



Agenda Report 2014-11-10-03

Date: October 31, 2014

To: John Kovash, Mayor
Members, West Linn City Council

From: Chris Kerr, Community Development Director

Through: Chris Jordan, City Manager *CJ*

Subject: Increase the maximum roadway maintenance service fee for commercial users

Purpose

The proposed Ordinance and Resolution would authorize a one-time 75% increase to the roadway maintenance fee to be applied to the largest commercial users in the City.

Question(s) for Council:

Should the City modify the roadway maintenance fee for the highest commercial users in the City by 75% to align with the increase that was recently applied to residential users?

Public Hearing Required:

Yes

Background & Discussion:

The City's Municipal Code includes a specific "cap" on the fee amount that can be collected monthly. The Code established a maximum cap of \$440, which can be increased by up to 3% per year. The current effective cap for non-residential commercial uses in the City is \$510. The proposed Ordinance would increase that cap by 75% to \$893.00. This increase would be consistent with the 75% increase to the fee that was adopted last year for residential users in the City. The recommended increase would only affect the 17 highest trip generating businesses in the City and would not apply to the majority of the businesses in the City. The increase has been recommended by the Economic Development Committee ("EDC") after reviewing a variety of options and soliciting input from the business community and public.

Budget Impact:

Expected increase of approximately \$65,400 in annual revenue.

Council Options:

1. Adopt the Ordinance and approve the Resolution per the recommendation.
2. Adopt the Ordinance and approve the Resolution at a different rate than recommended.
3. Do not adopt either and make no changes to the fee.

Staff Recommendation:

Staff recommends adopting the Ordinance and approving the Resolution as recommended by the EDC.

Potential Motions:

Council: *Move to approve First Reading of “An Ordinance Amending West Linn Municipal Code Section 4.572 Increasing the Maximum Roadway Maintenance Service Fee for Non-Residential Uses,” and set the matter for Second Reading.*

If the motion passes unanimously, the Council may: *Move to approve Second Reading for “An Ordinance Amending West Linn Municipal Code Section 4.572 Increasing the Maximum Roadway Maintenance Service Fee for Non-Residential Uses,” and adopt the ordinance.*

If the Ordinance is adopted, the Council may: *Move to adopt Resolution 2014-16, “A Resolution of the City Council of the City of West Linn Revising the Roadway Maintenance Fee in the Master Fees and Charges Document of the City of West Linn.”*

Attachments:

1. Ordinance 1634
2. Resolution 2014-16
3. June 27, 2014 Memorandum from Chris Kerr to Chris Jordan

ORDINANCE NO. 1634

**AN ORDINANCE AMENDING WEST LINN MUNICIPAL CODE SECTION 4.572
INCREASING THE MAXIMUM ROADWAY MAINTENANCE SERVICE FEE
FOR NON-RESIDENTIAL USES**

Annotated to show ~~deletions~~ and additions to the code sections being modified. Deletions are ~~bold lined through~~ and additions are **bold underlined**.

WHEREAS, Chapter II, Section 4, of the West Linn City Charter provides:

Powers of the City. The City shall have all powers which the Constitution, statutes and common law of the United States and of this State now or hereafter expressly or implied grant or allow the City, as fully as though this Charter specifically enumerated each of those powers; and

WHEREAS, in 2013, the City increased the roadway maintenance service fee for residential uses by 75% in order to provide required pavement maintenance in the City; and

WHEREAS, the City was concerned that a similar increase for non-residential uses could have a detrimental impact on the on businesses in the community; and

WHEREAS, the City's Economic Development Committee ("EDC") solicited input from the business community and public regarding the potential impacts of a fee increase on commercial uses; and

WHEREAS, the EDC unanimously recommended that the Council increase the current effective maximum fee of \$510.00 on the highest trip generators in the City to \$893.00, without increasing the fees on the other non-residential use categories in the City;

WHEREAS, the City Council determined that a 75% increase in the roadway maintenance service fee for commercial uses in the City would be an equitable and balanced means of sharing the burden of maintaining the City's roadway system between residential and non-residential uses;

NOW, THEREFORE, THE CITY OF WEST LINN ORDAINS AS FOLLOWS:

SECTION 1. Amendment. West Linn Municipal Code Section 4.572 is amended to read as follows:

4.572 Calculation of Roadway Maintenance Service Fee for Non- Residential Uses.

The roadway maintenance service fee for non-residential uses shall be based upon the most recently published edition of Trip Generation prepared by the Institute of Traffic Engineers (ITE). The City Council shall establish the most appropriate rate, and may use sliding scales, maximum caps, or other techniques in setting appropriate rates.

The structure square footage used for purposes of calculating the appropriate roadway maintenance service fee for non-residential uses shall be the structure square footage documented in city records, including building permits, business licenses, or other available data. At the responsible party's request, the City shall conduct an on-site survey to determine the appropriate square footage measurement for calculating the appropriate roadway maintenance service fee. The maximum fee for any individual business establishment shall be ~~\$440~~ \$893.00 per month, which may be increased by a maximum of three percent annually. The maximum fee for any public or institutional establishment shall be \$300 per month.

SECTION 2. Severability. The sections, subsections, paragraphs and clauses of this ordinance are severable. The invalidity of one section, subsection, paragraph, or clause shall not affect the validity of the remaining sections, subsections, paragraphs and clauses.

SECTION 3. Savings. Notwithstanding this amendment/repeal, the City ordinances in existence at the time any criminal or civil enforcement actions were commenced, shall remain valid and in full force and effect for purposes of all cases filed or commenced during the times said ordinance(s) or portions thereof were operative. This section simply clarifies the existing situation that nothing in this Ordinance affects the validity of prosecutions commenced and continued under the laws in effect at the time the matters were originally filed.

SECTION 4. Codification. Provisions of this Ordinance shall be incorporated in the City Code and the word "ordinance" may be changed to "code", "article", "section", "chapter" or another word, and the sections of this Ordinance may be renumbered, or re-lettered, provided however that any Whereas clauses and boilerplate provisions (i.e. Sections **[2-5]**) need not be codified and the City Recorder or his/her designee is authorized to correct any cross-references and any typographical errors.

SECTION 5. Effective Date. This ordinance shall take effect on the 30th day after its passage.

The foregoing ordinance was first read by title only in accordance with Chapter VIII, Section 2(C) of the City Charter on the 10th day of November 2014, and duly PASSED and ADOPTED this _____ day of _____, 2014.

JOHN KOVASH, MAYOR

KATHY MOLLUSKY, CITY RECORDER

APPROVED AS TO FORM:

CITY ATTORNEY

RESOLUTION NO. 2014-16

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WEST LINN REVISING THE ROADWAY MAINTENANCE FEE IN THE MASTER FEES AND CHARGES DOCUMENT OF THE CITY OF WEST LINN

WHEREAS, in 2013, the City increased the roadway maintenance service fee for residential uses by 75% in order to provide required pavement maintenance in the City;

WHEREAS, the City was concerned that a similar increase for non-residential uses could have a detrimental impact on the businesses in the community;

WHEREAS, the City's Economic Development Committee ("EDC") solicited input from the business community and public regarding the potential impacts of a fee increase on commercial uses;

WHEREAS, the EDC unanimously recommended that the Council increase the current effective maximum fee of \$510.00 on the highest trip generators in the City to \$893.00, without increasing the fees on the other non-residential use categories in the City;

WHEREAS, the City Council determined that a 75% increase in the roadway maintenance service fee for commercial uses in the City would be an equitable and balanced means of sharing the burden of maintaining the City's roadway system between residential and non-residential uses;

NOW, THEREFORE, THE CITY OF WEST LINN RESOLVES AS FOLLOWS:

SECTION 1. Amendment. The City of West Linn "Master Fees and Charges," is amended as shown in Attachment A.

This resolution was PASSED and ADOPTED this 10th day of November, 2014, and shall become effective on January 1, 2015.

JOHN KOVASH, MAYOR

ATTEST:

KATHY MOLLUSKY, CITY RECORDER

APPROVED AS TO FORM:

CITY ATTORNEY

2.10. Street Permit Fee

Permit Fee

Permit per project or contract \$ 50

Street permit fees are charged on a per project or per contract basis.

2.11. Roadway Maintenance Fee

(or commonly referred to as Street Maintenance Fee)

	Effective September 1, 2013 Charge per Month	Effective July 1, 2014 Charge per Month	Effective January 1, 2015 Charge per Month
Residential:			
Single family residence	\$ 10.31 per month	\$ 10.83 per month	\$ 10.83 per month
Multi-family residence	9.78 per month	10.27 per month	10.27 per month
Commercial, Public Properties:			
Home-based businesses	\$ 5.89 per month	\$ 5.89 per month	\$ 5.89 per month
0 to 50 trips	5.89 per month	5.89 per month	5.89 per month
51 to 250 trips	0.66 per trip	0.66 per trip	0.66 per trip
251 to 500 trips	0.79 per trip	0.79 per trip	0.79 per trip
501+ trips	0.90 per trip	0.90 per trip	0.90 per trip
Maximums and Caps:			
Commercial maximum	\$510	\$510	\$893
Commercial yearly increase max	3%	3%	3%
Public institution maximum	\$300	\$300	\$300

~~Note: The Commercial Street Maintenance Fees are unchanged and are being reviewed by the Economic Development Committee.~~

A residence is defined by the presence of any size water meter, for the roadway maintenance fee. The system and structure of fees for roadway maintenance can be controlled through the vacancy of a residence and turning off water service to the vacant residence. The City Council determines that the roadway maintenance fees imposed upon residences are not taxes subject to the property tax limitations of Article XI, section 11(b) of the Oregon Constitution.

A multi-family housing unit is defined as a residential structure with multiple dwelling units in the same building that share one water meter. Because multi-family housing units cannot define vacancy based on the absence of water service, a multi-family rate can apply to eligible multi-family housing units. The multi-family housing rate is discounted based on the city-wide vacancy rate as determined by the City of West Linn Planning Department in effect for a one-year period as of July 1 of each fiscal year.

Per trip calculation for business establishments shall be calculated using trip generation rates for various types of development as provided in the Trip Generation Manual of the Institute of Traffic Engineers. Business establishments shall have the opportunity to review and modify data used in the trip calculation formula.

Monthly roadway maintenance fees to the principal residence of low income citizens as defined in this section shall be as follows: low income citizens shall be charged at one-half the regular rate. Any citizen currently receiving the reduced water service charge for low-income citizens shall automatically receive the reduced roadway maintenance fee. Principal residences occupied by a person(s) having an annual income(s) that does not exceed one hundred eighty-five percent (185%) of the most recently published federal poverty low income guidelines (as established by the poverty guidelines updated periodically in the Federal Register by the U.S. Department of Health and Human Services under the authority of 42 U.S.C. 9902(2).), are eligible for reduced roadway maintenance fees.

2.12. Park Maintenance Fee

[refer to Section 6.9 of the Parks Fee and Charges]



Memorandum

Date: June 27, 2014

To: Chris Jordan, City Manager

From: Chris Kerr, Community Development Director

Subject: EDC recommendation on commercial street maintenance fee (SMF) increase

Purpose:

One of the City's Council's goals for 2014 is to: "Provide greater equity in street maintenance resources by adopting a revised commercial street maintenance fee." Towards that end, the Council requested that the Economic Development Committee (EDC) provide a recommendation on revising the fee. After thoroughly reviewing a variety of alternatives and their impacts on the business community the EDC unanimously recommended that the Council increase the existing limitation (or "cap") that currently exists on the highest trip generators in the City by 75% percent. This would represent an increase in their monthly fee from \$510.00 to \$892.50. The EDC determined that this recommendation is the most equitable and balanced means for commercial uses to share in the burden of maintaining our street system. With the recommendation, the EDC included the following considerations:

- This is the same 75% increase that was applied to all residential uses in the City.
- The increase will result in \$65,402.40 more revenue per year for the City.
- It will only impact the 17 highest trip generators in the city (11 of which would pay the new \$892.50 cap).
- This increase would not impact the vast majority of businesses (+200) operating in the City.

If the Council wishes to act on this recommendation, Staff will prepare the necessary Ordinance and municipal code amendments for consideration.

Background

Last year the City Council made a concerted investment in pavement maintenance in West Linn. The Council voted to increase the City's street maintenance fee (SMF) on all *residential* users by 75 percent; with a five percent increase over the next four fiscal years. However, the Council elected to not increase the accompany SMF for non-residential (i.e. commercial, industrial, and public institution) until such time as they could review the impacts it would have businesses in the City. The Council requested that the Economic Development Committee evaluate and recommend potential increases in the non-residential SMF that would fair but not onerous.

When the SMF was initially implemented, specific language was added to ensure that highest users in West Linn would not shoulder a disproportionate fee burden. This language established a maximum "cap" which discounted the non-residential fee for the highest users in the City. A consequence of this cap is that fee increases that have occurred for all other users in the City have diminished the proportional share that these higher users pay into the system.

Beginning last fall, the EDC worked with Staff and considered a variety of alternatives to consider, but not limited to:

- Making no changes to the fee at this time.
- Applying a 75% "across the board" increase on all commercial uses, regardless of size.
- Modifying the existing tiered system that is used to implement the fee.
- Increasing the fee for institutional uses (Parks, schools, etc.).
- Increasing the established maximum "cap" on the highest users by 75%.

As part of the informational outreach effort during these considerations, the City:

- Established a web page summarizing the issue with alternatives being considered;
- Presented an FAQ page on the history and purpose of the SMF on the City;
- Sent notice to over 400 licensed businesses in the City about the proposal and invited them to an open house to discuss;
- Held a "Breakfast Open House" that included City Staff, EDC representatives and the City's Finance Director to answer questions and provide information on this issue.
- Met one on one with several of the most impacted (highest users) in the City.
- Discussed the proposal at four different EDC meetings.

Attached are a series of helpful information posters that Staff produced on this topic.

Informational Posters



CITY OF West Linn

Proposed changes to the city's street maintenance fee program

BACKGROUND:

Last year the city council made a concerted investment in pavement maintenance in West Linn.

The council voted to increase the city's street maintenance fee (SMF) on all residential users by 75 percent, with a 5 percent increase over the next four fiscal years. This resulted in a \$4.42 increase in their SMF.



The council elected to not increase the accompany SMF for nonresidential (i.e., commercial, industrial and public institution) until such time as they could review the impacts it would have on businesses in the city. The council requested that the West Linn Economic Development Committee evaluate and recommend potential increases in the nonresidential SMF that would fair.

When the SMF was initially implemented, specific language was added to ensure that highest users in West Linn would not shoulder a disproportionate fee burden. This language established a maximum "cap" that discounted the nonresidential fee for the highest users in the city.

A consequence of this cap is that fee increases that have occurred for all other users in the city have diminished the proportional share that these higher users pay into the system.



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Summary of proposed SMF changes

- Raising the cap that currently applies to the highest trip generators in the city by 75 percent.
- There will be no change for the remaining (+200) businesses in the city.
- This rate increase results in \$65,402.40 more revenue per year for the city.
- Will only impact the 17 highest generators in the city (11 of which would pay the new \$892.50 cap).
- Since the rate was increased on residential users by 75 percent it is equitable to increase the cap by the same amount.

Increasing the commercial cap by 75 percent (to match the residential rate increase) results in a \$892.50 a month fee for the highest traffic generators in the city.

Commercial Cap		
<u>Current:</u>	\$ 510.00	17 businesses
<u>75% Increase:</u>	\$ 892.50	11 businesses

RESULT: The 75 percent increase would leave 11 businesses paying the new cap and would result in **\$5,450.20 a month** in additional revenue, which is **\$65,402.40 a year**.



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Impacted businesses

Business name	Number of trips	Monthly rate (with \$510 cap)	Monthly rate (no cap)	Monthly rate (with 75% increase cap)
Safeway	6,442.38	\$ 510.00	\$ 5,683.53	\$ 892.50
Albertsons	5,438.34	\$ 510.00	\$ 4,779.90	\$ 892.50
Walmart	4,460.40	\$ 510.00	\$ 3,899.75	\$ 892.50
Willamette Corporate Center	4,236.19	\$ 510.00	\$ 3,697.96	\$ 892.50
Market of Choice Grocery Store	3,534.87	\$ 510.00	\$ 3,066.77	\$ 892.50
McMenamins West Linn	2,960.01	\$ 510.00	\$ 2,549.40	\$ 892.50
Summerlinn Center	2,928.24	\$ 510.00	\$ 2,520.81	\$ 892.50
Shell Service Station	1,953.36	\$ 510.00	\$ 1,643.41	\$ 892.50
Chevron	1,685.60	\$ 510.00	\$ 1,402.43	\$ 892.50
Astro Service Station	1,348.48	\$ 510.00	\$ 1,099.02	\$ 892.50
The Filling Station	1,302.24	\$ 510.00	\$ 1,057.41	\$ 892.50
Karlin Willamette LLC	1,086.93	\$ 510.00	\$ 863.63	\$ 863.63
Wells Fargo	1,006.21	\$ 510.00	\$ 790.98	\$ 790.98
Chase Bank	929.30	\$ 510.00	\$ 721.76	\$ 721.76
West Linn Investors	855.57	\$ 510.00	\$ 655.40	\$ 655.40
Chase Bank	848.67	\$ 510.00	\$ 649.19	\$ 649.19
Key Bank of Oregon	818.17	\$ 510.00	\$ 621.74	\$ 621.74



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Total revenue generated (nonresidential)

Billed per customer			Total collected			
	<u>Per Month</u>	<u>Per Year</u>	<u>Number</u>	<u>Per Month</u>	<u>Per Year</u>	<u>%</u>
Cap	\$510.00	\$ 6,120	17	\$ 8,670	\$ 104,040	43%
	\$350 - \$510	\$ 4,800	3	\$ 1,200	\$ 14,400	6%
Schools	\$300	\$ 3,600	7	\$ 2,100	\$ 25,200	11%
	\$100 - \$300	\$ 2,400	18	\$ 3,600	\$ 43,200	18%
	\$20 - \$100	\$ 720	55	\$ 3,300	\$ 39,600	17%
	\$6 - 20	\$ 156	45	\$ 585	\$ 7,020	3%
Min.	\$5.89	\$ 71	91	\$ 536	\$ 6,432	3%
			Total:	236	\$ 19,991	\$ 239,892 100%

Breakfast Open House Open House at City Hall



Please join us for breakfast!

Friday, May 9, from 7:30 to 9 a.m.

West Linn City Hall, 22500 Salamo Road

Join your fellow West Linn business owners and commercial property owners for a breakfast open house on Friday, May 9, from 7:30 to 9 a.m. at city hall, 22500 Salamo Road.



The open house is your opportunity to learn about a proposed increase to the city's street maintenance fees for commercial businesses.

City staff and members of the West Linn Economic Development Committee will be on hand to answer questions and provide information on the issue. The city is soliciting feedback from the community on the proposed changes.

Background materials on this issue can be found on the city's website at westlinnoregon.gov/economicdevelopment/proposed-street-maintenance-fee-changes.

If you cannot attend the open house, you may contact Community Development Director Chris Kerr at ckerr@westlinnoregon.gov or 503-723-2538.

