Newberg Pavement Maintenance and Funding Master Plan

Ad-Hoc Advisory Committee Meeting #3

Wednesday, August 31st 3:45 – 5:45

Permit Center – Large Conference Room, City Hall

Purpose of today's meeting:

- Follow up on major topics raised at last meeting
- Learn about and discuss fee allocation models
- Prepare for public meeting

Draft Agenda

3:45	**Welcome/Introductions/Purpose of Meeting** Public Comments	Kristen Kibler, JLA
4:00	**Follow up topics from last meeting** **Front loading with a bond** • Review map showing a program of $2.4M in maintenance funding per year (same as model discussed last meeting, but new graphic) • Show new information with map based on front loading funding with a bond **Gas Tax** – Council exploring next steps as part of funding solution	Tony Roos, Kittelson
4:15	**Committee Discussion of Fee Allocation Methods** • Background • Street Fee Allocation Methods • Light Fee Allocation Methods	Deb Galardi/Nick Popenuk **Committee Discussion**
5:30	**Public Meeting -- Wednesday, September 28 5-7 p.m.** **Purpose of public meeting:** • Share information about pavement conditions and funding issues • Gather input on a strategic 10 year maintenance approach • Gather input on user fee allocation methods to fund maintenance • Introduce additional revenue sources being explored to fund a 10 year maintenance program **Committee role?**	Kristen Kibler, JLA
5:45	**Meeting Adjourned** • Next Committee Meeting - sending out a calendar poll	

Street Fund

Revenues	2013-2014	2014-2015	2015-2016	2016-2017
Beginning Fund Balance (Leftovers from previous year	$ 689,102	$ 668,873	$ 798,186	$ 663,600
Gas Taxes	$ 1,283,367	$ 1,310,249	$ 1,308,735	$ 1,316,063
Transfers In	$ -	$ 25,000	$ -	$ -
Other (Federal Funds)*	$ 60,105	$ 267,752	$ 71,876	$ 892,075
Total Revenues	**$ 2,032,574**	**$ 2,271,874**	**$ 2,178,797**	**$ 2,871,738**
Expenditures				
Personnel Services	$ 239,853	$ 231,467	$ 329,888	$ 404,450
Materials & Services**	$ 466,777	$ 522,342	$ 597,263	$ 733,383
Administrative Support Services	$ 152,680	$ 138,564	$ 139,430	$ 175,563
Capital Outlay	$ -	$ 4,339	$ 63,610	$ 4,475
Transfers Out***	$ 504,392	$ 379,160	$ 385,007	$ 1,260,451
Contingency****	$ 668,873	$ 798,186	$ 663,600	$ 293,416

*Federal Funds-Receive for Eligible Projects as a reimbursement - not every year

**Materials & Services Includes

Road Materials	$ 25,000
Crack Sealing	$ 50,000
Sidewalks Repair	$ 25,000
Street Lighting	$ 288,000
Street Improvements	$ 20,000
	$ 408,000

***Transfers Out

Water Fund (pay back on software)	$ 4,858
Debt Service	$ 22,772
Street Capital Projects (Details in Capital Fund)	$ 1,230,000
PERS Reserve Fund	$ 2,821
	$ 1,260,451

****Contingency should be 15% of Personnel & Materials & Services

Street System Development Fund (Can only be used on Capacity Projects)

Revenues	2013-2014	2014-2015	2015-2016	2016-2017
Beginning Fund Balance (Leftovers from previous year)	$ 2,534,552	$ 2,225,545	$ 2,574,473	$ 2,886,335
System Development Fees	$ 222,363	$ 536,757	$ 500,015	$ 885,000
Other	$ 19,766	$ 18,486	$ 70,971	$ 22,435
Total Revenues	**$ 2,776,681**	**$ 2,780,788**	**$ 3,145,459**	**$ 3,793,770**
Expenditures				
Transfers Out Street Capital Projects	$ 551,134	$ 206,315	$ 259,125	$ 375,000

Street Capital Projects Fund

Revenues				
Beginning Fund Balance (Leftovers from previous year)	$ 109,841	$ 163,489	$ 164,209	$ 165,179
Federal Funds	$ 675,686	$ -	$ -	$ -
Reimbursed Costs	$ 310,678	$ 5,117	$ -	$ -
Transfer In - Street Fund	$ 481,374	$ 356,107	$ 362,367	$ 1,230,000
Transfer In - EDRLF	$ -	$ -	$ 133,546	$ -
Transfer In - Street Development Fund	$ 551,134	$ 206,315	$ 259,125	$ 375,000
Total Revenues	**$ 2,128,713**	**$ 731,028**	**$ 919,247**	**$ 1,770,179**
Projects				
Bicycle Route Improvements	$ 14,316		$ 1,757	$ 5,000
Villa Road				$ 1,200,000
Pavement Rehabilitation	$ 130,990	$ 124,749	$ 221,265	$ 200,000
LED Street Light Conversion				$ 200,000
				$ 1,605,000

Utility Fees

How they Work

A utility fee is a charge on all businesses and households in a jurisdiction that use a given service, based on the amount of use of that service. Utility fees are common practice for a wide-range of services, including garbage, water, electricity, and other traditional utilities. In recent years, municipalities have become more creative in defining "utilities" to include other types of infrastructure like street lighting, transportation maintenance, and emergency services.

Methods for Calculating Fees

For services like transportation maintenance it is often impossible to measure the exact amount of usage for a property owner (e.g., the number of miles that occupants of a property traveled on a jurisdiction's roads). Instead, jurisdictions have created methodologies to estimate the approximate amount of use for each property. Thirty different jurisdictions in Oregon charge some form of a transportation utility fee, and there is great diversity in the specific methods used by each jurisdiction to calculate the rates of these fees. In general, these methods tend to fall into one of four categories that constitute a spectrum of fairness and simplicity. These categories are: (1) Flat Fee, (2) Flat Fee Within Class, (3) Variable Fee Within Class, and (4) Trip Generation.

Evaluation Criteria

When selecting a methodology for a transportation utility fee, there are two important evaluation criteria that should be considered: Fairness and Simplicity.

- **Fairness: Costs are proportional to impacts on the transportation system.**

  The key question related to fairness, also referred to as equity, is "who pays?" A standard definition of fairness in public finance is that the charges that fund a system are tied to the users who receive benefits from (or impose costs on) the system. One specific issue that arises when considering transportation utility fees is the balance of charges between residential and non-residential customers, and how charges are assessed across the variety of uses that make up the non-residential class.

- **Simplicity: The fee can be calculated, imposed, and collected efficiently.**

  The easier it is to administer the utility fee, the lower the costs of administration should be, and the more of the gross revenue that will be available as net revenue for transportation maintenance. In particular, some methods of imposing transportation utility fees may require detailed property-specific data on attributes like the square feet of improvements, number of parking spaces, type of land use, or other factors. This data may not be readily available or accurate in all jurisdictions. Simplicity can also lead to transparency, making it easier for property owners to understand the amount they are being charged.

Often, utility fee methodologies involve tradeoffs between these two evaluation criteria, where the simplest fee structures may not do a great job of fairly allocating costs, and improving the fairness of the methodology may increase the complexity, making it more difficult to administer and understand.

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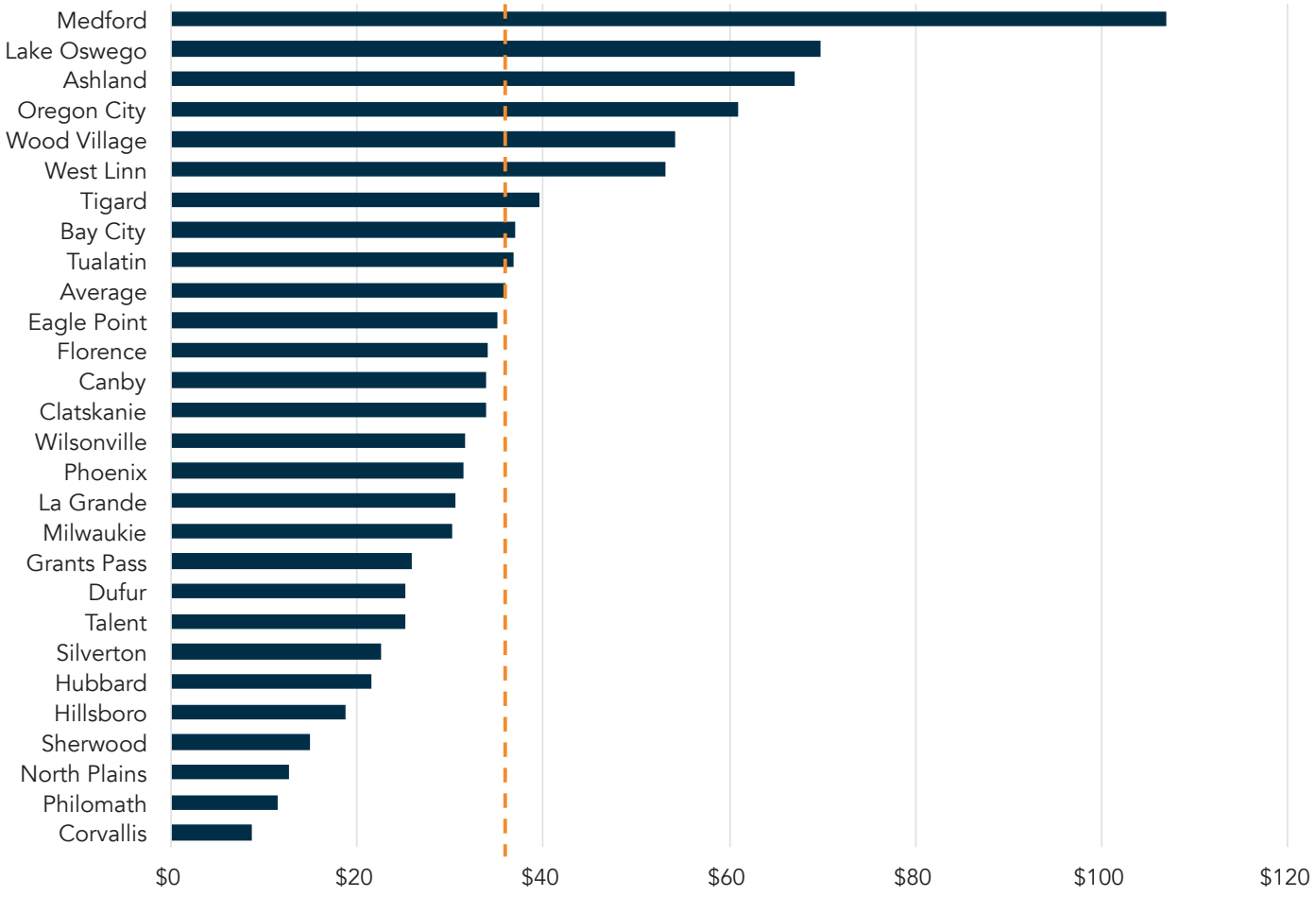
Utility Fee: Methodology Recap

City	Residential Methods	Non-Residential Methods	Revenue Per Capita
Ashland	Flat fee within class	Variable within class	$66.93
Bay City	Flat fee	Other	$37.02
Canby	Flat fee within class	Variable within class	$33.82
Clatskanie	Flat fee	Flat fee	$33.80
Corvallis	Trip generation	Trip generation	$8.71
Dufur	Flat fee	Flat fee	$25.21
Eagle Point	Flat fee within class	Variable within class	$34.99
Florence	Flat fee	Flat fee	$33.94
Grants Pass	Flat fee	Variable within class	$25.82
Hillsboro	Flat fee within class	Variable within class	$18.73
Hubbard	Flat fee	Variable within class	$21.46
La Grande	Flat fee	Flat fee	$30.48
Lake Oswego	Flat fee within class	Variable within class	$69.70
Medford	Trip generation	Trip generation	$106.98
Milwaukie	Flat fee within class	Variable within class	$30.19
Myrtle Creek	Flat fee	Flat fee	
North Plains	Flat fee within class	Flat fee within class	$12.67
Oregon City	Flat fee within class	Variable within class	$60.91
Philomath	Flat fee within class	Variable within class	$11.37
Phoenix	Flat fee within class	Variable within class	$31.48
Sherwood	Flat fee	Other	$14.94
Silverton	Flat fee	Flat fee	$22.57
Talent	Trip generation	Trip generation	$25.18
Tigard	Flat fee	Variable within class	$39.61
Tualatin	Flat fee within class	Variable within class	$36.78
West Linn	Flat fee within class	Variable within class	$53.13
Wilsonville	Flat fee within class	Flat fee within class	$31.55
Wood Village	Flat fee within class	Trip generation	$54.22

Utility Fee: Methodology Recap

Annual Revenue per Capita, FYE 2014



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Utility Fee: Flat Fee

How it Works

In its simplest form, a utility fee is charged as a flat fee. In these cases, cities charge each customer a uniform amount (e.g., $X per customer per month), without differentiation by land use, size, trips generated, or any other customer attribute. While this approach is often used in regards to residential customers, it is seldom applied to non-residential customers in Oregon.

Pros

Simplicity: A flat rate utility fee is easiest for staff to administer and most predictable for property and business owners.

Cons

Fairness: Flat fees do not reflect a more nuanced consideration of the impacts a property owner has on the transportation system. This is most obvious when single-family homeowners are charged the same amount as restaurants, grocery stores, or other non-residential land uses that place far more demand on the transportation system.

Examples of Oregon cities that use this method

- City of Bay City*
- City of Clatskanie
- City of Dufur
- City of Florence
- City of Grants Pass*
- City of Hubbard*
- City of La Grande
- City of Myrtle Creek
- City of Sherwood*
- City of Silverton
- City of Tigard*

*Residential customers only

Oregon Examples

City of Silverton

Who pays? Every utility account in the City pays the Street Maintenance Fee.

How is the fee calculated? Each account pays a flat fee of $5 per month.

Revenue: In FY 2013-14, Silverton's Street Maintenance Fee generated $210,564, or about $23 per capita.

City of La Grande

Who pays? Every utility account in the City pays the Street User Fee.

How is the fee calculated? Each account pays a flat fee of $8 per month. There is a 50% discount for low-income senior citizens.

Revenue: In FY 2013-14, La Grande's Street User Fee generated $400,000, or about $30 per capita.

City of Dufur

Who pays? All city utility customers pay the Street Maintenance Fee.

How is the fee calculated? The City charges $5 per water meter.

Revenue: Not reported.

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Utility Fee: Flat Fee within Class

How it Works

Many cities desire the simplicity of a flat fee, but want to avoid the inherent unfairness of charging very different customers the same amount. These cities may choose to use the approach of a flat fee within class. Cities separate customers into a limited number of categories, typically based on land use or size. Within a class, each customer is charged the same amount ($X per account per month).

Generally speaking, this approach attempts to balance simplicity and fairness. The extent to which it achieves either of these goals depends on the number and complexity of categories used.

Pros

Simplicity: A flat fee within class approach is relatively easy for staff to administer, and predictable for property and business owners.

Fairness: Due to the fact that fees for non-residential subclasses reflect different customer sizes and trip generation rates, this model is superior to a flat rate approach. Furthermore, recognition of heavy truck use further enhances potential equity.

Cons

Cons: Initial data development is significantly more extensive than the flat fee model, as data on individual business type and size are required for each non-residential account. Furthermore, by grouping customers into size categories, there is less differentiation in fees than the variable rate models."

Examples of Oregon cities that use this method

City of Ashland*
City of Canby*
City of Eagle Point*
City of Hillsboro*
City of Lake Oswego*
City of Milwaukie*
City of North Plains
City of Oregon City*
City of Philomath*
City of Tualatin*
City of West Linn*
City of Wilsonville
City of Wood Village*

*Residential customers only

Oregon Examples

City of Wilsonville

Who pays? Every utility account in the city pays the Road Maintenance Fee.

How is the fee calculated? Residential properties pay $4.03 per month. Multifamily properties pay $2.62 per dwelling unit per month. The difference in fees reflects estimated trip generation rates. Nonresidential customers pay rates that range from $11 to $318 per month, including six non-residential categories based on intensity of use (estimated trip generation rate and heavy truck use) and customer size.

Revenue: In FY 2013-14, Wilsonville's Road Maintenance Fee generated $679,846, or about $32 per capita.

City of North Plains

Who pays? All water utility customers in the City pay the Transportation Utility Fee.

How is the fee calculated? Trip estimates are assigned to residential customers on a per-unit basis with variation by type of residence. Most non-residential customers are charged on a per account basis, separated into two groups based on the number of employees. Customers that rely on heavy truck trips are charged a higher rate.

Revenue: In FY 2013-14, North Plains' Transportation Utility Fee generated $25,538, or about $13 per capita.

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Utility Fee: Variable within Class

How it Works

A widely-accepted basis for estimating transportation system impact is vehicle trip generation. Due to data constraints, it is accepted practice to estimate the number of trips based on trip generation rates. Trip rates from are stated as the average number of vehicle trips generated by a given land use per unit of measure. The most common unit of measure is building size; however, for some land uses, the number of parking spaces, hotel rooms, or enrolled students are more appropriate units of measure.

Trip generation rates may be used to either establish individual rates for different land uses ("Trip Generation" model), or to establish rates for groups of land uses ("Variable within Class" model). This latter approach requires grouping land uses with similar trip generation characteristics, and establishing rates for each group, proportionate to its share of trips generated. While users within the same class will be charged the same *rate per unit* under this approach, the *amount* charged each user will vary based on the number of applicable units. This is what distinguishes this method from the "Flat Fee within Class" method.

Pros

Fairness: Trip generation provides a defensible basis to align the amount of the fee with the impacts that a property imposes on the system.

Simplicity: Grouping different land uses into rate classes may be a more practical way to apply the trip generation model.

Cons

Fairness: Grouping different land uses into classes may be viewed as less equitable than the "Trip Generation" model.

Simplicity: Variable fees can be more difficult to administer than flat fees, requiring more staff time, and more data.

Examples of Oregon cities that use this method

City of Ashland*
City of Canby
City of Eagle Point*
City of Grants Pass*
City of Hillsboro*
City of Hubbard*
City of Lake Oswego*
City of Milwaukie*
City of Oregon City*
City of Philomath*
City of Phoenix*
City of Tigard*
City of Tualatin*
City of West Linn*

*Non-residential customers only

Oregon Examples

City of Milwaukie

Who pays? Every utility customer in the City pays the Street Maintenance Fee.

How is the fee calculated? Non-residential customers are sorted into one of ten categories, based on trips generated. Each category is assigned a number of trips generated per unit (e.g., 1,000 square feet). Customers must pay $0.35 per trip:

*=[Number of units * trips per unit * $0.35]*

Revenue: In FY 2013-14, Milwaukie's Street Maintenance Fee generated $618,943, or about $30 per capita. This includes residential customers.

City of Hillsboro

Who pays? Every utility customer in the City pays the Transportation Utility Fee.

How is the fee calculated? Non-residential customers are sorted into one of 7 groups, based on land use. Each group pays a unique base rate plus an additional charge per 1,000 square feet or vehicle trips generated.

Revenue: In FY 2013-14, Hillsboro's Transportation Utility Fee generated $1.7 million, or about $19 per capita. This includes residential customers.

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Utility Fee: Trip Generation

How it Works

The Trip Generation model is straightforward in calculation, but more complex in application. The calculation involves determining a system-wide cost per trip, by dividing the annual revenue needs for the utility by the total number of trips for all customers system-wide. The complexity tends to come in the assessment of the rate, as an estimate of trips is required for each individual customer. Like the "Variable within Class" model, trip rates are generally derived from industry source (e.g., Institute of Transportation Engineers (ITE) *Trip Generation Manual*.) However, in this case, a separate trip rate is generally applied to each land use (as opposed to groups of land uses). As in the "Variable within Class" model, individual customer units are also required (like building square footage).

Some local governments utilize other factors in estimating system impact – adjusting base trip rates for pass-by trip reduction factors, trip lengths or other factors. Some jurisdictions may also allow traffic impact studies to inform the estimate of trip generation, rather than purely basing the determination of trips off of pre-determined land use categories.

Pros

Fairness: Estimates of trip generation are one of the best ways to align the amount of the fee being charged with the impacts that a property imposes on the transportation system.

Cons

Simplicity: Trip generation methodologies can be difficult to administer, requiring more staff time, and more data. The added complexity can result in some customers challenging the amount of the fees they are charged, and the underlying assumptions regarding their property.

Examples of Oregon cities that use this method

City of Corvallis
City of Medford
City of Talent
City of Wood Village*

*Non-residential customers only

Oregon Examples

City of Medford

Who pays? Every developed lot or parcel of land in the City.

How is the fee calculated?

= [Quantity (gross square footage or number of units)

x

Modified average daily trips

x

Pass-by trip factor

x

Rate (different for residential and non-residential)]

Revenue: In FY 2013-14, Medford's transportation utility fee generated $8.1 million, or $107 per capita.

City of Corvallis

Who pays? All properties pay the Transportation Maintenance Fee based on trips generated.

How is the fee calculated?

Properties pay $0.072 per daily trip, as determined by the City Engineer from the ITE *Trip Generation Manual*.

Revenue: In FY 2013-14, Corvallis' Transportation Maintenance Fee generated $482,169, or $9 per capita.

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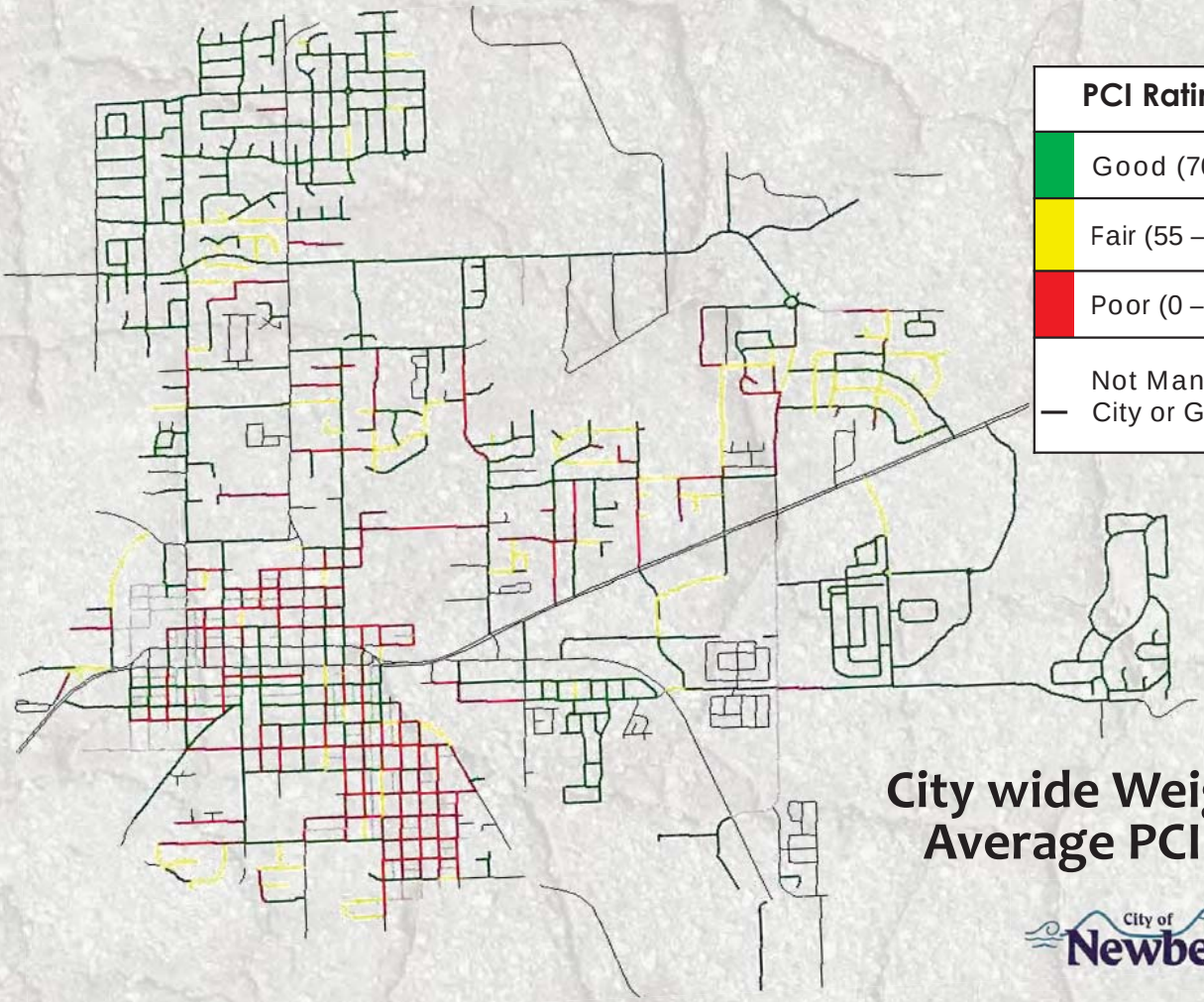
Pavement Management
10-Year Plan Maps

City of Newberg

2014 Pavement Condition Index Map



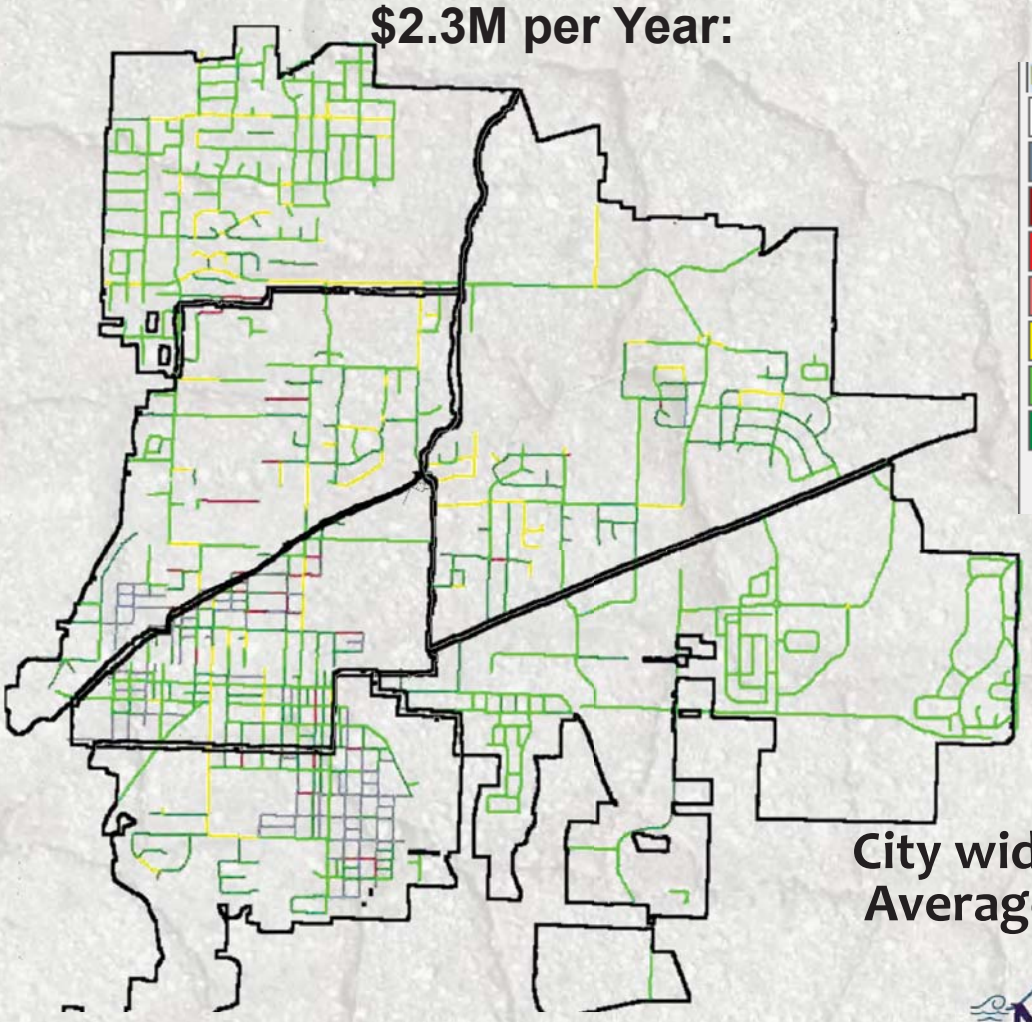
PCI Rating Scale
Good (70 – 100)
Fair (55 – 70)
Poor (0 – 55)
Not Managed by City or Gravel

City wide Weighted Average PCI=73

City of Newberg

2026 Pavement Condition Index Map

$2.3M per Year:

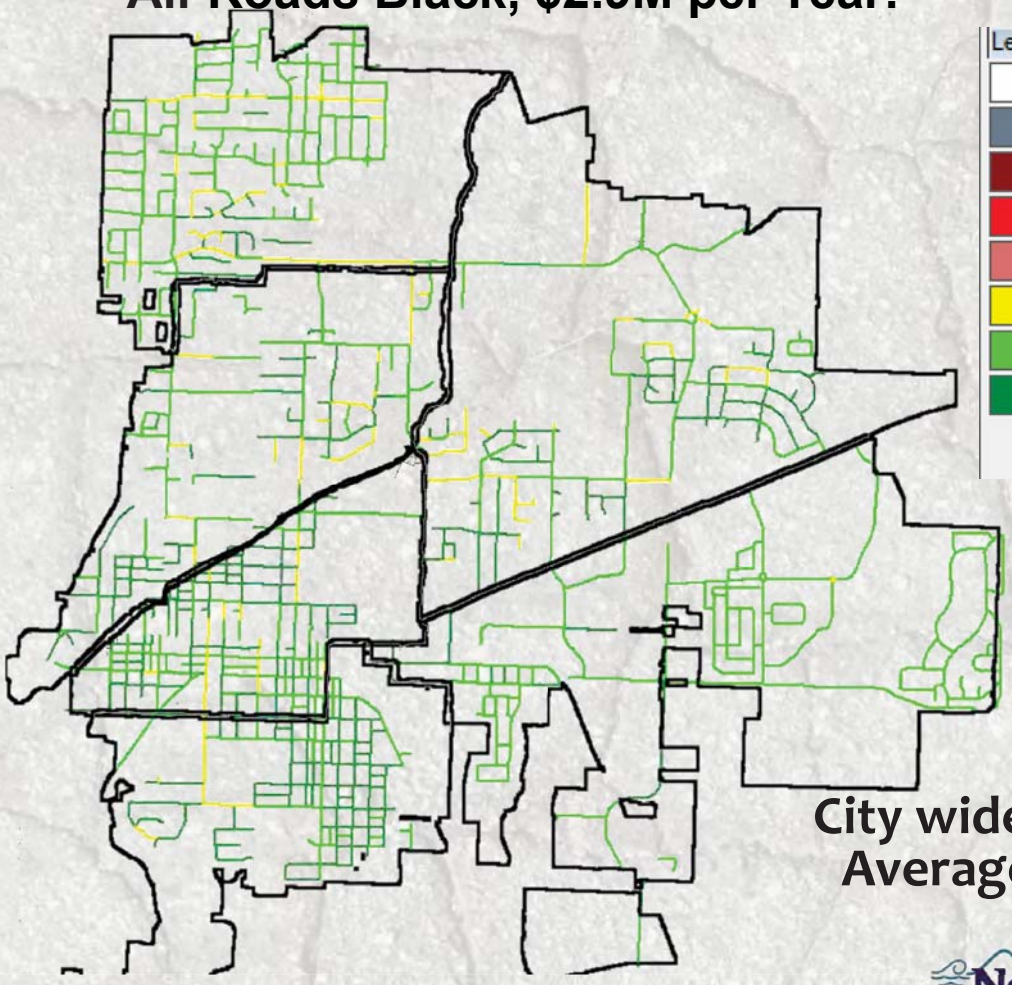


City wide Weighted Average PCI=78.1

City of Newberg

2026 Pavement Condition Index Map

All-Roads Black, $2.9M per Year:

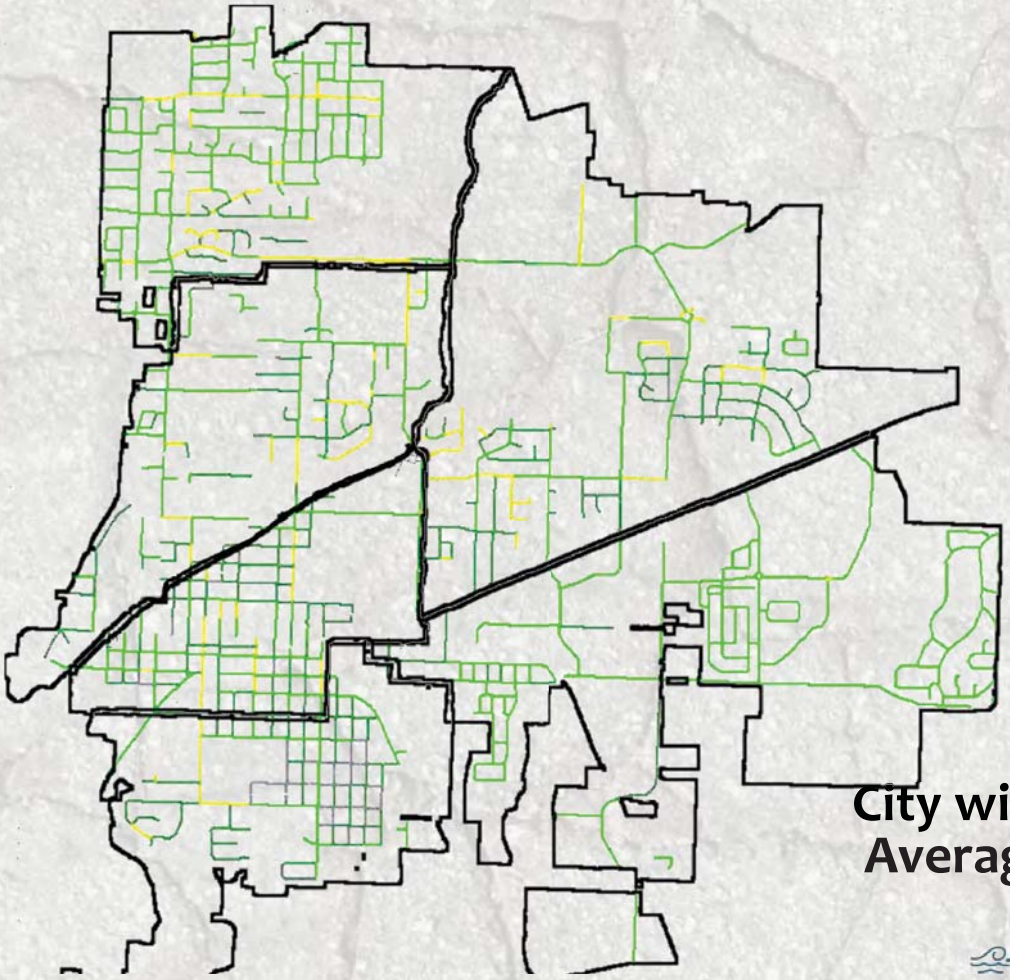


City wide Weighted Average PCI=81.4

City of Newberg

2026 Pavement Condition Index Map

$5M 1st Year Bond, $1.7M per Year, $23M total program:



City wide Weighted Average PCI=74.8

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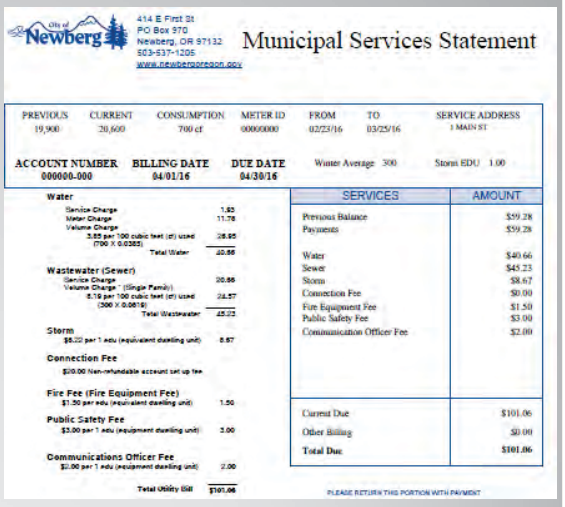
Discussion Items

- Transportation Utility Fee (TUF) Basics, Practices, and Models
- Model Evaluation and Examples
- Sample Bills
- Policy Questions

TUF Basics

- Dedicated funding source for preservation of existing roadways
- Revenues and expenses generally tracked in special revenue funds
- Charge proportionate to system use
- Fee system must balance fairness with administrative feasibility



City of Newberg
414 E First St
PO Box 970
Newberg, OR 97132
503-537-1205
www.newbergoregon.gov

Municipal Services Statement

PREVIOUS	CURRENT	CONSUMPTION	METER ID	FROM	TO	SERVICE ADDRESS
19,900	20,600	700 cf	00000000	02/23/16	03/25/16	1 MAIN ST

ACCOUNT NUMBER	BILLING DATE	DUE DATE		
000000-000	04/01/16	04/30/16	Winter Average 300	Storm EDU 1.00

Water
Service Charge 1.92
Meter Charge 11.78
Volume Charge
3.85 per 100 cubic feet (cf) used 26.95
(700 X 0.0385)
Total Water 40.66

Wastewater (Sewer)
Service Charge 20.66
Volume Charge * (Single Family)
5.19 per 100 cubic feet (cf) used 24.57
(500 X 0.0519)
Total Wastewater 45.23

Storm
$8.22 per 1 edu (equivalent dwelling unit) 8.67

Connection Fee
$20.00 Non-refundable account set up fee

Fire Fee (Fire Equipment Fee)
$1.50 per edu (equivalent dwelling unit) 1.50

Public Safety Fee
$3.00 per 1 edu (equipment dwelling unit) 3.00

Communications Officer Fee
$2.00 per 1 edu (equipment dwelling unit) 2.00

Total Utility Bill $101.06

SERVICES	AMOUNT
Previous Balance	$59.28
Payments	$59.28
Water	$40.66
Sewer	$45.23
Storm	$8.67
Connection Fee	$0.00
Fire Equipment Fee	$1.50
Public Safety Fee	$3.00
Communication Officer Fee	$2.00
Current Due	$101.06
Other Billing	$0.00
Total Due	$101.06

PLEASE RETURN THIS PORTION WITH PAYMENT

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TUF Theory & Practice

Theory	Practice
Charge proportionate to use	Individual property use is not 'metered'
Use = number of trips to and from a property	Estimate from trip generation rates by customer type*

*Primary source of data is Institute of Transportation Engineers *Trip Generation Manual*

City of Newberg

Basic TUF Models

Simplicity

Equity/Complexity

Policy Discussion (Preview)

- Which fee structure best balances objectives?
- Surcharges for heavy truck usage
- Affordability issues
  - Overall fee levels
  - Residential vs. nonresidential cost sharing
  - Customer level (bill caps, exemptions, discounts)

City of Newberg

Rate and Bill Assumptions & Disclaimers

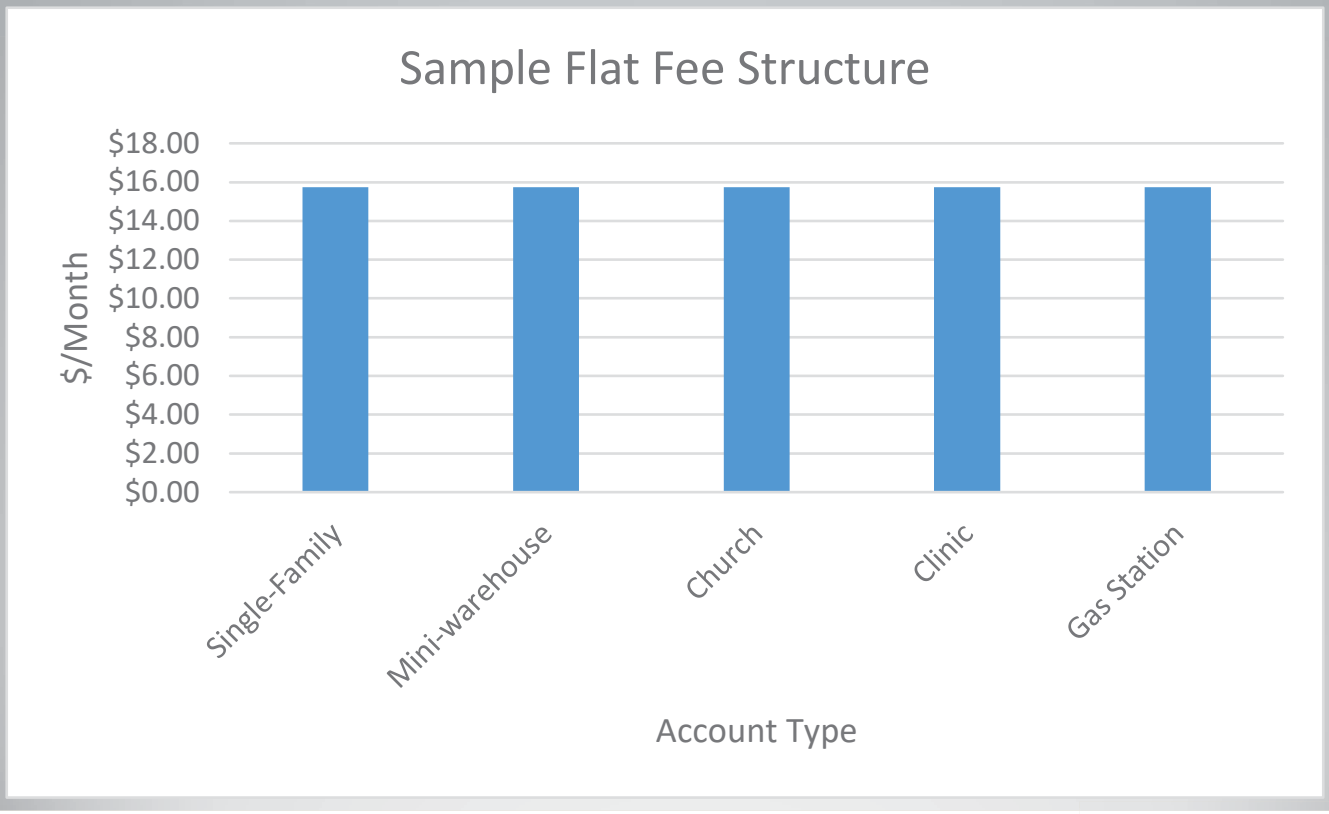
- Assumed annual revenue target = $1.3 million
- Number of units (e.g., 1,000 sq. ft. building size) for each customer are *estimated* (not actual)*
- *Numbers are for illustration only, and do not represent actual proposals*

**The City does not currently have data on building size for each customer (required for implementation of Models 2-4)*

Model 1: Flat Fee

Uniform fee per account	
Pros: Simplicity (no additional data required)	**Cons:** Fairness (not proportionate to use)
Cities: Clatskanie, Dufur, Florence, La Grande, Myrtle Creek Silverton	

Flat Fee Structure Example*



*Rates are for illustration purposes only

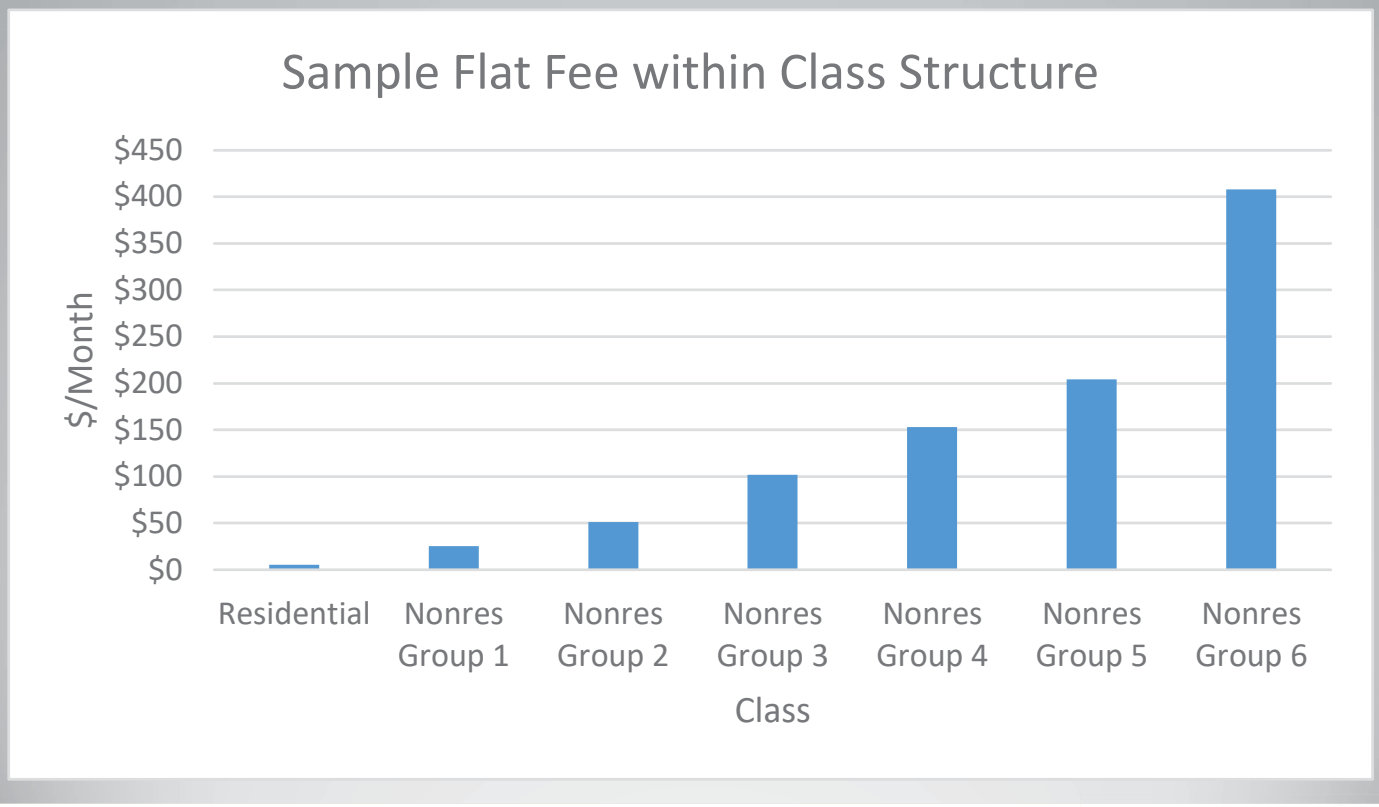
Model 2: Flat Fee within Class

Uniform fee per account by class	
Pros: Limited Fairness (considers use factors*) Simplicity (size estimated within ranges, not precise data)	**Cons:** Fairness (some issues with grouping customers, estimating ranges)
Cities: Wilsonville, North Plains	

*Nonresidential customers classified based on one or more factors:

- *Intensity of use (trip generation rates)*
- *Size (employees, building size, etc)*
- *Truck traffic*

Flat Fee within Class Example*

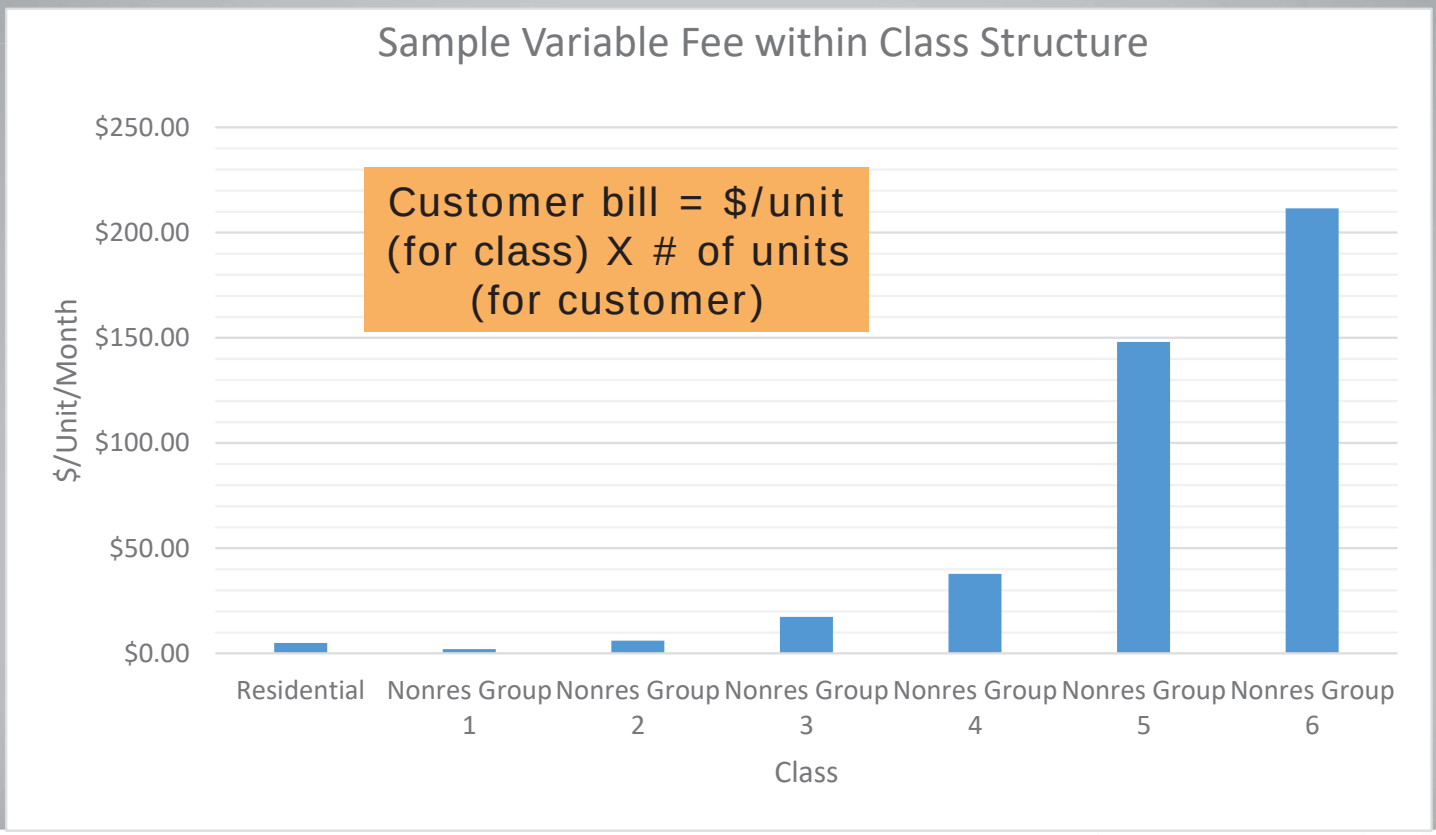


*Rates are for illustration purposes only

Model 3: Variable within Class

Fee per unit by class	
Pros: Fairness (considers trip factors by class, as in Model 2, but also varies bill for each customer based on size)	**Cons:** Simplicity (requires information on business type and number of units for each customer)
Cities: Ashland, Canby, Grants Pass, Hillsboro, Lake Oswego, Milwaukie, Oregon City, Tigard, Tualatin, and others	

Variable Fee within Class Example



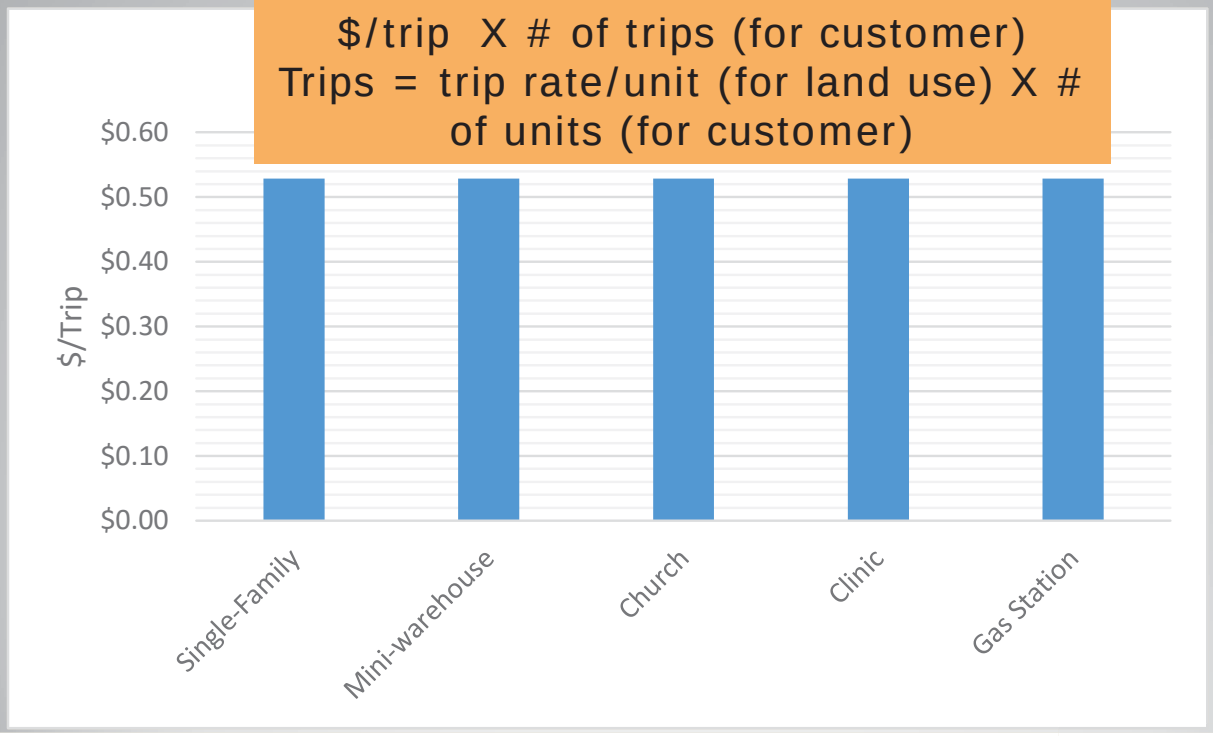
*Rates are for illustration purposes only

Model 4: Trip Generation

Fee per unit	
Pros: Fairness (individual bill for each customer based on trip rate and size)	**Cons:** Simplicity (requires information on business type and number of units for each customer)
Cities: Medford, Talent, Corvallis, Wood Village, Madras	

Trip Generation Example

Customer bill =
$/trip X # of trips (for customer)
Trips = trip rate/unit (for land use) X # of units (for customer)



*Rates are for illustration purposes only

Sample Monthly Bills*

*Bills are for illustration purposes only

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Questions/Discussion

Policy Discussion

- Which fee structure best balances objectives?
- Surcharges for heavy truck usage?
- Affordability issues
  - Overall fee levels
  - Residential vs. nonresidential cost sharing
  - Customer level (bill caps, exemptions, discounts)