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. Overt 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