

REQUEST FOR COUNCIL ACTION

DATE ACTION REQUESTED: May 2, 2017

Order ___ Ordinance XX Resolution ___ Motion ___ Information ___
No. No. 2016-2811 No.

**SUBJECT: An Ordinance Amending Newberg
Municipal Code Title 3 To Add A New Chapter
Adopting A Transportation Utility Fee**

Contact Person (Preparer) for this
Motion: James (Jay) O. Harris, Public Works
Director
Dept.: Public Works
File No.:

HEARING TYPE: LEGISLATIVE QUASI-JUDICIAL NOT APPLICABLE

RECOMMENDATION:

Adopt Ordinance No. 2016-2811 amending Title 3 of the Newberg Municipal Code, adding a new chapter establishing a transportation utility fee to supplement other revenue to maintain and replace pavement surfaces city-wide.

EXECUTIVE SUMMARY:

The citizens of Newberg rely and expect a safe dependable transportation network. The current system is getting older and more expensive to maintain, preserve and replace. The roads are showing significant signs of distress and the current funding sources are not keeping up with the need. For the last couple of years, the City has been evaluating additional revenue options to close the funding gap. It has been determined that to maintain our current pavement conditions city-wide approximately \$2.5 million in funding is needed each year. Approximately \$0.6 million is currently available, leaving a gap/shortfall of \$1.9 million. The funding gap is too large to be generated from one source. The proposed funding sources to close the gap is \$1.2 million generated from a transportation utility fee (TUF) and potentially \$0.7 million generated from another source. This Request for Council Action and the attached ordinance evaluates the TUF portion of the proposed new funding.

Staff first presented the Ordinance to Council on December 5, 2016. At that meeting the City Council listened to public testimony, and changes were incorporated into the revised Ordinance language. The Ordinance was presented to Council a second time at the January 3, 2017, Council meeting. At that meeting Council requested that items such as the maximum fee cap and fee waiver policies were taken back to the Ad-Hoc Committee for review and consideration. The Ad-Hoc Committee met on February 8, 2017, March 2, 2017, and April 18, 2017, to discuss provisions in the Ordinance. A copy of the February 8th, and March 2nd, Ad-Hoc Committee meeting notes is included as Attachment A. The April 18th Ad-Hoc committee meeting was held to improve the public notice of the committee meetings (the meeting notice and agenda was posted on the City website). The recommendation from the committee shown in Attachment A was not modified at the April 18th meeting.

Revisions to the January 3rd Ordinance were completed by staff which follow the recommendations from the Ad-Hoc Committee, as described below.

ORDINANCE MODIFICATIONS:

The Ad-Hoc Committee reviewed the January 3rd Ordinance and provided their input for refinement of the Ordinance (refer to Attachment A), as summarized on the next page:

1. Funding: \$2.5 million total, \$0.6 million existing, \$1.2 million Transportation Utility Fee (TUF), \$0.7 million other future funding source.

No change proposed, keep the targeted revenue for the TUF at \$1.2 million.

2. Maximum Fee Cap: What is the appropriate maximum monthly fee cap amount, \$600, or lower/higher?

Use	Bill with Cap	Bill without Cap
GFU Main Campus	\$600	\$3,300
NSD – High School	\$600	\$1,326
NSD – Middle School	\$600	\$974
NSD – Elementary School	\$600	\$1,045
Providence Hospital	\$600	\$1,175
Cultural Center	\$600	\$751

The Ad-Hoc Committee recommended that the maximum fee cap section be removed from the Ordinance. Staff removed Section 3.45.080.F, Fee Maximum from the proposed Ordinance.

3. Funding Allocation: Should the TUF increase for residential properties to subsidize non-residential uses (i.e.: 35% residential share or 50% residential share)?

Council consensus at the December 5, 2016, hearing was to keep the funding allocation at the 35% residential share. The Ad-Hoc Committee agrees with Council. This rate schedule is attached as Exhibit B to the Ordinance.

4. Prioritization of Improvements:
 - a. A maximum of 70% of revenue is proposed to be allocated to preservation of the good to fair streets, and a minimum of 30% to reconstruct the poor to very poor streets. Should different funding percentages be considered?
 - b. The pavement condition model prioritizes pavement and preservation and replacement projects based on traffic volumes. Is selecting the maintenance prioritization of higher volume streets first acceptable?

The consensus of the Council was to maintain the split of 70% good to fair streets and 30% to poor streets. The Ad-Hoc Committee agrees with Council. Refer to Section 3.45.060, Prioritization of Improvements in the Ordinance.

5. Fee Waivers: Council requested at the November 7, 2016 meeting, information adding low income waivers to the proposed Ordinance. Staff found the other communities include other types of waivers, such as vacancy, unemployment, and motor vehicle discounts, and added the fee waivers to the original (December, 2016) Ordinance. The Ad-Hoc Committee reviewed the fee waiver section in the Ordinance and found the provisions to be acceptable.

The Council expressed some concern about the definition of vacancy at the December 5, 2016 hearing. The definition of “vacancy” was modified in Exhibit A to allow for seasonal vacancies in buildings/units. The Ad-Hoc Committee reviewed the fee waiver provisions and found them to be acceptable. Refer to Section 3.45.130, Waiver of Fees, in the Ordinance.

6. Funding Model: Exhibit B, the monthly rate schedule, shows the four residential and six non-residential rate classes. The “variable within fee class” model was originally chosen by the Ad-Hoc Committee last

year over other models such as a flat fee or trip generation model. The Exhibit B table was generated from a financial model prepared by the consultant team, which included the assumptions outlined in the Ordinance language for all of the developed uses in the City. In the recent Ad-Hoc Committee meetings, the subject of the “variable within fee class model” methodology was revised and the group recommended the grouping of the classes in Exhibit B.

The use of the variable within fee class model was recommended a second time by the Ad-Hoc Committee. No change was made to the Ordinance.

7. Heavy Vehicle Clause: The Ad-Hoc Committee discussed the topic of heavy vehicles and the impact of the weight on the city streets.

The Ad-Hoc Committee recommends that a construction impact and/or a loading dock fee be discussed at a later date separate from this Ordinance.

8. Combining Non-Profits: The Ad-Hoc Committee discussed the topic of combining properties for the school district, CPRD, and the City to lower the impact of the transportation utility fee on the governmental non-profits. It was found that the fee reduction would be minimal for CPRD and the City, but combining school district properties into one group for elementary, middle, and high schools would reduce the school district monthly fee by approximately 50% when utilizing a maximum fee cap of \$600 (a total fee of \$1800 per month or \$21,600 per year). The maximum fee caps were removed from the Ordinance, staff reduced the trip rate by each type of school by 50% to reduce the monthly fee. Results are shown below:

ITE #	Description	Quantity	Units	Rate/Unit	Full Cost (Month)	Adj. Cost (Month)
520	Elementary Schools	1,854	Student	\$0.72	\$1,334	\$667
522	Middle Schools	1,173	Student	\$0.90	\$1,056	\$528
530	High School	1,635	Student	\$0.96	\$1,570	\$785
					Total/month=	\$1,980
					Total/year=	\$23,760

The Ad-Hoc Committee recommends a reduction of the TUF paid by the Public School District only. Section 3.45.100.10 was added to the Ordinance which reduces the trip rate per student by 50%, which in turn reduces their total yearly cost for all of the public schools to approximately \$23,760.00.

Council is invited to review the information presented in this Ordinance and express their opinion on the items listed above. Council could consider the adoption of this Ordinance using/modifying the information presented, or request staff to research additional items and return at a later date to continue the discussion.

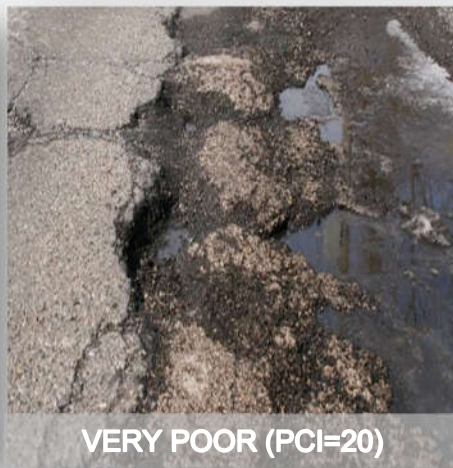
BACKGROUND AND HISTORY:

Discussions to adequately fund the pavement maintenance projects have been ongoing for the last decade. In 2002, city staff estimated that the pavement maintenance program needed \$850,000 in yearly funding, with a \$350,000 per year funding shortfall. A TUF ordinance was proposed in 2002, but the work was put on hold to focus on the adoption of a city-wide storm water fee. In 2006, city staff estimated that the funding shortfall/gap had grown to approximately \$700,000 yearly.

In April of 2013, staff continued the discussion with Council regarding the state of our street system. Resolution

No.2013-3090 in October of 2013, approved the consultant contract for Pavement Services Inc. to complete a city-wide pavement condition evaluation and to prioritize the street maintenance projects. Over an 8-month period, the consultant walked all of the city streets, evaluating the condition and ride quality of the pavement surfaces, and subsequently entered the data into modeling software. The modeling software calculated the pavement condition index (PCI) for each street segment. A PCI value of 0 was assigned by the software to gravel roads, whereas new pavement was assigned 100. Examples of each type of surface and the corresponding PCI are shown below.

Pavement Condition Index Examples:



In July of 2014, Council adopted Resolution No. 2014-3156, the final Pavement Management System Implementation Report by Pavement Services Inc. The report indicated that the City of Newberg's overall city-wide pavement condition index (PCI) was approximately 73 of 100, with a backlog of street repair projects of about \$14.3 million dollars. Four budget scenarios were identified in the 2014 report:

- A. Eliminate the project backlog by spending \$2.8 million a year over a 7 year period.
- B. Maintain the current \$150,000 per year funding level. The project backlog is proposed to increase to \$21.0 million by 2022.
- C. Increase the annual funding to \$486,000. The project backlog will grow to \$17.9 million by 2022.

D. Maintain the existing overall city-wide PCI of 73, which requires an annual budget of \$1.87 million.

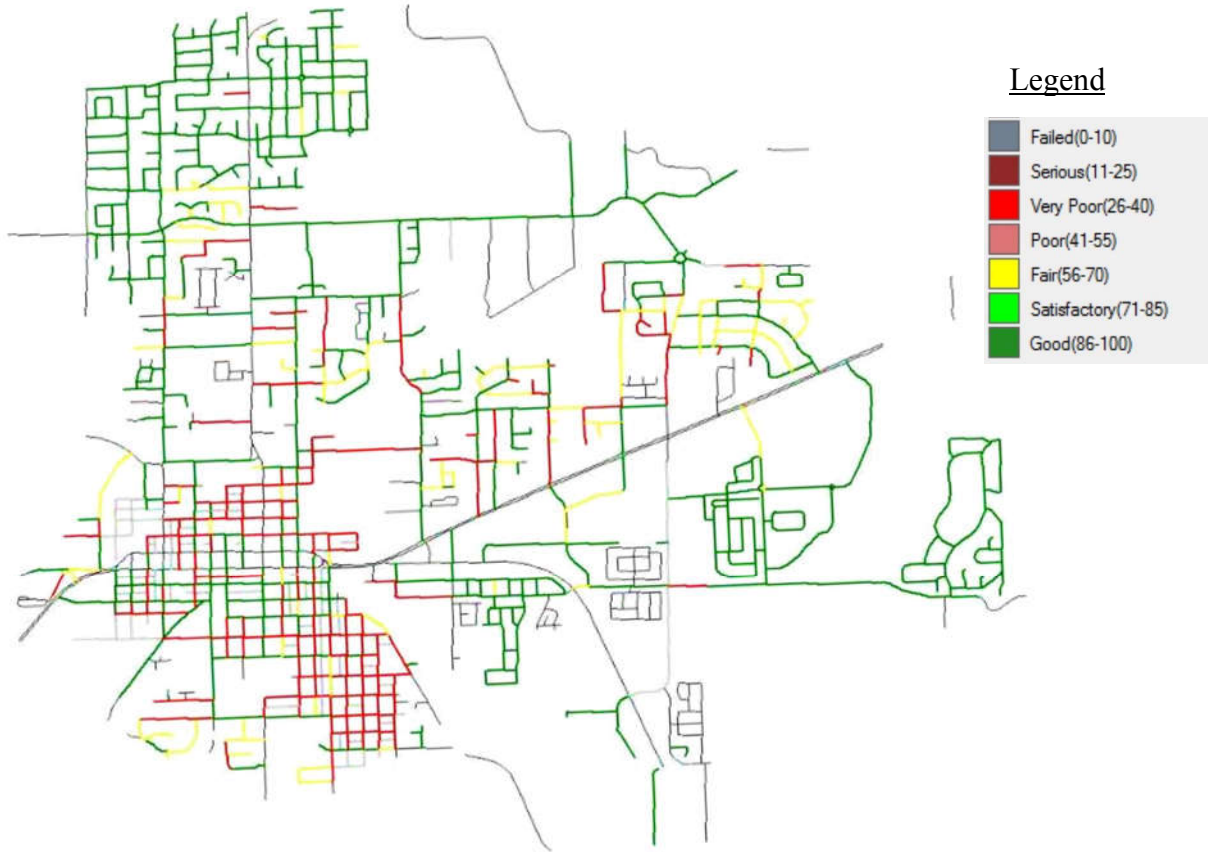
At the September 21, 2015 City Council work session a report was provided that outlined the various pavement maintenance and rehabilitation techniques, and a review of the 2014 Pavement Management System Implementation Report. After Council discussion, direction was to prepare a report on the potential funding options available to maintain the existing city-wide PCI of 73 (shown as option D above).

At the January 19, 2016 City Council business meeting, the report on funding options identified various options to supplement the existing funding sources for pavement maintenance projects. After discussion, consensus was provided to move forward with the preparation of a pavement system maintenance and funding master plan, and to focus on a transportation utility fee (TUF) in the implementation of the first phase of funding. A TUF is a dedicated funding source that cannot be spent on other purposes outside of the adopted intent, and the monthly cost to each user is generally proportional to the use of the system. The TUF can be assessed on the monthly municipal services statement, and should balance the fairness in cost between the users while being administratively feasible by the City. There are multiple models that can be used to determine the appropriate fee from simple, such as a flat rate per meter, to very complex, such as a trip generation model table created for every use in the city.

Last spring, the City posted the pavement master planning proposal on the city website and emailed/called multiple consultants. The City received three proposals from various engineering and financial consultants. Kittelson & Associates was identified as the most qualified consultant with the knowledge, and experience to complete the various phases of work identified in the proposal. The contract for Kittelson & Associates was approved by Council by Resolution No.2016-3281. Over the last 6 months, the consultant team led by Tony Roos at Kittelson & Associates has prepared presentations for the pavement ad-hoc committee meetings, assisted in public outreach efforts, updated the 2014 pavement condition index model, and has painstakingly prepared multiple transportation utility fee financial models.

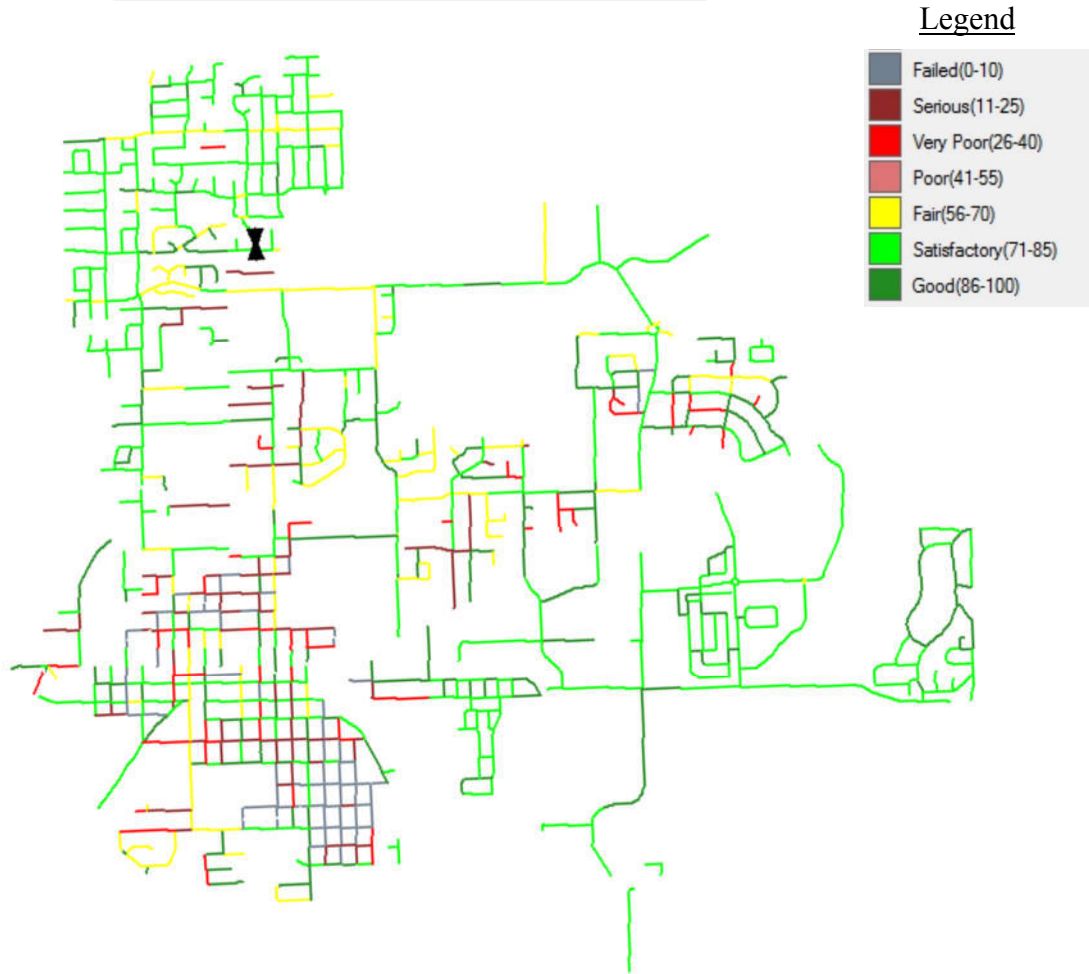
Kittelson & Associates has found that the revised pavement condition index (PCI) has decreased from 73 in 2014 to 68 in the last two years. Kittelson & Associates also estimates that approximately \$2.5 million per year is necessary in order to increase the 2014 PCI over the next ten years. Without an increase in existing funding, the overall pavement condition index is expected to decrease another 9 points to 61 in 2022, as shown on the next page.

2022 Pavement Condition Index Map
Existing Funding Levels: PCI=61



Kittelson & Associates calculates that with the expenditure of \$2.5 million dollars per year, the PCI is anticipated to increase to 78 of 100 by 2026. Additional modeling will be needed in the coming years to confirm that the pavement model is calibrated properly and the city is on course to maintaining (and potentially increasing) the PCI over the next decade.

2026 Pavement Condition Index Map
\$2.5 Million per Year: PCI=78



Last July, an ad-hoc committee was appointed by the Mayor consisting of residents, business owners, non-profits, and representatives from government agencies. The committee met six times and reviewed the issues/methods to maintain and replace pavement systems, and considered multiple transportation utility fee rate models. The models considered by the committee varied from a fixed monthly fee for all users, to various trip rate generation models. The ad-hoc committee also provided input on the public outreach efforts, which is discussed further on the next page. The ad-hoc committee met for the final time on April 18th, and their recommendations are as follows:

- A. The current level of spending to maintain pavement is a problem. Without more regular pavement maintenance and rehabilitation funds, the condition of roads will continue to deteriorate and become even more expensive to address in the future.
- B. There are several types of revenue sources, but there is likely not one single source would generate the annual revenue needed to maintain the system to today's conditions.
- C. Of the various transportation utility fee structures, "Variable Fee within class" was preferred because it was more equitable without being overly complex to administer. It allows the fee to be defined based on both intensity of uses as well as magnitude or size for non-residential payers. Many cities in Oregon with a fee use this structure for the same reasons. The classes are shown on the next page:

<u>Class</u>	<u>Trips/1000 sf*</u>	<u>Examples</u>
Residential		
Single Family	9.5	Residential homes
Multi-Family	6.4	Apartment sites
Mobile Home	5.00	Mobile home parks
Non-Residential		
Class 1	Less than 18	Manufacturing
Class 2	Between 18 and 30	Office
Class 3	Between 30 and 51	Auto Repair, Clinic
Class 4	Between 51 and 80	Sit Down Restaurant
Class 5	Over 80	Convenience Store, Drive Thru
Class 6	Special	Gas Stations, Churches,

*The trips generated are from the Institute of Transportation Engineers Trip Generation Manual.

- D. The target revenue that would need to be collected using a fee may change based on other options, such as a local gas tax. The committee reviewed scenarios that generated \$1 million and \$1.3 million from transportation utility fees and decided that \$1.2 million was the upper limit of revenue from this source of funding.
- E. The allocation of fees to residential and non-residential users reflects “trip generation.” It is estimated that 35% of trips are generated by residential properties. Fees should be calculated by assigning 35% of the funding responsibility to residential and 65% assigned to non-residential, and not weighted more to the residential side to reduce the fees paid by the non-residential uses.
- F. Exploring ways to reduce fees for those that may be financially burdened. Included fee waivers in the Ordinance, but ultimately decided that maximum fee caps were not equitable to all users.
- G. Explore ways to reduce overall fees, such as allowing for a phased in approach, sunset/rate adjustment clause, funding allocation clause, and a funding prioritization clause. Phasing in of fees and a sunset clause were not included in the proposed Ordinance. Funding allocation was ultimately chosen at 35% residential and 65% non-residential, and funding prioritization was selected as 70% towards funding of maintenance for good and fair streets, and 30% towards poor condition streets.

The public involvement efforts led by Kristen Kibler with JLA Associates for the proposed TUF ordinance were significant. A summary of the public outreach and involvement efforts are:

<u>Event Description</u>	<u>Date(s)</u>
Ad-hoc committee meeting #1	July 14, 2016
Ad-hoc committee meeting #2	August 3, 2016
Ad-hoc committee meeting #3	August 31, 2016
Ad-hoc committee meeting #4	November 2, 2016
Ad-hoc committee meeting #5	February 8, 2017
Ad-hoc committee meeting #6	March 2, 2017
Ad-hoc committee meeting #7	April 18, 2017

Website updates	Ongoing
Newsletter article	July, September
Facebook posts	Ongoing
City Council update meeting #1	July 18, 2016
Mayor's Cabinet meeting	September 27, 2016
Open House w/ survey	September 28, 2016
Online Open House w/ survey	September 28-October 16, 2016
Traffic Safety Commission	October 10, 2016
Noon Rotary meeting	October 26, 2016
City Council update meeting #2	November 7, 2016
City Club meeting	November 15, 2016
Morning Rotary meeting	November 17, 2016
Kiwanis meeting	November 17, 2016
City Council Ordinance Presentation #1	December 5, 2016
City Council Ordinance Presentation #2	January 3, 2017
City Council Ordinance Presentation #3	May 2, 2017

JLA prepared a summary below of the open house and online open house surveys. Meeting summary notes from the six ad-hoc committee meetings are on the City website located on the Engineering Division homepage.

City of Newberg Pavement Maintenance and Funding Open House and Public Responses Summary

The City of Newberg Pavement Maintenance and Funding Master Plan Open House was held on September 28, 2016, from 5-7 p.m. at the Public Safety Building. Fifteen attendees signed in to the meeting. The purpose of the open house was to explain the city's current funding challenge regarding aging roads and increasing maintenance expenses. Public feedback on proposed management approaches and potential revenue sources, specifically a transportation utility fee and local gas tax, was collected. Nine comment forms were submitted in person at the event. An online Open House was also available from September 28 to October 15. The website was created for those who couldn't attend the Open House or for those who attended and wanted to view more information online. Input on proposed pavement management spending approaches and potential revenue sources was also collected via an online comment form, with 39 individuals completing the online questions.

Public Responses (through October 18)

In total, 48 respondents completed the comment form, either online or in-person.

- *All respondents agreed that road pavement maintenance is either of concern or significant concern.*
- *Nearly half of respondents (23 out of 48) thought that a Transportation Utility Fee is worth further consideration. A few were unsure at this time, while 19 out of the 48 had concerns about using a Transportation Utility Fee. Of these, many were concerned that water and/or sewer bills are already too high, as well as some stating concerns that road*

users who may live or work outside of the area will not contribute to the cost of maintaining the roads.

- About two-thirds of respondents (31 of 48 respondents) indicated that a Local Gas Tax is worth further consideration. Those who had concerns commented that six cents was too high or that there should be no new taxes at all.
- If there is new revenue for road maintenance, there was more support for spending it on street surface-pavement maintenance and rehabilitation. Out of 48 total forms there was a marked difference in what type of spending was supported.

Street surfaces/pavement – 38	Sidewalks, curbs, ramps – 20
Paths and trail – 15	Bike lanes – 12
Street trees – 16	Lighting – 17
Undergrounding of overhead lines - 10	

Of the respondents who completed demographic questions, 34 live in Newberg, 19 work in Newberg, 26 own property in Newberg, and 8 own a business in Newberg (there is overlap in these responses). All who responded, marked their race as white. There was nearly equal representation of male and female respondents. The primary age ranges marked were between 25-34 (11 respondents) and 55-64 (10 respondents) years old.

DISCUSSION:

Combined, the city’s existing state gas tax and federal funds exchange allows for approximately \$625,000 to be used for pavement maintenance/preservation projects every year, as shown in the table below. Note that dedicating all of the \$625,000 of existing gas tax funds ongoing each year towards pavement maintenance and replacement projects may affect the funding of other street related projects such as the full conversion of existing street lights to LED lights, completion of key missing segments of sidewalks, roadway widening, and traffic calming projects.

Existing Revenue Sources	Amount
State Gas Tax	\$1,300,000
Federal Gas Tax (exchange fund w/ ODOT)	\$250,000
Total Revenues	\$1,550,000
Existing Expenditures	Amount
Newberg-Dundee Bypass Payment	\$143,000
Street Lights (Electricity, pole replacement, etc.)	\$280,000
Capital Projects not related to pavement rehab (i.e. LED Conversion, sidewalks, street widening, exc.)	\$200,000
Contingency	\$300,000
Total Expenditures	\$923,000
 Potential Funds Available for Pavement Projects	 \$627,000

To obtain the necessary \$2.5 million dollars in funding to maintain PCI, it is recommended to combine existing funding (\$625,000) with a transportation utility fee (\$1,200,000), with consideration to a voter approved 0.05 cent per gallon gas tax measure (\$675,000). At the July 18, 2016 City Council project update meeting, Council

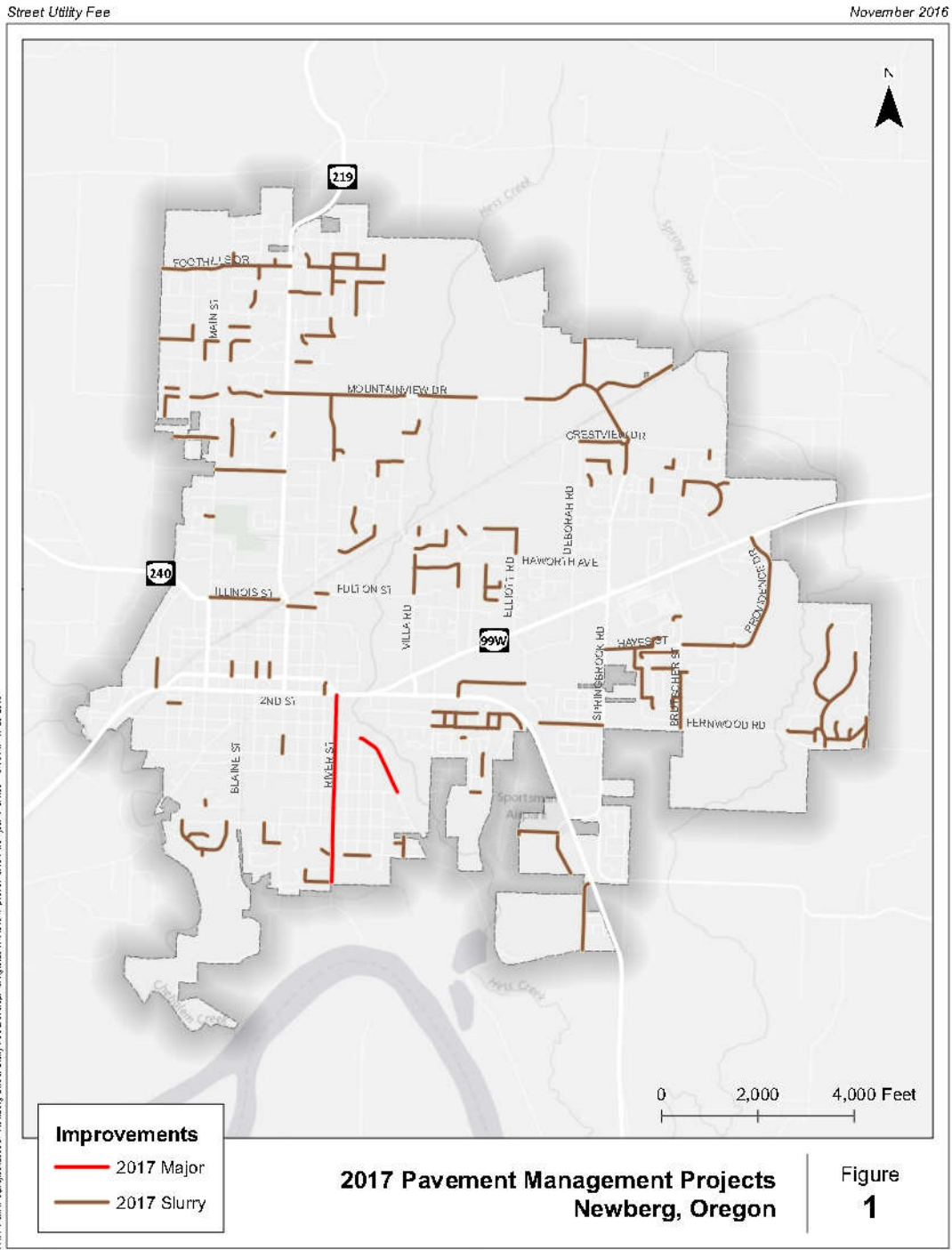
requested that staff complete further research on a ballot measure to consider a local gas tax. It was determined that it was too late to file the ballot measure for the November 2016 election, and the next general election that is not subject to the double majority regulations is in May of 2017. The ad-hoc committee discussed the advantages and disadvantages of a local gas tax, and were of the opinion that a gas tax may be a more equitable funding option when combined with the TUF, compared the passage of a property measure such as a general obligation bond or local option levy.

The identification of the timing and number of projects to be completed in over the next year is difficult to estimate. Most pavement maintenance projects require warm temperatures and dry conditions, which limits the projects to starting in May/June and completing in September/October. If the TUF is adopted in the next month by Council, and the fee implementation by the Finance Department is completed by the summer of 2017, potentially \$900,000 in revenue could be collected by next summer. Adding in existing funding sources, it may be possible to complete a maximum of \$1.5 million in pavement maintenance projects in the summer of 2018, refer to a preliminary map of the 2018 projects on the next page.

Acquiring additional sources of revenue over the next year to close the funding gap (the City needs to be spending approximately \$2.5 million per year on pavement maintenance) is critical to improving the condition of the pavement systems city-wide over the next 10+ years.

FY 18/19 project list (\$1.5 million): Funding Split: 57% preservation, 43% replacement

Crack sealing \$ 62,000 (City-wide, continue program sealing newer to older streets)
 Slurry sealing \$800,000 (214 roadway segments)
 Major: Grind-Inlay/Overlay \$638,000 (Wynookski and River Streets)
 (Approximately \$900,000 in TUF funds are needed for 2018 summer projects)



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KITTELSON & ASSOCIATES, INC.
 TRANSPORTATION ENGINEERING/PLANNING

Coordinate System: NAD 1983 StatePlane Oregon North FIPS 3101 Feet Intl

FISCAL IMPACT:

With the elimination of maximum fee caps, and applying the fee waivers, the transportation utility fee Ordinance is estimated to generate nearly \$1.2 million in additional funding to maintain and replace pavement city-wide.

STRATEGIC ASSESSMENT (RELATE TO COUNCIL PRIORITIES FROM MARCH 2016):

In March of 2016, city council adopted priorities. None of the city council priorities apply to the preservation and funding of the pavement system.

The preparation of the pavement system maintenance and funding master plan and the subsequent city council adoption of supplemental funding measures will provide the capital improvement project plan and the funding needed to properly maintain the roadways throughout the city. Regular planned maintenance to the street pavement systems will decrease the long term pavement and vehicle maintenance costs, and will increase mobility, comfort, safety and livability for everyone that works, lives and visits the City of Newberg.



ORDINANCE NO. 2016-2811

AN ORDINANCE AMENDING NEWBERG MUNICIPAL CODE TITLE 3 TO ADD A NEW CHAPTER ADOPTING A TRANSPORTATION UTILITY FEE

RECITALS:

WHEREAS, the condition of the City of Newberg's street network has been declining as demonstrated by engineering analysis to calculate the pavement condition index (PCI) conducted in 2014 and updated in 2016;

WHEREAS, regular maintenance of streets is cost-effective for the city and for citizens because deteriorated streets are increasingly expensive to repair and maintain, cause increased wear on vehicles, and pose increased safety hazards to the public;

WHEREAS, it is the responsibility of the City of Newberg to ensure safe passage for its citizens on public right-of-way falling within its jurisdiction;

WHEREAS, The city council has indicated a desire to maintain and modernize the city's transportation and utilities infrastructure by creating a stable road maintenance funding source, by looking at alternative funding mechanisms, by developing a street maintenance plan, and secure adequate and stable funding with citizen input and community outreach;

WHEREAS, a well maintained street network enhances the livability, property values and economic vitality of the community;

WHEREAS, revenues from existing sources (including the state motor fuel tax and the Oregon Transportation Investment Act), are not adequate to maintain the City of Newberg's street network to meet these standards;

WHEREAS, it is the intent of the city council to create a utility with all lawful powers to manage, plan, design, construct, maintain, use, and where necessary, alter the transportation system in the City of Newberg by the creation of a funding mechanism that provides the resources necessary to carry out the objectives of a street maintenance program, which is equitable for all citizens and businesses in the City of Newberg;

WHEREAS, all citizens and businesses in the City of Newberg will be served by the program and receive the long-term benefits of such service;

WHEREAS, additional funding is required in order to fund increased maintenance and replacement of the City of Newberg's street system; and

WHEREAS, the Newberg City Council held public hearings on December 5, 2016, January 3, 2017, and May 2, 2017, regarding the adoption of a transportation utility fee;

THE CITY OF NEWBERG ORDAINS AS FOLLOWS:

Section 1: A new chapter adopting a transportation utility fee (TUF) 3.45, is added to and made a part of Title 3, Revenue and Finance, of the Newberg Municipal Code as set forth in attached Exhibit A to this ordinance.

Section 2: Exhibit B to this ordinance, rate schedule, lists the categories, trip rates and unit charges for developed residential and non-residential land use classes within the corporate limits of the City of Newberg, and shall be effective until modified by future resolution of the Council. Section 3.35.080 of attached Exhibit A, outlines the methodology to calculate, collect and adjust the rates and charges outlined in Exhibit B.

Section 3: The city manager is the delegated authority to implement the TUF created by this title when administratively feasible, but not sooner than July 1, 2017

- **EFFECTIVE DATE** of this ordinance is 30 days after the adoption date, which is: June 2, 2017.

ADOPTED by the City Council of the City of Newberg, Oregon, this 2nd day of May, 2017, by the following votes: **AYE:** **NAY:** **ABSENT:** **ABSTAIN:**

Sue Ryan, City Recorder

ATTEST by the Mayor this 5th day of May, 2017.

Bob Andrews, Mayor

Chapter 3.45 Transportation Utility Fee

Sections:

- 3.45.010 Purpose.
- 3.45.020 Definitions.
- 3.45.030 Administration.
- 3.45.040 Street Fund.
- 3.45.050 Fee imposed.
- 3.45.060 Prioritization of improvements.
- 3.45.070 Annual street maintenance program report.
- 3.45.080 Fee determination, adjustments and termination.
- 3.45.090 Mixed use and related properties.
- 3.45.100 Implementation rules.
- 3.45.110 Billing and collection.
- 3.45.120 Commencement of charges.
- 3.45.130 Waiver of fees.
- 3.45.140 Appeals.
- 3.45.150 Inspection of developments.
- 3.45.160 Severability.

3.45.010 Purpose.

A transportation utility fee (TUF) is created to operate and administer the pavement system maintenance and capital improvement programs. This program will manage, plan, design, construct, preserve and maintain the street pavement system in the City of Newberg, excepting county roads and state highways within the city limits. This includes but is not limited to, patching, crack sealing, fog sealing, slurry sealing, chip sealing, grinding, inlaying, overlaying and reconstructing public streets and ADA improvements within the rights-of-way.

The TUF is a fee based on the direct and indirect use of or benefit derived from the use of public transportation facilities and is reasonably related to the cost of providing these services. For purposes of ORS Volume 8 (Revenue and Taxation), the Transportation Utility Fee is not intended to be a tax on property or a property owner as a direct consequence of ownership, but instead is a fee or charge not subject to the limits of Section 11(b), Article XI, of the Oregon Constitution.

3.45.020 Definitions.

For the purposes of this chapter, the following definitions shall apply unless the context clearly indicates or requires a different meaning:

“City manager” means the city manager or person designated or appointed by the city manager to perform functions or tasks under this chapter.

“City street or street” means a public street, alley and/or right-of-way within the city that is subject to the authority or control of the city.

“Class” means the billing group of similar trip generating uses that the individual categories are assigned.

“Developed property or developed use” means a parcel or portion of real property on which an improvement exists or has been constructed. Improvement on developed property includes but is not limited to, buildings, parking lots, landscaping, commercial agricultural, open space, parks, and outside storage.

“Gross square footage” means the calculation of the area of all structures and stories of structures located on a parcel or lot, measured along the exterior walls of the structures. This includes enclosed courtyards and stairwells, but does not include fences and parking areas that are not enclosed within a structure.

“ITE Manual” means The Institute of Transportation Engineers Trip Generation Manual, latest edition.

“Mixed-use property” means a developed multi-use and/or multi-tenant property with common or separate utility accounts for the individual uses on the property or where condominium ownership establishes common and separate ownership with the same parcel.

“Multi-family residential property” means residential property with more than three separate living units or spaces such as apartment complexes.

“Non-residential property” means a business, commercial, industrial, institutional or nonprofit use of real property that is not used primarily for personal or domestic accommodation.

“Parcel” means a unit of land that is created by a partitioning of land.

“PROWAG” means the Public Right-of-Way Accessibility Guideline as published by the United States Access Board. These guidelines cover pedestrian access to sidewalks and streets, including crosswalks, curb ramps, street furnishings, pedestrian signals, parking and other components of public rights-of-way.

“Residential property” means a use of real property primarily for personal or domestic accommodation, including single-family and multi-family residential property, but not including hotels, motels and other commercial establishments that provide temporary shelter.

“Responsible party” means the person or persons who by occupancy or by contractual arrangement are responsible to pay for utility and other services provided to a developed property or developed use. The person(s) paying the municipal services statement for the developed property or developed use shall be deemed the responsible party. For any developed property or developed use not otherwise required to pay a municipal services statement, “responsible party” shall mean the property owner.

“Single-family residential” means residential real property including single -family detached homes, duplexes and triplexes.

“Trip generation” means the average number of daily vehicle trips as determined by reference to the most recently published edition of the manual, *Trip Generation*, published by the Institute of Transportation Engineers (ITE; ITE manual).

“Unit rate” means the dollar amount charged per adjusted average daily trip. There shall be a unit rate applied to residential land uses identified as the residential unit rate, and a unit rate applied to all other land uses, identified as the non-residential unit rate.

“Use category or category of use” means the code number and resulting trip generation estimate determined with reference to the ITE manual, and applicable to a developed property.

“Vacant” means that the entire developed property building, or unit has no occupant for more than 30 continuous days; when the property use is suspended for a seasonal closure lasting more than 30 days; or property remodel, repair, or reconstruction. An unoccupied portion of a developed property having no separate water meter does not qualify under this definition as vacant.

“Waiver” means partial or full waiving of TUF.

3.45.030 Administration.

A. Authority and Effective Date. The city manager is the delegated authority to implement the TUF created by this title when administratively feasible, but not sooner than July 1, 2017. The city manager may interpret all terms, provisions and requirements of this chapter and determine the appropriate TUF category. A property owner desiring an interpretation or other examination of the TUF category must submit a written application to the city manager. The application must provide sufficient detail to allow an interpretation. The city manager may require additional information, including an engineering study prepared by a licensed professional engineer using ITE manual methodology.

B. Categories of Use. The city manager will establish the assignment of categories of use subject to appeal to the city council.

C. Decisions. Following implementation of the TUF program, within 30 days of the submission of an application with the required information, the city manager will make a final decision on the application. The decision will be written and include findings of fact and conclusions based upon applicable criteria. A copy of the decision will be mailed to the applicant. The city manager will maintain a file containing all decisions. Except as provided under subsection (2) below, decisions of the city manager are final.

1. Categories. If a city manager decision affects the trip generation rate and/or category of the developed property for which an interpretation is requested, the city will assign the proper category to the developed property. An appropriate TUF category will be assigned and applied to the developed property. No back charges or refunds will be made.

2. Appeal. The decision of the city manager under this subsection may be appealed to the city council in accordance with section 3.45.140.

D. Programs. The city manager will develop and maintain programs for the maintenance of city transportation facilities and capital improvement programs to upgrade substandard facilities to current engineering standards for the safety and welfare of the community. Said program is subject to the city budget committee review and city council approval for the allocation and expenditure of budget resources for the transportation facility improvement and maintenance.

E. Fees. The city manager is responsible for the collection of fees under this chapter.

3.45.040 City street fund.

A. All funds collected under this chapter will be deposited into the city street fund. If the TUF collected are insufficient for the intended purpose, the city council may allocate other non-dedicated city funds to pay such costs. All amounts in the street fund may be invested in accordance with state law. Earnings from such investments will be also credited to the street fund.

B. The administration, maintenance and operations expenditures from the city street fund need not relate

to the real property from which the TUF is collected. The TUF may not be used for other city purposes. TUF revenues will be used solely to pay items as noted in 3.45.010.

3.45.050 Fee imposed.

A. A transportation utility fee is imposed upon the owners of all developed property within the corporate limits of the City of Newberg.

B. Property owners with specific activities and uses of property that result in extraordinary wear and tear or structural damage to a city transportation facility may be assessed a special damage assessment fee, which is determined by the city manager on a case by case basis.

C. The TUF may be paid by the owner, occupant or anyone designated by the owner or occupant provided that person is listed as the responsible party on the city utility accounts system.

3.45.060 Prioritization of improvements.

A maximum of seventy percent of the annual revenue will be allocated for maintaining streets that have been determined to be in fair to good condition, with a pavement condition index (PCI) of 60 to 100, as determined by standard engineering practices. A minimum of thirty percent of the annual revenue will be allocated to restoration or reconstruction of residential streets with a pavement condition index (PCI) below 60.

3.45.070 Annual street maintenance program report.

Each year the public works department shall prepare and present to the city council the “Annual Street Maintenance Program Report.” This report shall include a narrative description of the overall condition of the street network, the findings of any new condition assessments, a detailed project schedule for the upcoming year, an updated 5-year project schedule, the project selection criteria employed, a report on the previous year’s projects, and workload impacts and overall program progress. The report shall include revenues received relative to revenue projections, project cost inflation trends and any other developments that impact the adequacy of the program funds to meet program goals.

3.45.080 Fee determination, adjustments and terminations.

A. The TUF will be calculated as a monthly service charge and collected from owners or occupants of developed property in a manner similar to the collection of city water or sewer fees. Fees need not be invoiced monthly but will not be invoiced for intervals longer than three months.

B. Adjustment or termination of the TUF will be approved by city council resolution. The TUF may be modified biennially based on one or more of the following factors:

1. Cost of service adjustment. A rate adjustment reflecting a change in the amount of revenue required to maintain the city transportation pavement facilities defined by this chapter net of other city revenue that may be pledged for that purpose.
2. Inflationary index adjustment. A rate adjustment reflecting the changes in the cost of labor, materials and other services linked to changes to broader economic conditions as measured by the Oregon Department of Transportation Four-Quarter Moving Average Construction Cost Index.
3. New revenue adjustment. An adjustment based on revenue received from outside sources (not locally generated) to provide street maintenance.
4. Road condition assessments. Assessments that forecast reduced costs to maintain the condition of

the road system.

5. Fee termination. The fee can be terminated by the city council if it is determined that the funding is no longer needed to maintain the street system.

C. TUF program review. The adjustment to the TUF determined by Section 3.45.080(B) will not be automatic or pre-determined. The citizen rate review committee will review the TUF program on a biennial basis as defined in Newberg Municipal Code sections 2.15.120 through 2.15.210 and recommend any modification to the amount of TUF collected to the city council.

D. Establishment of Service Fees. Monthly service fees will be established for the following types and classes of developed property or developed use:

1. Residential properties.

a. Single family. Includes developed property with one, two, or three separate dwelling units. Each attached or separate dwelling unit is subject to the TUF for this class.

b. Multi-family. Includes developed property with four or more attached dwellings, condominiums, and town homes including accessory dwelling units. Each dwelling is subject to the TUF for this class.

c. Mobile homes. Property located in parks as defined in ORS 446.003(23).

2. Non-residential properties.

a. Class 1. Those categories generating fewer than eighteen (18) average daily trips per 1000 gross square feet of developed area.

b. Class 2. Those categories generating from eighteen (18) to thirty (30) average daily trips per 1000 gross square feet of developed area.

c. Class 3. Those categories generating more than thirty (30) to fifty-one (51) average daily trips per 1000 gross square feet of developed area.

d. Class 4. Those categories generating more than fifty-one (51) to eighty (80) average daily trips per 1000 gross square feet of developed area.

e. Class 5. Those use categories generating more than eighty (80) average daily trips per 1000 gross square feet of developed area.

f. Class 6. Categories with trip generating characteristics that either are not documented in the ITE manual or have special circumstances that merit separate fee calculation. Examples include: gas stations, hospitals, universities, schools, parks, assisted living centers, fairgrounds, golf courses, and aviation facilities.

3. Non-residential class distribution. The trip ranges described for classes 1 through 5 are established equally, as close as possible by the following steps:

a. Sort all non-class 6 categories from lowest to highest daily trip generation.

- b. Set the break line between each class as close as possible to equally distribute the total trips generated by classes 1 through 5.

E. Fee Minimum. The minimum monthly fee for non-residential accounts shall be equal to the fee imposed for a single family residential home.

3.45.090 Mixed-use and related properties.

A. Special standards may apply for determining the appropriate customer category where developed properties share or utilize common transportation facilities such as walkways, driveways or parking areas. Except as provided in this section, no TUF will be apportioned among mixed-use or related developments or combinations of mixed-use and related developments.

B. Mixed-uses with multiple use categories that share a single water meter will be assessed a total combined TUF based on the sum of each use category fee. Although these standards generally apply to non-residential uses, they also will be used to determine the appropriate customer category in properties with mixed uses of residential and non-residential developments.

C. The following procedure may be used to apportion TUF fees within mixed-use properties for the separate uses:

1. Residential uses. Each equivalent residential unit will be assessed a TUF in accordance with the applicable residential rate for that unit.
2. Non-residential uses. For developed properties with at least one common boundary where the uses would be assigned separate categories if the uses did not share common driveways, walkways or parking areas, and where the property design reduces the number of trip destinations that normally would be assigned to that use, a combined TUF may be established. Related properties may have more than a single water meter and sewer utility service established, and the combined TUF will be apportioned by the city manager between uses as follows:
 - a. Establish a collective trip assignment for the mixed-uses based on the lowest applicable trip generation factors that could be applied to the subject properties. The assignment may include individual trip calculations for some uses and combined trip calculations for other uses.
 - b. Establish the appropriate customer category and related cost-per-trip rate for that category and apply that rate to the collective trip assignment.
 - c. Establish an allocation of the combined fee amount to the water meter/sewer accounts that serve the collective properties using one or more of the following methods:
 - i. Building area square footage.
 - ii. ITE manual daily trip generation factors.
 - iii. Internal traffic counts.
 - iv. Other factors deemed suitable for apportioning the fee commensurate with use.

3.45.100 Implementation rules.

A. The following rules apply to the application of this chapter and the TUF:

1. No fee parking lots are not subject to the TUF as they do not themselves generate traffic. Parking lots that charge for parking (such as a storage or sales lot that charges a fee) are subject to the TUF.
2. Publicly owned undeveloped park land, open spaces and greenways are not subject to the TUF unless there is off-street parking for users.
3. Areas for commercial farming or forestry operations are subject to the TUF as a class 6 trip generation. Where there is more than one developed property on the site, the category will be determined based on Section 3.45.090, mixed-use and related properties.
4. Railroad and public rights-of-way are not subject to the TUF. However, railroad property containing structures, such as maintenance areas, non-rolling storage areas and property used for the transfer of rail transported goods to non-rail transport are subject to the TUF.
5. Categories within the ITE manual will be determined by reference to weekday average trip generation rates.
6. For non-residential developed properties with an ITE manual analysis by acreage rather than square footage, the city manager will convert the ITE manual trip generation rates to a square footage calculation and assign the appropriate TUF. If conversion to a square footage calculation is not practical, the city manager may assign a special trip generation rate for that developed property.
7. Developed property structure area will be multiplied by the number of stories, designed for development use.
8. The TUF applies to all developed property, including developed property owned by local, state, and federal governments, non-profit organizations and to all developed properties that are not subject to ad valorem property tax levies.
9. A developed property that undergoes a change in use must continue to pay the existing TUF. After receiving information about the change in use, the city manager may determine that a different category applies to the developed property. Thereafter, the city will charge and collect the TUF that applies to the revised designation. The city will charge and collect the TUF in accordance with correct information concerning developed properties.
10. The ITE trip rate for public Elementary (code #520), Middle (code #522), and High (code #530) Schools, shall be reduced by 50%, which results in a reduction of the rate per student per month by ½.

B. The city manager will review the operation of this chapter and may make appropriate recommendations for amendments to this chapter or the adoption of administrative rules by city council resolution. Administrative rules may provide guidance to property owners concerning the application and interpretation of the terms of this chapter. Rules adopted by the city council will have full force and effect, unless clearly inconsistent with this chapter.

3.45.110 Billing and Collection.

A. The TUF will be billed and collected with the monthly municipal service statement for developed properties using city water and sewer, and may be billed and collected separately for developed properties not utilizing city water and sewer as follows:

1. For a developed residential property and subject to water and sewer utility charges, the TUF bill will be sent to the responsible party.
2. For a developed non-residential property that is subject to water and sewer utility charges, a common TUF bill will be sent to the responsible party. See subsection 3.45.090 for special rate calculation procedures related to mixed-use properties for exceptions to this rule.
3. For a developed residential or non-residential property that is not subject to water and sewer utility charges, the TUF bill will be sent to the property owner.
4. All TUF bills become due and payable per date noted on the bill.
5. If payments received from city utility billings are inadequate to satisfy in full all balances, credit will be applied proportionately between funds, unless directed otherwise by the city manager.

3.45.120 Commencement of charges and collection

A. For new construction, service charges will commence with the issuance of a building permit or installation of a water meter, whichever comes first. Developed real property annexed to the city shall begin paying the fee the first month following annexation, regardless of whether or not the parcel is connected to city water or sewer.

B. For existing structures, service charges will commence upon the effective date noted in Section 3.45.030.A.

3.45.130 Waiver of Fees.

A. Applying for a waiver. Any person desiring a waiver must submit an application on city forms and be submitted not less than 14 days prior to the billing date of the period for which the waiver will be applied. Persons requesting a waiver must document that they meet the criteria and pay any associated application fee. Only one discount or waiver will be granted at a time for individual properties. Waivers will only be applied prospectively; no retroactive waiver or refund will be issued. Except as set forth below, waivers expire after 12 monthly billing cycles. Those who qualify may reapply within the 60 days prior to the expiration of the waiver.

B. Vacancy Waiver.

1. When any developed property within the city becomes vacant, as defined in section 3.45.020, and water service remains in effect, upon written application of the property owner, the TUF will be billed at the lowest available rate upon the approval of the city manager.
2. When any developed property within the city becomes vacant, as defined in section 3.45.020, and water service is discontinued, upon written application of the property owner, the TUF will not be billed if all current and outstanding water, sanitary sewer, storm sewer and transportation utility fee charges have been paid in full.
3. The city manager is authorized to investigate any developed property for which a fee reduction or waiver application is submitted to verify any of the information contained in the application. The city manager is also authorized to develop and use a standard form of application for fee reduction or waiver.

The form will provide space for verification of the information and the person signing the form must affirm under penalty of perjury the accuracy of the information provided.

C. Hardship Waiver.

1. The responsible party may qualify for a waiver if the person meets the income criteria, which is defined as a household earning less than 80 percent of the HUD median household income in Newberg.
2. The principal owner of a multi-family residential property may qualify for a waiver if the property is identified as a low income qualified housing identified by the Housing Authority of Yamhill County.

D. Unemployment waiver. An unemployment waiver provides a six-month waiver to residents who have had the responsible party recently laid off from their job. Evidence of receipt of current unemployment benefits and proof of residency at the service address is required. Residents can reapply for the waiver if still receiving unemployment benefits after six months.

E. Motor vehicle discount. A discount can be obtained for residential class households in which no one owns a motor vehicle. The discount is good for one full year after the discount is approved or until a vehicle is acquired by the household. Residents must demonstrate that each member of the household of driving age does not have a vehicle. Qualifying residents must reapply each year to receive a waiver for the next 12 months.

F. The amount of transportation utility hardship waivers will be as follows:

1. Vacancy – 100% waiver
2. Hardship – 50% waiver
3. Unemployment – 50% waiver
4. Motor Vehicle Discount -50% waiver

3.45.140 Appeals.

A. Section 3.45.030, Administration, outlines the process to establish and adjust categories. Any responsible party who disputes any interpretation by the city manager regarding the category assigned to the developed property or developed use, may appeal that interpretation under this section. The appeal will be denied unless it is made within the time allowed, as stated below, and follows the process provided by this section. Appeals that result in changes in the TUF become effective with the next billing cycle.

B. A responsible party who disputes the assigned category may submit a written appeal to the city manager within fifteen business days from the date of the city manager's decision. The appeal must specify the basis for appeal and include an engineering study prepared by a licensed professional engineer using ITE manual methodology, excepting that the pass-by and diverted trip analyses do not apply to this TUF program. Appeals are limited to the facts relating to the developed property improvements and area, traffic generations rates, category of use, and other factors material to the calculation of the TUF.

C. The city manager will place the appeal on a city council meeting agenda and provide the appellant with at least ten business days' written notice of the meeting at which the appeal will be heard. The city council will conduct a hearing and determine whether there is substantial evidence in the record to support the decision of the city manager. The city council may continue the hearing to gather additional information. The city council will make a tentative oral decision and later adopt a final written decision with appropriate findings. The

decision of the city council will be limited to the facts cited in 3.45.140.B above. The city council will base their decision on the relevant testimony and facts provided, but there will be no refund of TUF's previously paid. All city council decisions are final.

3.45.150 Inspection of Developments.

The city manager is authorized to enter upon private property for purposes of conducting any studies or collecting information bearing upon the determination of the assignment of the appropriate TUF under this chapter.

3.45.160 Severability.

If any provision of this ordinance or its application to any person or circumstances is held to be unconstitutional or invalid for any reason, the remainder of this ordinance or the application of the provisions to other persons or circumstances shall not be affected.

Exhibit B – Ordinance 2016-2811

ITE	Description	Trip Rate	Examples/Units	Rate: \$/Unit/ Month
Residential Land Uses				
210	Single-Family Detached Housing	Refer to ITE Manual for current residential trip rates	Residential Home, per Dwelling Unit (DU)	\$ 4.99
220/230	Multi-Family		Apartment Sites, Per DU	\$ 3.37
240	Mobile Home		Mobile Home Park, Per DU	\$ 2.61
Non-Residential Land Uses				
		Per 1000 sf (ksf)		
	Class 1	Less than 18	Manufacturing	\$ 3.72
	Class 2	From 18 to 30	Office	\$ 14.66
	Class 3	More than 30 to 51	Auto Repair, Clinic	\$ 21.35
	Class 4	More than 51 to 80	Sit Down Restaurant	\$ 33.46
	Class 5	More than 80	Convenience Store, Drive Thru	\$ 97.16
Class 6 - Others		Special Units		
251	Senior Adult Housing Attached	Refer to ITE Manual for current Class 6 trip rates	Per DU	\$ 2.04
253	Congregate Care		Per DU	\$ 1.12
254	Assisted Living		Per Bed	\$ 1.47
255	Continued Care Retirement Community		Per Unit	\$ 1.33
310	Hotel		Per Room	\$ 4.52
320	Motel		Per Room	\$ 3.12
411	City Park		Per Acre	\$ 1.05
412	County Park, Farmland, Commercial Agriculture		Per Acre	\$ 1.25
430	Golf Course		Per Hole	\$ 19.77
520	*Public Elementary School		Per Student	\$ 0.36
522	*Public Middle/Junior High School		Per Student	\$ 0.45
530	*Public High School		Per Student	\$ 0.48
536	Private School (K-12)		Per Student	\$ 1.37
540	Junior/Community College		Per Student	\$ 0.68
550	University/College		Per Student	\$ 0.95
941	Quick Lubrication Veh. Shop		Per Service Position	\$ 12.87
944	Gas/serve Station		Per Fueling Position	\$ 54.10
945	Gas/Serv. Station with Conv. Market		Per Fueling Position	\$ 39.64
	*Refer to Exhibit A, Section 3.45.100.A.10			

Attachment A

Newberg Pavement Maintenance and Funding Master Plan

Ad-Hoc Advisory Committee Meeting #5

Wednesday, February 8, 2017 6:00 – 9:00

Permit Center – Large Conference Room, City Hall

DRAFT Meeting Summary

Committee Members Present:

Bob Andrews, Mayor
E.C. Bell, Chehalem Valley Presbyterian Church
Patrick Johnson, Council
Greg McKinley, A-DEC
Dave Parker, Newberg School District
Jack Reardon, Citizen
Maureen Rogers, Chapters

Staff and Consultant Team Present:

Jay Harris, City of Newberg
Deb Galardi, GRG
Kristen Kibler, JLA
Tony Roos, Kittelson
Truman Stone, City of Newberg

Committee Members not Present:

Carr Biggerstaff, Chehalem Valley Chamber
Don Clements, CPRD
Fred Gregory, GFU
Dave Hampton, Friendsview Retirement Comm.
Bill Rourke, Citizen
Matt Zook, City of Newberg Finance

Public Present:

Stephen McKinney, City Council

Introductions/Meeting Purpose/Public Comments

The purpose of the meeting was to review the draft ordinance that Council has seen and have some follow-up discussion on several items in the ordinance. Council had several questions and requested some additional discussion and feedback from the ad-hoc committee. The committee will go through several topics and provide feedback to council at this meeting.

There were no public comments at this time.

Review of Staff Work and Council Discussion

Since the last Ad-Hoc meeting, council has had two readings of the draft ordinance. There was discussion and questions at the council meetings, as well as public testimony. Many are curious about potential fee numbers and when a fee might be implemented. The likely start time would be July 1 – to match up with fiscal years and budgeting cycles for many agencies/organizations. The Council minutes for the last reading had been distributed to the committee. If adopted, there will need to be clear public information and web updates related to the fee amounts and how it is calculated or structured. The city assumes there is another phase of funding for roads, such as a gas tax, but that is not being moved forward to voters this year. Everyone agrees that this alone will not fix Newberg roads.

Review of Draft Ordinance with Committee Discussion on specific issues for council

The group discussed the following topics and provided feedback for Council. This has been organized in order of topic, not discussion order that often switched between topics before returning to the topic being

reviewed and discussed.

Funding split—Council had agreed with the ad-hoc committee’s earlier recommendation of using a split that was based on collecting 35% of funds from residences. The data lends itself to this split and there was a sense that residents should not subsidize businesses. More trips are based on business and commercial activities. The group reviewed the differences in the residential classes. Single family, multi-family (condos, apts.), and mobile homes have different classes.

Funding Model—The ad-hoc committee had recommended the “variable fee within class” methodology for calculating fees. Council had reviewed all the models; council members and some community members still wanted to know more about the “trip generation” model methodology. The group discussed the models further. The lower the class means the lower the assumption of trip generation, so trips are still factored in. Some said this was not clear at the council reading. They thought it should be made clear that the classes are based on data about trips for the classes. The trip generation model is based more precisely on trips by each site and would take considerably more FTE to administer. Trip generation would be able to provide more variation in rates, but would still need to plan for similar revenue. The main drawback for the trip generation model was labor needed to administer. There are 584 properties that are non-residential. With the trip generation model, there could be 584 different rates. The “variable fee within class” model was still recommended by the ad-hoc committee.

Heavy Vehicle Clause—The group discussed the impact heavy vehicles have on roads and if or how that could be factored into the fees. The topic had been raised at Council. The fee classes are based on ITE codes, so they do account for more/frequency of trips. Classes do not cover the load size. Everyone agreed that truck weight affected roads, but that it didn’t need to be part of the transportation utility fee. There was some general agreement that it would be too complicated to calculate. Over time, truck routes should be repaired/rehabilitated to carry heavy loads, with thicker base rock under the pavement. The group agreed that this process did not need to include a heavy vehicle clause, but another city process could examine truck routes and making sure road classifications were up to date so that they were scheduled for appropriate repairs. The group recommended that a heavy vehicle clause not be included in a transportation utility fee, but they felt the city should still continue separate discussions related to heavy loads on roads and truck routes. A construction impact fee or loading dock fees were ideas to address this, but could be discussed separate from any TUF.

Prioritization of Improvements—Council had discussed concerns about the funding program and the fees not being equitable if roads in poor condition could not be fixed. The majority of the poor roads are concentrated in the oldest area of the city. The computer model that prioritizes road projects each year chooses a mix of maintenance vs. rebuild, with more emphasis on maintaining good road and not letting the PCI slip lower. However, geographic equity had been discussed at the ad-hoc committee and again at the council. Both groups had recommended that there should be some discretion in being able to make sure there are improvements being made throughout the city. The ad-hoc committee discussed what would happen if a prioritization clause was used. This would mean pushing some poor roads up in the schedule. Since funding would generally be the same over the next years, this might push a 10-12 year program into a 15 year program. There was some discussion about borrowing money in advance to be able to get to some of the worst roads earlier. Borrowing may cost a little more, but it is possible. Borrowing a larger amount up front via a revenue bond allow the City to move forward with a loan sooner. There may also be an ODOT loan that could work – this loan would not promise the full faith of the city. Someone mentioned that inflation and interest also needed to be factored. Any loan would need to be guaranteed through future revenue of the transportation utility fee program, so the city needs to know that the funds are there. There was agreement that

everyone should benefit from paying a fee – either by seeing roads repaired in their neighborhood or on routes to school or work. The ad-hoc committee would want neighbors to see the road repairs and know that the program is working. The group agreed on a recommendation that would assure there would be work scheduled in all areas of the city. They agreed that a prioritization clause should specify that no less than 30% of annual funds should be spent on roads in bad and failed condition in each year.

Waivers—Council did not need any additional feedback on waivers included in the draft ordinance. The ad-hoc committee reviewed what had been included and asked some clarification questions. If properties are vacant (not generating trips), they are eligible for waiver. Income hardship waivers are eligible for a 50% waiver. Unemployment status is eligible for a 6-month, 50% waiver. Non-vehicle owners are eligible for a 50% waiver; the remaining 50% accounts for trips generated by the residence – mail, service calls, garbage truck, etc. The effect of all the waivers is anticipated to be a loss of approximately \$32K. There were some questions about fees on undeveloped properties. An undeveloped property would likely fall under a lower class, depending on what it was used for, and already have a lower rate. This was already captured in the model.

Caps/Maximum Fees—Council had asked for additional feedback on fee caps that could put a maximum fee in place. There are 584 non-residential properties. Tony Roos reviewed minimum and maximum sample bills in the various classes with no cap or maximum fees. Committee members asked about specific properties and Tony showed examples of Newberg properties that would pay the most in fees on one property. They also discussed the effect of having multiple properties. A business in a lower class with multiple properties may pay a combined high fee than one larger property higher class if caps were in place. If a cap of \$600 was in place, there are about a dozen parcels that benefit by the reduced fee. Fred Meyer is a main example that was cited. With a cap, they save considerably. The committee reviewed tables and fees for different properties. The \$600 fee cap seemed too simple and didn't benefit those that fell just below, i.e. a smaller business with fewer trips being charged \$575/month would not benefit by a \$600 cap for a much larger property. This would also reduce overall revenue. When a cap of \$600 is used, the revenue loss is about \$150K. A \$1000 cap would benefit about six parcels and show revenue loss of about \$100K. The committee also discussed how a \$600 cap could benefit non-profits, such as the school district or CPRD. With multiple properties, the total fees add up. This is discussed in next topic section. The group agreed that the caps needed more discussion. There was a request to see some variation in the cap, i.e. a cap based on a percentage over a certain amount. Tony will do more work on this for their review and discussion. Tony could also look at caps that other communities may use. If caps were used, the community would want to know who was benefitting. The group would have another meeting to discuss a different methodology for caps.

Combining non-profit properties—Council had asked for additional feedbacks on combining properties to reduce bills. The school district had given testimony at the council meeting about the fees. They believed they had responsibility in helping maintain the roads that their buses use, but wanted to make sure the fee could work within their budget. With fees applied to each school site, the combined fee could impact their budget, which comes from public taxes. The group discussed other non-profits, such as George Fox or churches. The ITE codes put churches in a classification that has a lower fee. George Fox and the public school district both had methodology that factored number of students. Committee members recognized that George Fox had more ability to pay through internal fees or tuition than the tax-based public school district. Tony reviewed the application of a \$600 cap on schools if the multiple public school properties were combined by type – high school, middle school, and elementary or into just one group. With a cap, the school district would save in monthly fees. The same approach was also taken on all the CPRD properties or all City properties. The group agreed that looking at combining for these groups might make sense. The discussion of caps was tabled until the next meeting, so this would need to be included with that continued discussion.

Targeted revenue—Council had understood the target revenue number of \$2.5M, with about half coming from a transportation utility fee. Caps and waivers can reduce the overall revenue collected, meaning the target won't be collected and the program takes longer to improve roads. The ad-hoc committee discussed whether the target should be raised to accommodate caps and waivers. If that was done, the remaining parcels and residents pay more to subsidize the caps/waivers. Over time, new developments and residents would add to the revenue. The group will discuss again at the next meeting.

Next steps

The ad-hoc committee agreed to meet again to continue their discussion on caps, specifically a method based on percentage above a cap that may be more equitable. They would also follow-up on the combining of non-profit organization properties, like schools and parks. They would also give feedback on target revenue, which is affected by these reductions in fees. There was also a confirmation that the Council could formalize adjustments to the ordinance in the future.

Meeting Adjourned

Attachment A

Newberg Pavement Maintenance and Funding Master Plan

Ad-Hoc Advisory Committee Meeting #6

Thursday, March 2, 2017 4:30 – 6:00

Permit Center – Large Conference Room, City Hall

DRAFT Meeting Summary

Committee Members Present:

Bob Andrews, Mayor
E.C. Bell, Chehalem Valley Presbyterian Church
Fred Gregory, GFU
Dave Hampton, Friendsview Retirement Comm.
Patrick Johnson, Council
Greg McKinley, A-DEC
Dave Parker, Newberg School District
Jack Reardon, Citizen
Matt Zook, City of Newberg Finance

Committee Members not Present:

Carr Biggerstaff, Chehalem Valley Chamber
Don Clements, CPRD
Maureen Rogers, Chapters
Bill Rourke, Citizen

Public Present:

Stephen McKinney, City Council
Mark Grier

Staff and Consultant Team Present:

Joe Hannan, City of Newberg
Jay Harris, City of Newberg
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Introductions/Meeting Purpose/Public Comments

The purpose of the meeting was to continue discussion from the February meeting on fee caps, combining like uses (for school district, CPRD, etc.), and the effect of these reductions on target revenue. The ad-hoc committee feedback would be incorporated into the third Council reading of the ordinance in April.

The group reviewed the direction of the ordinance from their last meeting.

- Funding split – confirmed 35% residential, 65% non-residential
- Variable by class was confirmed as the rate model
- Heavy vehicle clause would not be included in fee ordinance, but recommended to Council/staff for future action
- Prioritization clause would be included to assure that “no less than 30% of funding” would be allocated to poor condition roads. Mayor Andrews stressed the importance of this wording to make sure that at least 30% was always spent on poorest condition roads. More could be spent, but “no less than 30%” of the annual funding.
- Fee waivers were appropriate for low income residents, vacancies, unemployment, and residences with no vehicles.

The group would focus on the remaining topics: Fee caps, combining like uses for non-profit parcels, and target revenue (the number that was initially used to calculate fees)

There were no public comments at this time.

Review of Draft Ordinance with Committee Discussion on specific issues for council (continued from last meeting with updated information)

This discussion was a continuation from the previous meeting with additional information on the impact specifically of fee caps.

Fee Caps— The group had general discussion on fee caps, public perception, and impact of fee caps. They looked at different methods for applying discount caps, specifically caps at \$500, 600, or \$1000 with an additional percentage added in based on the square footage. This was suggested at the last meeting to address businesses in the same classes that fell just below a flat cap and those that benefit greatly with a flat cap, i.e. there should be some noticeable fee difference between businesses in the same class that would pay \$575 vs a business paying a reduced cap of \$600 (from a much higher uncapped fee). They looked up several businesses and compared monthly fees using the table Tony Roos had updated with the discount cap methodology. The following highlights discussion items on fee caps.

- Why would we reduce the revenue by offering caps? If the goal is to address road conditions, caps would reduce the ability to raise revenue.
- Why would we offer caps? There is a desire to be friendly to business and businesses may need to pass along fees to customers, many of which are likely Newberg residents. There are about a dozen businesses that pay quite large monthly fees.
- Will the residents end up paying for the cost of any fees? If there is a cap on some parcels, and the revenue target is increased to make up for the loss of capped fees, the fees would get redistributed for everyone and increase slightly for those not capped. If the revenue target remains the same, there is a revenue loss from the cap.
- Why would some businesses get a break from paying the fee while others do not? The group was concerned about some parcels seeing a large benefit from the cap while others hovered just below the cap limit and saw no reduction of fees. They also discussed businesses that had multiple parcels that may have a combined fee not eligible for a cap.
- Do other cities have caps? Tualatin does not. They started their fee earlier so it is lower and their road never fell into the same condition. Tigard bases fees on parking stalls. This is probably more difficult to administer.

The group discussed the caps throughout the meeting. In the end, they recommended that there be no caps offered. They understood this would be unfavorable to a few businesses, but there was a common sense that there was no fair way to apply caps that didn't reduce the revenue available for roads or create an increase for others paying their full fees.

Combining non-profits—The group discussed whether to combine properties for the school district and parks district. Other consolidation of city buildings would not see any fee reduction, even if caps were in place. Tony Roos had done some additional research on parks trips; there would now be just a negligible difference in the total fee paid by the Chehalem Parks and Recreation District, even if caps were in place. The group agreed that the only non-profit needing some special consideration in how it is grouped is the school district. The group agreed that only the Newberg School District would be combined. The group did not believe any other non-profits or for-profits should be considered for combining parcels when billing. This would be more complicated to administer. Since it was unique, the Newberg School District would be in its own section of the ordinance. It would need to be consolidated for billing purposes, so would need separate language.

Target Revenue—The group knew that caps and waivers would mean reduced revenue. They want to see a fund that is able to accomplish pavement maintenance. They looked at the impact on fees for all the classes if caps were in place. Many felt strongly that the monthly rates should not get higher by increasing the target to capture loss in revenue. Many felt that the residential rates should not go above \$5/month on municipal services bills. This was another factor in not recommending caps. They recommended the target revenue remain at \$1.2M knowing the waivers would still reduce the actual revenue. They also recognized that over time, new businesses and residents would add to the revenue.

Summary of Recommendations from this meeting:

- Keep the target revenue at \$1.2M to avoid increasing rates for those not receiving waivers
- Do not offer caps to be fair among the different non-residential properties
- Combine school district properties in its own section of the ordinance, since it will be calculated differently with combined parcels of high, middle, and elementary schools.

Next steps

Staff will make adjustments in the draft ordinance prior to the next council reading scheduled in April. Ad-hoc committee members are encouraged to attend and testify. If approved, the transportation utility fee could take effect as early as July 1. There will need to be information about the fee amounts for all users and the pavement maintenance.

Meeting Adjourned