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

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

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Beginning Fund Balance (Leftovers from previous year)</td>
<td>$1,125,112</td>
<td>$1,168,977</td>
<td>$794,186</td>
<td>$943,600</td>
</tr>
<tr>
<td>Gas Taxes</td>
<td>$1,283,367</td>
<td>$1,310,249</td>
<td>$1,308,735</td>
<td>$1,316,063</td>
</tr>
<tr>
<td>Transfers In</td>
<td>$</td>
<td>$25,000</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Other (Federal Funds)*</td>
<td>$60,105</td>
<td>$267,252</td>
<td>$71,976</td>
<td>$802,979</td>
</tr>
<tr>
<td>Total Revenues</td>
<td>$2,032,674</td>
<td>$2,271,874</td>
<td>$2,178,797</td>
<td>$2,871,738</td>
</tr>
</tbody>
</table>

### Expenditures

<table>
<thead>
<tr>
<th></th>
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<th></th>
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</thead>
<tbody>
<tr>
<td>Personnel Services</td>
<td>$239,853</td>
<td>$231,467</td>
<td>$329,888</td>
<td>$404,450</td>
</tr>
<tr>
<td>Materials &amp; Services**</td>
<td>$466,777</td>
<td>$522,342</td>
<td>$597,263</td>
<td>$733,383</td>
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<tr>
<td>Administrative Support Services</td>
<td>$152,680</td>
<td>$138,564</td>
<td>$139,430</td>
<td>$175,563</td>
</tr>
<tr>
<td>Capital Outlay</td>
<td>$</td>
<td>$4,339</td>
<td>$63,550</td>
<td>$4,475</td>
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<tr>
<td>Transfers Out***</td>
<td>$594,301</td>
<td>$379,160</td>
<td>$385,007</td>
<td>$1,240,451</td>
</tr>
<tr>
<td>Contingency****</td>
<td>$228,875</td>
<td>$798,186</td>
<td>$662,086</td>
<td>$294,459</td>
</tr>
<tr>
<td>Total Expenditures</td>
<td>$1,688,713</td>
<td>$791,028</td>
<td>$919,247</td>
<td>$1,770,179</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning Fund Balance (Leftovers from previous year)</td>
<td>$1,174,932</td>
<td>$2,215,549</td>
<td>$1,217,473</td>
<td>$1,286,357</td>
</tr>
<tr>
<td>System Development Fees</td>
<td>$222,363</td>
<td>$550,015</td>
<td>$885,000</td>
<td>$</td>
</tr>
<tr>
<td>Other</td>
<td>$</td>
<td>$16,766</td>
<td>$16,640</td>
<td>$30,971</td>
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<tr>
<td>Total Revenues</td>
<td>$1,397,295</td>
<td>$2,780,788</td>
<td>$1,248,444</td>
<td>$1,286,357</td>
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</table>

### Street Capital Projects Fund

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Beginning Fund Balance (Leftovers from previous year)</td>
<td>$105,241</td>
<td>$103,409</td>
<td>$164,209</td>
<td>$165,179</td>
</tr>
<tr>
<td>Federal Funds</td>
<td>$873,086</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Reimbursed Costs</td>
<td>$310,678</td>
<td>$5,117</td>
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<td>$</td>
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<tr>
<td>Transfer In - Street Fund</td>
<td>$482,716</td>
<td>$162,563</td>
<td>$</td>
<td>$</td>
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<tr>
<td>Transfer In - EDREF</td>
<td>$</td>
<td>$133,549</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Total Revenues</td>
<td>$1,208,713</td>
<td>$791,028</td>
<td>$919,247</td>
<td>$1,770,179</td>
</tr>
</tbody>
</table>

### Notes

- **Federal Funds**: Receive for Eligible Projects as a reimbursement - not every year.
- **Materials & Services Includes**
  - **Road Materials**
    - $30,000
  - **Crack Sealing**
    - $50,000
  - **Sidewalk Repair**
    - $25,000
  - **Street Lighting**
    - $288,000
  - **Street Improvements**
    - $20,000
  - **Total Expenditures**
    - $456,000

- **Street Fund**
  - **Beginning Fund Balance**
    - $689,102
  - **Transfers In**
    - $25,000
  - **Other (Federal Funds)**
    - $60,105
  - **Total Revenues**
    - $2,032,574

- **Street System Development Fund**
  - **System Development Fees**
    - $222,363
  - **Total Revenues**
    - $1,397,295

- **Street Capital Projects Fund**
  - **Total Revenues**
    - $1,208,713

- **Contingency** should be 10% of Personnel & Materials & Services.
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.
# Utility Fee: Methodology Recap

<table>
<thead>
<tr>
<th>City</th>
<th>Residential Methods</th>
<th>Non-Residential Methods</th>
<th>Revenue Per Capita</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ashland</td>
<td>Flat fee within class</td>
<td>Variable within class</td>
<td>$66.93</td>
</tr>
<tr>
<td>Bay City</td>
<td>Flat fee</td>
<td>Other</td>
<td>$37.02</td>
</tr>
<tr>
<td>Canby</td>
<td>Flat fee within class</td>
<td>Variable within class</td>
<td>$33.82</td>
</tr>
<tr>
<td>Clatskanie</td>
<td>Flat fee</td>
<td>Flat fee</td>
<td>$33.80</td>
</tr>
<tr>
<td>Corvallis</td>
<td>Trip generation</td>
<td>Trip generation</td>
<td>$8.71</td>
</tr>
<tr>
<td>Dufur</td>
<td>Flat fee</td>
<td>Flat fee</td>
<td>$25.21</td>
</tr>
<tr>
<td>Eagle Point</td>
<td>Flat fee within class</td>
<td>Variable within class</td>
<td>$34.99</td>
</tr>
<tr>
<td>Florence</td>
<td>Flat fee</td>
<td>Flat fee</td>
<td>$33.94</td>
</tr>
<tr>
<td>Grants Pass</td>
<td>Flat fee within class</td>
<td>Variable within class</td>
<td>$25.82</td>
</tr>
<tr>
<td>Hillsboro</td>
<td>Flat fee within class</td>
<td>Variable within class</td>
<td>$18.73</td>
</tr>
<tr>
<td>Hubbard</td>
<td>Flat fee</td>
<td>Variable within class</td>
<td>$21.46</td>
</tr>
<tr>
<td>La Grande</td>
<td>Flat fee</td>
<td>Flat fee</td>
<td>$30.48</td>
</tr>
<tr>
<td>Lake Oswego</td>
<td>Flat fee within class</td>
<td>Variable within class</td>
<td>$69.70</td>
</tr>
<tr>
<td>Medford</td>
<td>Trip generation</td>
<td>Trip generation</td>
<td>$106.98</td>
</tr>
<tr>
<td>Milwaukie</td>
<td>Flat fee within class</td>
<td>Variable within class</td>
<td>$30.19</td>
</tr>
<tr>
<td>Myrtle Creek</td>
<td>Flat fee</td>
<td>Flat fee</td>
<td>$3.67</td>
</tr>
<tr>
<td>North Plains</td>
<td>Flat fee within class</td>
<td>Flat fee within class</td>
<td>$12.67</td>
</tr>
<tr>
<td>Oregon City</td>
<td>Flat fee within class</td>
<td>Variable within class</td>
<td>$60.91</td>
</tr>
<tr>
<td>Philomath</td>
<td>Flat fee within class</td>
<td>Variable within class</td>
<td>$11.37</td>
</tr>
<tr>
<td>Phoenix</td>
<td>Flat fee within class</td>
<td>Variable within class</td>
<td>$31.48</td>
</tr>
<tr>
<td>Sherwood</td>
<td>Flat fee</td>
<td>Other</td>
<td>$14.94</td>
</tr>
<tr>
<td>Silverton</td>
<td>Flat fee</td>
<td>Flat fee</td>
<td>$22.57</td>
</tr>
<tr>
<td>Talent</td>
<td>Trip generation</td>
<td>Trip generation</td>
<td>$25.18</td>
</tr>
<tr>
<td>Tigard</td>
<td>Flat fee</td>
<td>Variable within class</td>
<td>$39.61</td>
</tr>
<tr>
<td>Tualatin</td>
<td>Flat fee within class</td>
<td>Variable within class</td>
<td>$36.78</td>
</tr>
<tr>
<td>West Linn</td>
<td>Flat fee within class</td>
<td>Variable within class</td>
<td>$53.13</td>
</tr>
<tr>
<td>Wilsonville</td>
<td>Flat fee within class</td>
<td>Flat fee within class</td>
<td>$31.55</td>
</tr>
<tr>
<td>Wood Village</td>
<td>Flat fee within class</td>
<td>Trip generation</td>
<td>$54.22</td>
</tr>
</tbody>
</table>
Utility Fee: Methodology Recap

Annual Revenue per Capita, FYE 2014

- Medford
- Lake Oswego
- Ashland
- Oregon City
- Wood Village
- West Linn
- Tigard
- Bay City
- Tualatin
- Average
- Eagle Point
- Florence
- Canby
- Clatskanie
- Wilsonville
- Phoenix
- La Grande
- Milwaukie
- Grants Pass
- Dufur
- Talent
- Silverton
- Hubbard
- Hillsboro
- Sherwood
- North Plains
- Philomath
- Corvallis
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.
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.
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

<table>
<thead>
<tr>
<th>City of Ashland*</th>
<th>City of Milwaukie*</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of Canby</td>
<td>City of Oregon City*</td>
</tr>
<tr>
<td>City of Eagle Point*</td>
<td>City of Philomath*</td>
</tr>
<tr>
<td>City of Grants Pass*</td>
<td>City of Phoenix*</td>
</tr>
<tr>
<td>City of Hillsboro*</td>
<td>City of Tigard*</td>
</tr>
<tr>
<td>City of Hubbard*</td>
<td>City of Tualatin*</td>
</tr>
<tr>
<td>City of Lake Oswego*</td>
<td>City of West Linn*</td>
</tr>
</tbody>
</table>

*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:

\[ \text{Revenue} = \text{Number of units} \times \text{trips per unit} \times \$0.35 \]

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.
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) × Modified average daily trips × Pass-by trip factor × 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.
Pavement Management
10-Year Plan Maps
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
2026 Pavement Condition Index Map

$2.3M per Year:

City wide Weighted Average PCI=78.1
2026 Pavement Condition Index Map

All-Roads Black, $2.9M per Year:

City wide Weighted Average PCI=81.4
2026 Pavement Condition Index Map

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

City wide Weighted Average PCI = 74.8
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
## TUF Theory & Practice

<table>
<thead>
<tr>
<th>Theory</th>
<th>Practice</th>
</tr>
</thead>
<tbody>
<tr>
<td>Charge proportionate to use</td>
<td>Individual property use is not ‘metered’</td>
</tr>
<tr>
<td>Use = number of trips to and from a property</td>
<td>Estimate from trip generation rates by customer type*</td>
</tr>
</tbody>
</table>

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

- Flat Fee
- Flat Fee within Class
- Variable Fee within Class
- Trip Generation

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)
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

<table>
<thead>
<tr>
<th>Uniform fee per account</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Pros:</strong> Simplicity (no additional data required)</td>
</tr>
</tbody>
</table>

**Cities:** Clatskanie, Dufur, Florence, La Grande, Myrtle Creek, Silverton
Flat Fee Structure Example*

Sample Flat Fee Structure

$0.00 $2.00 $4.00 $6.00 $8.00 $10.00 $12.00 $14.00 $16.00 $18.00
$/Month

Account Type

Single-Family Mini-warehouse Church Clinic Gas Station

*Rates are for illustration purposes only
### Model 2: Flat Fee within Class

**Uniform fee per account by class**

<table>
<thead>
<tr>
<th>Pros:</th>
<th>Limited Fairness (considers use factors*)</th>
<th>Cons:</th>
<th>Fairness (some issues with grouping customers, estimating ranges)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Simplicity (size estimated within ranges, not precise data)</td>
<td>Cities: Wilsonville, North Plains</td>
<td></td>
</tr>
</tbody>
</table>

*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

Sample Flat Fee within Class Structure

$/Month

<table>
<thead>
<tr>
<th>Residential</th>
<th>Nonres Group 1</th>
<th>Nonres Group 2</th>
<th>Nonres Group 3</th>
<th>Nonres Group 4</th>
<th>Nonres Group 5</th>
<th>Nonres Group 6</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0</td>
<td>$50</td>
<td>$100</td>
<td>$150</td>
<td>$200</td>
<td>$250</td>
<td>$300</td>
</tr>
</tbody>
</table>

Class

Group 1

Group 2

Group 3

Group 4

Group 5

Group 6
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
Sample Variable Fee within Class Structure

Customer bill = $/unit (for class) X # of units (for customer)

*Rates are for illustration purposes only*
## Model 4: Trip Generation

<table>
<thead>
<tr>
<th>Fee per unit</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Pros:</strong> Fairness (individual bill for each customer based on trip rate and size)</td>
<td><strong>Cons:</strong> Simplicity (requires information on business type and number of units for each customer)</td>
</tr>
</tbody>
</table>

**Cities:** Medford, Talent, Corvallis, Wood Village, Madras
Trip Generation Example

Customer bill = 
$/trip \times \# \text{ of trips (for customer)}

Trips = trip rate/unit (for land use) \times \# \text{ of units (for customer)}

*Rates are for illustration purposes only*
Sample Monthly Bills*

*Bills are for illustration purposes only
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)