Ad-hoc Committee Recommendations, November 2, 2016

In January 2016, after reviewing multiple funding options (gas tax, bonding, property tax, and street utility fee) Council directed staff to develop an early phase of a pavement maintenance management program that could initially be funded through a street fee, administered directly by the City. At that time, it was understood that an additional revenue source would also be necessary and could include a future bond, local gas tax, or other revenue source.

An ad-hoc committee was convened in July to provide input into a pavement maintenance and funding plan, specifically on a preferred approach to allocate the cost share of a transportation utility fee (street fee). The ad-hoc committee learned about and discussed existing pavement conditions, annual costs to maintain existing pavement conditions, different types of revenue sources, and details on transportation utility fee structures and methods for allocating cost share between residential and non-residential payers in Newberg.

All 8 committee members present at their fourth and final meeting on November 2nd agreed:

- The current level of spending to maintain pavement is a problem. Without more regular pavement maintenance and rehabilitation fund, the condition of roads will continue to deteriorate and become even more expensive to address in the future.

- There are several types of revenue sources, but there is likely not one single source that would generate the annual revenue needed to maintain the system to today's conditions.

- 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. Most cities in Oregon with a fee use this structure for the same reasons.

- The target revenue that would need to be collected using a fee may change based on other options being looked at, such as a local gas tax. The committee reviewed scenarios that generated $1 million and $1.3 million from transportation utility fees.

- The committee recommended that the allocation share of the target revenue be split among residential and non-residential users to best reflect "trip generation." It is estimated that 35% of trips are generated by residential properties. Fees should be calculated after assigning 35% of the funding responsibility to residential and 65% assigned to non-residential.

- The committee recommends exploring ways to reduce fees for those that may be financially burdened. This could include low income waivers and monthly caps.

- They support exploring 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. They did not discuss the details of how those would be implemented.