

Memorandum

Date: October 31, 2013

To: Economic Development Committee

From: Ben Kittelson, Economic Development/Public Affairs Intern

Subject: Commercial Street Maintenance Fees

Based on the discussions from the Economic Development Committee meetings on September 6th and October 4th, below is research on changing the commercial street maintenance fees. The first section is the current West Linn fee structure and revenue collected. Then there are two possible alternatives that were discussed in the previous meetings. First, an across the board increase of 75% and, second, increasing the cap's yearly increase to 5%. Also included is how four nearby cities do their street maintenance fees, and attached is the actual code language for each of those cities. Included for each alternative or city is what a hypothetical 60,000 square foot Safeway would pay.

Current West Linn Commercial Street Maintenance Fee

Fee varies depending on the number of trips. Each business has an average daily trip level calculated based on an ITE factor multiplied by the square footage and then divided by 1,000. Then a rate is applied per trip, the rate increases as the number of trips passes 50, 250, and 500. The fee is capped at \$510 currently. The cap can only increase by 3% annually, while other fee levels increase by 5%.

Current Commercial Street Maintenance Fee	
Category (# of Trips)	Monthly Fee
0 to 49	\$5.89
50 to 250	\$0.66 per trip
250 to 500	\$0.79 per trip
500 or more	\$0.90 per trip
Cap	\$510

$$\text{WL Fee} = \$5.89 + (A \times \$0.66) + (B \times \$0.79) + (C \times \$0.90)$$

A = Number of trips between 50 and 250

B = Number of trips between 250 and 500

C = Number of trips greater than 500

Safeway Example:

Number of trips = 6,442.38: A = 200, B = 250, C = 5,942.38

West Linn Fee = 5.89 + (200 x 0.66) + (250 x 0.79) + (5942.38 x 0.90) = **\$5,683.53**
 But is capped at: **\$510**

Total revenue generated (same table that was distributed for the 9/6/13 meeting):

Billed per Customer			Total Collected			
	Per Month	Per Year	Number	Per Month	Per Year	%
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%

West Linn Alternatives

75% Increase in all rates: An easy solution would be to raise commercial rates by the same amount as residential rates, a 75% increase across the board. The cap would increase to \$892.50 and the minimum would go up to \$10.31, which is the same as the residential rate.

75% Increase in SMF Fees	
Category (# of Trips)	Monthly Fee
0 to 49	\$10.31
50 to 250	\$1.16 per trip
250 to 500	\$1.38 per trip
500 or more	\$1.58 per trip
Cap	\$892.50

This would raise the Safeway example’s rates from \$5,683.53 to **\$9,976.27**. Now capped at **\$892.50**

75% Increase Fee = 10.31 + (200 x 1.16) + (250 x 1.38) + (5942.38 x 1.58) = 9976.27

Here’s the effect that the across the board increase would have on revenue generated:

Billed per Customer			Total Collected			
	Per Month	Per Year	Number	Per Month	Per Year	%
Cap	\$892.50	\$ 10,710	17	\$ 15,173	\$ 182,070	45%
	\$612.50 - \$892.50	\$ 8,400	3	\$ 2,100	\$ 25,200	6%
Schools	\$300	\$ 3,600	7	\$ 2,100	\$ 25,200	6%
	\$175 - \$525	\$ 4,200	18	\$ 6,300	\$ 75,600	19%
	\$35 - \$175	\$ 1,260	55	\$ 5,775	\$ 69,300	17%
	\$10.50 - \$35	\$ 273	45	\$ 1,024	\$ 12,285	3%
Min.	\$10.31	\$ 124	91	\$ 938	\$ 11,259	3%
Total:			236	\$ 33,409	\$ 400,914	100%

Changing Cap Increase to 5%: Part of the problem with the cap is that it only increases 3% while the other fees increase at 5%. This could be undone by raising the cap to where it would be if it had been increasing at 5% a year since 2008 like the other fees.

Cap		
Start	Increase	Current
\$440	3%	\$510
\$440	5%	\$562

The difference works out to **\$42 a month** or **\$504 a year** per company. This means a total of **\$8,568 a year from all 17 companies** that pay the capped monthly rate.

What Other Cities Do

For comparison purposes and examples of other ways to administer a street maintenance fee below are the fees from four other cities. For each city a summary of how the city administers their fees and how much a 60,000 square foot Safeway would pay in the city is included. The actual language and full details for each city is included in an attachment. Compared to other cities, West Linn is right in the middle for monthly fees.

Rate for a 60,000 Sq Ft Safeway		
City	Monthly Rate	Cap?
West Linn	\$510	Yes
Tualatin	\$667.30	No
Oregon City	\$288	No
Lake Oswego	\$661.80	No
Wilsonville	\$285.88	Yes

City of Tualatin: They group businesses into one of 7 categories based on the number of daily trips per thousand square feet of developed area. Then each group is charged a dollar amount per thousand square feet of developed area and a \$2.50 flat fee is added on top. They have no cap for the largest businesses.

$$\text{COT Fee} = \$2.50 + [A \times (\text{Sq Ft}/1000)]$$

A = Group fee

Safeway Example:

$$\text{Group Number} = 4, \text{ Group Fee} = \$11.08$$

$$\text{Tualatin Fee} = \$2.50 + [\$11.08 \times (60,000/1,000)] = \mathbf{\$667.30}$$

City of Oregon City: Businesses are grouped into one of 5 bins based on their ITE code and each bin is assigned a set amount of average daily trips. To calculate the fee the number of trips is multiplied by the rate per trip and that total is multiplied by the business's square feet per 1,000. They do not have a cap.

$$\text{OC Fee} = (\$0.192 \times \text{Trips}) \times (\text{Sq Ft}/1,000)$$

Safeway Example:

$$\text{Bin Trips} = 25$$

$$\text{OC Fee} = (\$0.192 \times 25) \times (60,000/1,000) = \mathbf{\$288}$$

City of Lake Oswego: Businesses are put into one of three groups based on the number of vehicle trip miles per day per 1,000 square feet of space. The fee is calculated by multiplying the rate times the square footage divided by 1,000.

$$\text{LO Fee} = \text{Group fee} \times (\text{Sq Ft}/1,000)$$

Safeway Example:

$$\text{Group} = \text{II}, \text{Group fee} = \$11.03$$

$$\text{LO Fee} = \$11.03 \times (60,000/1,000) = \mathbf{\$661.80}$$

City of Wilsonville: Businesses in Wilsonville are put into one of 5 different categories based on a composite score and each category has a monthly fee associated with it. The composite scores are calculated based on intensity (trips per 1000 sq ft), magnitude (gross sq ft), and trucks per day.

$$\text{Wilsonville Fee} = \text{Category Rate}$$

Safeway Example:

$$\text{Composite score} = 96, \text{ which puts it in Category 8.}$$

$$\text{Wilsonville Fee} = \text{Category 8 Rate} = \mathbf{\$285.88}$$

3-4-080 Determination of Road Utility Fee.

City of Tualatin

(1) The Road Utility Fee shall be based on the following factors:

- (a) The developed use of the property which includes the amount of vehicular traffic generated by the property, as determined by the City Engineer.
- (b) For nonresidential uses the developed square footage on the property or parcel.
- (c) The traffic generation factor for each use category of developed property.
- (d) The base rate maintenance cost for each Customer Group, based on use category of the developed property.

(2) The City Engineer shall determine the category of use from the ITE Manual that shall apply to each developed lot or parcel within the City. In the absence of a specific use category from within the ITE Manual for a particular developed use, the City Engineer shall determine the appropriate category by interpreting the ITE Manual and assigning the category which most accurately reflects the traffic generated by the particular developed use. After determining the appropriate use category for a developed parcel, the City Engineer shall use the estimated vehicle trip generation figures for the assigned use category from the ITE Manual and designate the developed property to a particular Customer Group. For nonresidential developed uses the applicable Road Utility fee shall be based on the area of developed use measured in thousands of square feet or fractions of thousand square feet. The Customer Groups are as follows:

- (a) Single family residential;
- (b) Multi-family residential; and
- (c) Non-residential uses. Trip generation rates per thousand square feet of developed area shall be assigned to one of the following four non-residential groups:
 - (i) Group 1 with 7 or fewer average daily vehicle trips per thousand square feet of developed area;
 - (ii) Group 2 with more than 7 but less than 21 average daily vehicle trips per thousand square feet of developed area;
 - (iii) Group 3 with 21 or more but less than 53 average daily vehicle trips per thousand square feet of developed area;
 - (iv) Group 4 with 53 or more but less than 151 average daily vehicle trips per thousand square feet of developed area;
 - (v) Group 5 with 151 or more but less than 400 average daily vehicle trips per thousand square feet of developed area;
 - (vi) Group 6 with 400 or more average daily vehicle trips per thousand square feet of developed area; and
 - (vii) Group 7 for specially assigned trip generation figures.

(3) For purposes of examining uses not explicitly listed in the ITE manual and thereby determining the appropriate Category of Use, the City Engineer shall consider at least the following factors as well as any other relevant information:

- (a) the size of the site and the building;

- (b) the number of employees;
- (c) other developed sites operated by the same or an affiliated owner for a use generating comparable amounts of traffic;
- (d) other developed sites operated by a different owner for a use generating comparable amounts of traffic;
- (e) the number of work shifts;
- (f) the number of hours of operation; and
- (g) the planning district designation.

The City Engineer may require and consider the results of a traffic study, provided such study shall be conducted in conformance with the methodology outlined in the ITE Manual, and provided further such study shall include on site traffic counts not less than twice nor more than four times during the year immediately following the beginning of operation on site. In furtherance of this rule the City Engineer may assign a Use Category and Customer Group on an interim basis, provided it is not less than the lowest Customer Group among available residential or nonresidential groups. The determination of Use Category shall not be considered a land use decision as that term is defined in **ORS 197.015**.

(4) The monthly fee for each customer group is as follows:

- (a) Single family residential, \$3.92 per unit;
- (b) Multifamily residential, \$3.36 per unit;
- (c) Non-residential Group 1, \$0.75 per thousand square feet; plus an additional \$2.50 flat fee;
- (d) Non-residential Group 2, \$1.66 per thousand square feet; plus an additional \$2.50 flat fee;
- (e) Non-residential Group 3, \$4.39 per thousand square feet; plus an additional \$2.50 flat fee;
- (f) Non-residential Group 4, \$11.08 per thousand square feet; plus an additional \$2.50 flat fee;
- (g) Non-residential Group 5, \$29.51 per thousand square feet; plus an additional \$2.50 flat fee;
- (h) Non-residential Group 6, \$72.73 per thousand square feet; plus an additional \$2.50 flat fee; and
- (i) Non-residential Group 7, \$0.53 per thousand square feet, plus an additional \$2.50 flat fee.

(5) The Council may revise the monthly fee to reflect actual revenues, anticipated maintenance and lighting requirements, improvements in the methods of calculating revenues or requirements and changes in conditions which the Council finds should be taken into consideration in rates. [Ord. 803-90 §8, 4/23/90; Ord. 1077-01 §6, 7/9/01; Ord. 1196-05, 8/22/05; Ord. 1348-12, 6/25/12]

13.30.040 Rate structure.

- A. Service charges for the transportation utility fee are authorized and imposed in amounts and on terms consistent with this chapter.
- B. The rates and service charges shall be based on the service provided and the relative usage of the city transportation system for a given parcel. The estimated or measured trip generated will be used to determine the relative usage of the parcel. The rate shall be calculated by multiplying the unit rate by the assigned average daily trip estimate. Average daily trip estimates shall be as follows:
 - 1. Undeveloped Parcels. Undeveloped parcels shall not be charged.
 - 2. City Roads. City roads shall not be charged.
 - 3. Single-Family Residential Parcels. The monthly service charge for single-family residential parcels shall be computed by multiplying the unit rate times 9.57 trips per day.
 - 4. Multi-Family Residential Parcels. The monthly service charge for multi-family residential parcels shall be computed by multiplying the unit rate times 6.72 trips per day.
 - 5. Schools. The monthly service charge for schools shall be computed by multiplying the unit rate times the number of average daily trips applicable to the school, as delineated below:

Elementary schools	0.76 ADTs per student
Middle schools	0.96 ADTs per student
High schools	1.01 ADTs per student

- 6. All Other Developed Parcels. The monthly service charge for all other developed parcels, including publicly-owned properties, shall be computed by multiplying the unit rate times the number of average daily trips assigned to the bin that is applicable to the parcel, as delineated in Appendix A (copy on file at the office of the city recorder). All parcels with uses not identified in Appendix A (copy on file at the office of the city recorder) shall be assigned to a trip bin based on their trip generation as specified in the ITE Manual.

Bin 1	2 average daily trips
Bin 2	10 average daily trips
Bin 3	25 average daily trips
Bin 4	40 average daily trips
Bin 5	100 average daily trips

13.30.050 Unit rate established.

The residential unit rate, to be applied to residential land uses, is established at one dollar

and fifteen cents per adjusted average daily trip. The nonresidential unit rate, to be applied to all other land uses, is established at \$0.189 per adjusted average daily trip. Either or both of the residential and the nonresidential unit rates may be revised by resolution of the city commission from time to time. The unit rates shall be adjusted annually to account for inflation in an amount of no more than three percent.

The residential and nonresidential unit rates will be phased in over a five-year period according to the schedule below. The rates for fiscal years 2009/2010 through 2012/2013 include a three percent escalation factor.

Time Period	Residential Rate per Trip	Nonresidential Rate per Trip
July 1, 2008 through June 30, 2009	\$0.470	\$0.077
July 1, 2009 through June 30, 2010	0.627	0.103
July 1, 2010 through June 30, 2011	0.784	0.129
July 1, 2011 through June 30, 2012	0.940	0.154
July 1, 2012 through June 30, 2013	1.172	0.192

Street Maintenance Fee (LOC 37)

LOC 37.02.015

A Street Maintenance Fee is hereby established by Ordinance No. 2373 in an amount to be adjusted from time to time, by resolution of the City Council. The fee shall be based upon the relative direct and indirect use of, or benefit from, the City street system that results from activities within the City, and shall be imposed upon the persons responsible for each developed property upon which such activities occur.

LOC 37.02.020

All funds collected pursuant to this Chapter shall be used to pay costs of operation, maintenance, repair, engineering, improvement, renewal, replacement and reconstruction of the City street system.

LOC 37.04.010

The Street Maintenance Fee shall be billed and collected with and as part of the combined utility user charge billing pursuant to LOC 38.06.020 and LOC 38.06.030. In the event funds received from the City's utility billings are inadequate to satisfy in full all of the water, wastewater, surface water, and street maintenance fees, credit shall be first given in this order: street maintenance fee, surface water, wastewater, and then water.

Rates⁸ and Effective Dates (Per Resolution 10-19 and 10-20):

- a. Residential groups will be billed 100% of the following per resident fees, beginning July 1, 2013

	<u>Effective July 1, 2012</u>			<u>Effective July 1, 2013</u>	
	<u>monthly</u>	<u>bi-monthly</u>		<u>monthly</u>	<u>bi-monthly</u>
Single family.....	\$ 7.81	\$ 15.62	.....	\$ 8.01	\$ 16.02
Multi-family (per unit).....	\$ 5.58	\$ 11.16	.....	\$ 5.72	\$ 11.44

2.5%

- b. Non-Residential groups will be billed the following fees, multiplied by their square footage:

	<u>Effective July 1, 2012</u>			<u>Effective July 1, 2013</u>	
	<u>monthly</u>	<u>bi-monthly</u>		<u>monthly</u>	<u>bi-monthly</u>
Group I	\$ 4.78	\$ 9.56	.....	\$ 4.90	\$ 9.80
Group II.....	\$ 10.76	\$ 21.52	.....	\$ 11.03	\$ 22.06
Group III	\$ 40.19	\$ 80.38	.....	\$ 41.19 41.20	\$ 82.38 82.40

General "Group" classification defined as:

- Group I: less than 29 vehicle trip miles per day, per 1,000 sq ft
- Group II: from 29 to 90 vehicle trip miles per day, per 1,000 sq ft
- Group III: greater than 90 vehicle trip miles per day, per 1,000 sq ft

⁸ Indexed annually by the Engineering News Record Construction Cost Index (CCI) for 20-City Average. Per Resolution 10-20, index adjustment shall not be less than a two percent increase or more than a seven percent increase.

City of Wilsonville

independent living facilities for one or more persons including, but not limited to, permanent provisions for living, sleeping, eating, cooking and sanitation. A granny flat shall be considered as part of a single family residence.

Street or Road. A public road or right-of-way within the City, which is under the jurisdiction or control of the City. For purposes of this ordinance, county, state and federal roads are excluded.

Truck. A motor vehicle having six or more tires in contact with the pavement surface.

ARTICLE II

Billing Categories

Section 1. All developed properties within the city limits shall be assigned to one of the eight billing categories defined below. Undeveloped properties are exempt from this road maintenance fee.

Section 2. Each single family dwelling unit shall be assigned to Billing Category 1.

Section 3. Each multi-family dwelling unit shall be assigned to Billing Category 2.

Section 4. Non-residential developments shall be rated as follows. For each domestic water meter account, the developed property served by that meter will be ranked on three separate scales:

“Intensity” of vehicle trips generated per 1000 (gross) square feet of developed area, or equivalent (see Table 1). Statistical data from the ITE Manual has been used to establish levels of intensity.

“Magnitude” of development as measures by gross square feet of developed area, or equivalent.

“Trucks” per day serving the development.

Each of these rating scales contains five ascending levels, generally defined by multiples of three (see Table 2). One rating point is assigned to the lowest level on each scale; two points to the second level; four points to the next level; six points to the next level; and eight points to the highest level. A composite score is then calculated for each account by multiplying the number of points from its “intensity” ranking times the number of points from its “magnitude” ranking

times the number of points from its “truck” ranking. For example, a 20,000 square foot office building would be scored as follows:

“intensity” rank	=	2
“magnitude” rank	=	4
“truck” rank	=	2
Composite Score	=	2 x 4 x 2 = 16

Section 5. In cases where the ITE manual does not indicate average trips per 1000 (gross) square feet of developed area and/or in cases where gross square footage information significantly misrepresents the magnitude of the development, equivalent factors may be used to determine the appropriate “intensity” or “magnitude” rankings. Such equivalency factors include but are not limited to: ranking of similar developments where such information is available, average daily traffic generated by that development, or other pertinent information associated with road usage attributable to that development.

Section 6. Each domestic water meter account for non-residential developed properties shall be assigned to one of the following billing categories, based on the composite score for that account.

- Billing Category 3: composite score of less than 5
- Billing Category 4: composite score of 5 or more, but less than 15
- Billing Category 5: composite score of 15 or more, but less than 30
- Billing Category 6: composite score of 30 or more, but less than 45
- Billing Category 7: composite score of 45 or more, but less than 60
- Billing Category 8: composite score of 60 or more.

Section 7. In the event a developed property is not served by a domestic water meter, an evaluation equivalent to the procedures described in Section 2, 3, and 4 above shall be conducted to determine which of the eight billing categories is applicable.

Section 8. In the event a non-residential development involves a building served by more than one domestic water meter, the evaluation described by the procedure in Section 4

Rating System (for non-residential developments)

<u>POINTS</u>	"Intensity" (trips per 1000 sq.ft.) or equivalent	"Magnitude" (gross square footage) or equivalent	"Trucks" (per day)
1	> 0	> 0	> 0
2	≥ 11	≥ 5,000	≥ 1
4	≥ 33	≥ 15,000	≥ 10
6	≥ 100	≥ 45,000	≥ 30
8	≥ 300	≥ 135,000	≥ 90

Example: A 20,000 square foot office building would be rated as follows.

"intensity" = 2 points

"magnitude" = 4 points

"truck" = 2 points

TOTAL COMPOSITE SCORE IS: 2 x 4 x 2 = 16 points

Billing Categories

Residential

Category 1: single family

Category 2: multi-family
(including mobile homes; condominiums; etc.)

Non-Residential

Category 3: composite score of less than 5

Category 4: composite score of 5 or more, but less than 15

Category 5: composite score of 15 or more, but less than 30

Category 6: composite score of 30 or more, but less than 45

Category 7: composite score of 45 or more, but less than 60

Category 8: composite score of 60 or more

Example: A 20,000 square foot office building (composite score = 16)
would be in Billing Category 5

RESOLUTION NO. 1748

A RESOLUTION REDUCING THE ROAD MAINTENANCE FEE FOR STREET MAINTENANCE SERVICES, AND AMENDING RESOLUTION NO. 1394.

WHEREAS, Resolution No. 1394 establishes administrative procedures and fees for the City's road maintenance program; and

WHEREAS, on November 26, 2001, the Road Maintenance Task Force reconvened to review the City's performance of road maintenance over the initial 5-year history of the program, and to review the forecasted activities for the coming 5-year maintenance cycle; and

WHEREAS, the success of the initial 5-year maintenance efforts have improved the overall street system to the point where projects in the upcoming 5-year maintenance cycle have shifted away from corrective maintenance toward less expensive preventive maintenance activities; and

WHEREAS, the Road Maintenance Task Force concluded that for the upcoming 5-year period, the goals of the road maintenance program can be achieved with a 10% across-the-board reduction in the City's road maintenance fees;

NOW, THEREFORE, THE CITY OF WILSONVILLE RESOLVES AS FOLLOWS:

1. That Resolution No. 1394 be amended to reflect a 10% across-the-board reduction in road maintenance fees, with the resulting monthly rates to be as follows:

<u>Residential</u>	Category 1 (single family)	\$ 4.03
	Category 2 (multi-family)	\$ 2.62
<u>Non-Residential</u>	Category 3	\$ 10.46
	Category 4	\$ 30.66
	Category 5	\$ 64.33
	Category 6	\$113.33
	Category 7	\$166.41
	Category 8	\$285.88