Ad-hoc Committee Recommendations [for final review], April 18, 2017

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 or transportation utility fee, administered directly by the City. It is 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 2016 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. 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. Ad-hoc committee recommendations were made in November 2016 and Council began review of a draft ordinance. In early 2017, the ad-hoc committee was asked to further discuss and provide further recommendation on details of a potential transportation utility fee.

The Ad-Hoc Committee recommends:

- Of the various transportation utility fee structures, "Variable Fee within class" was preferred because it was more equitable without being overly complex to administer by the City. 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 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.

- A heavy vehicle clause does not need to be included in the fee ordinance, but could be considered for a separate future discussion or action.

- The school district properties should be combined by school grade buildings, meaning they will have a unique fee calculation.

- To provide benefit to all areas of Newberg, a prioritization clause should be included to assure that no less than 30% of funding is allocated to poor condition roads.

- Fee waivers are appropriate for low income residents, vacancies, unemployment, and residences with no vehicles.

- The committee recommends a target revenue of $1.2 million for calculating the transportation utility fees. The revenue collected from the fees will be less than the target when the low-income or vacancy waivers are factored, but would increase over time as new development occurs. This target revenue means a fee of about $5/month for single family residences.

- The committee does not recommend caps on the transportation utility fee. Caps would reduce the revenue for maintaining pavement. After much discussion they felt there was no fair way to implement non-residential property fee caps.