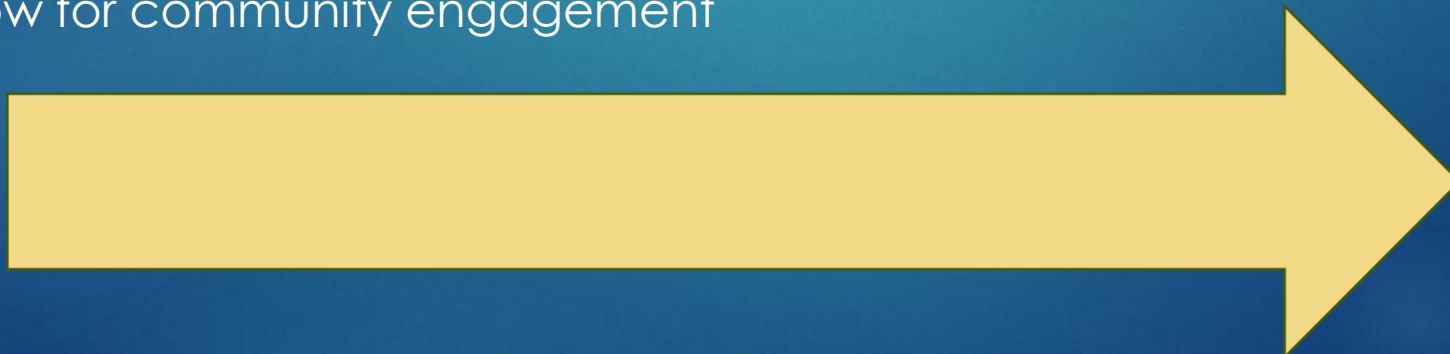


Lessons Learned



- ▶ Your desired election date (special, primary, or general) You should ask around to find out what other elections will be coming up during the coming year. You may not want to go head-to-head with a school levy election or a voted bond issue.
 - ▶ The time of year, type of election, type of voter approved funding can have a significant impact on the passage rate.
- ▶ Timeline
 - ▶ Not going to happen over night
 - ▶ Allow for community engagement

TODAY



2 YEARS?



Lessons Learned



- ▶ Know your Numbers \$. How much money you need now and to stabilize operations. \$ Change throughout planning process
- ▶ Focus on affordability: *The Price of Government* by David Osborne & Peter Hutchinson
- ▶ What you need the revenue for, and for how long (for instance, continued operating costs versus a capital project that will only last a few years)
 - ▶ Match permanent/stable funding with ongoing service levels vs. temporary funding for temporary capital.



Lessons Learned



- ▶ Clear Communication:
 - ▶ Clearly communicate the purpose of the new funding source and how the funds would be used. Understand Voter Priorities: Determine what matters most to voters. What aspects of the funding mechanism are appealing to them? What concerns do they have?
 - ▶ The choice of services, capital projects and operations and maintenance activities is a key to the success of garnering support for an initiative.
 - ▶ Craft Effective Messages: Develop messages that resonate with constituents. Consider using a 3-30-3 format: a concise message that can be delivered in 3 seconds, 30 seconds, or 3 minutes.



Lessons Learned



- ▶ Community Engagement:
 - ▶ Actively engage with community members, businesses, and organizations to discuss the need for additional funding to enhance community safety services.
 - ▶ Public forums, town hall meetings, and outreach events allowed citizens to voice their concerns, ask questions, and provide feedback.
 - ▶ Survey Community. How will constituents respond to the different alternatives (permanent versus temporary funding, funding options, level of service)
 - ▶ Start Early. By involving the community in the decision-making process, you demonstrate commitment to transparency and collaboration.
- ▶ Political Action Committee:
 - ▶ develop strategy and run the campaign
 - ▶ Staff assistance and elections ethics

Public Safety Funding

- ▶ JC “Hacksaw” Rowley, Finance Director
- ▶ Aaron Cubic, City Manager

