

## Memorandum

**Date:** December 3, 2013

**To:** Economic Development Committee

**From:** Ben Kittelson, Economic Development/Public Affairs Intern

**Subject:** Non-Residential Street Maintenance Fee Proposals

At the November 1, 2013 Economic Development Committee meeting there was general consensus to focus on alternatives to the street maintenance fees for businesses at or near the \$510 cap. To facilitate this discussion, below are three proposals which address different aspects of this:

1. Increasing the Commercial Cap
2. Creating a new per trip tier
3. Increasing the Public Cap

To help explain the effects of the proposals and to give more background information on current rates, information on specifically affected businesses is included.

The table below is a summary of the increase in revenue that the city would see from a change in the non-residential street maintenance fee. Depending on what the Committee decides, the increase could be between **\$13,474.32** and **\$63,015.72** per year.

*Revenue Increases*

Increase in Revenue:	Per Month	Per Year
<b>Proposal 1: Increasing Commercial Cap</b>		
\$562.00 Cap	\$884.00	\$10,608.00
\$892.50 Cap	\$5,450.20	\$65,402.40
<b>Proposal 2: Adding a Tier</b>		
\$562.00 Cap	\$822.58	\$9,870.96
\$892.50 Cap	\$5,251.31	\$63,015.72
<b>Proposal 3: Raising the Public Cap</b>		
\$347.78 Cap	\$300.28	\$3,603.36
\$383.88 Cap	\$516.81	\$6,201.72
<b>Total:</b>		
Min	\$1,122.86	\$13,474.32
Max	\$5,768.12	\$63,015.72

**Current West Linn Non-Residential Street Maintenance Fee**

Currently the fee varies depending on the number of daily vehicle trips. Each business has an average daily trip level calculated based on their ITE factor and square footage. Then businesses are charged per trip and the rate increases as the number of trips passes 50, 250, and 500. However the monthly fee is capped at \$510. Currently the top 20 businesses generate **\$9,867 a month** which works out to **\$118,404 a year**.

*Street Maintenance Fees*

Current	
Number of Trips	Per Trip Rate
50 - 250	\$ 0.66
250 - 500	\$ 0.79
500 or more	\$ 0.90
High Cap:	\$ 510.00
Public Cap:	\$ 300.00
*Low Cap:	\$ 5.89

\*Minimum fee, applies to 0-49 trips

*Total Revenue Generated* (same table that was distributed at the 11/1/13 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%

Top 20 Businesses

	Business Name	Square Footage	ITE Category	Number of Trips	Monthly Rate (with Cap)	Monthly Rate (No Cap)
1	Safeway	57,774	Grocery Store	6,442.38	\$ 510.00	\$ 5,683.53
2	Albertsons	48,770	Grocery Store	5,438.34	\$ 510.00	\$ 4,779.90
3	WAL MART	40,000	Grocery Store	4,460.40	\$ 510.00	\$ 3,899.75
4	Willamette 205 Corporate Center	104,160	General Retail	4,236.19	\$ 510.00	\$ 3,697.96
5	Market of Choice Grocery Store	31,700	Grocery Store	3,534.87	\$ 510.00	\$ 3,066.77
6	McMenamins West Linn	32,907	Restaurant	2,960.01	\$ 510.00	\$ 2,549.40
7	Summerlinn Center	72,000	General Retail	2,928.24	\$ 510.00	\$ 2,520.81
8	Shell Service Station	1,344	Gas Station	1,953.36	\$ 510.00	\$ 1,643.41
9	Chevron	2,295	Gas Station	1,685.60	\$ 510.00	\$ 1,402.43
10	Astro Service Station	1,827	Gas Station	1,348.48	\$ 510.00	\$ 1,099.02
11	The Filling Station	1,260	Gas Station	1,302.24	\$ 510.00	\$ 1,057.41
12	Karlin Willamette LLC	98,722	Office	1,086.93	\$ 510.00	\$ 863.63
13	Wells Fargo	3,794	Bank	1,006.21	\$ 510.00	\$ 790.98
14	Chase Bank	3,504	Bank	929.30	\$ 510.00	\$ 721.76
15	WEST LINN INVESTORS	3,226	Bank	855.57	\$ 510.00	\$ 655.40
16	CHASE BANK	3,200	Bank	848.67	\$ 510.00	\$ 649.19
17	Key Bank of Oregon	3,085	Bank	818.17	\$ 510.00	\$ 621.74
18	La Fiesta Mexican Kitchen	7,032	Restaurant	632.53	\$ 454.67	\$ 454.67
19	U.S. Post Office	5,222	Post Office	564.45	\$ 393.39	\$ 393.39
20	Shari's Restaurant	5,726	Restaurant	515.05	\$ 348.94	\$ 348.94
<b>Total:</b>					<b>\$ 9,867.00</b>	<b>\$ 36,900.09</b>

**Proposal #1: Raising the Commercial Cap**

Based on last month’s discussion here are two possible options for increasing the commercial cap, (1) increasing it by 75% like the residential rate increased or (2) increasing it to the level that the cap would be if it had increased at 5% a year instead of 3% a year. These two caps work out to \$892.50 and \$562 a month respectively. Part of this would mean eliminating the 3% annual cap increase provision from the ordinance so the Council could review it with an annual resolution. To examine how this would affect businesses in West Linn, Figure 2B shows the effect of both increases on the top 20 businesses.

*Figure 2A: Commercial Cap Options*

Commercial Cap		
Current:	\$ 510.00	17 businesses
75% Increase:	\$ 892.50	11 businesses
5% Increase:	\$ 562.00	17 businesses

**RESULT:** The 75% 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**. The increase to a \$562 cap would keep 17 businesses paying the cap and would generate **\$884 a month** in additional revenue, which works out to **\$10,608 a year**. Either option would increase the rates for the 17 businesses currently paying the \$510 monthly cap but the 75% would separate the highest paying businesses further from other businesses.

*Figure 2B: Commercial Cap Comparison*

Business Name	Number of Trips	Monthly Rate (with \$510 Cap)	Monthly Rate (No Cap)	Monthly Rate (with 75% increase Cap)	Monthly Rate (with \$562 Cap)	Difference (with 75% Cap)	Difference (with \$562 Cap)
Safeway	6,442.38	\$ 510.00	\$ 5,683.53	\$ 892.50	\$ 562.00	\$ 382.50	\$ 52.00
Albertsons	5,438.34	\$ 510.00	\$ 4,779.90	\$ 892.50	\$ 562.00	\$ 382.50	\$ 52.00
WAL MART	4,460.40	\$ 510.00	\$ 3,899.75	\$ 892.50	\$ 562.00	\$ 382.50	\$ 52.00
Willamette Corporate Center	4,236.19	\$ 510.00	\$ 3,697.96	\$ 892.50	\$ 562.00	\$ 382.50	\$ 52.00
Market of Choice Grocery Store	3,534.87	\$ 510.00	\$ 3,066.77	\$ 892.50	\$ 562.00	\$ 382.50	\$ 52.00
McMenamins West Linn	2,960.01	\$ 510.00	\$ 2,549.40	\$ 892.50	\$ 562.00	\$ 382.50	\$ 52.00
Summerlinn Center	2,928.24	\$ 510.00	\$ 2,520.81	\$ 892.50	\$ 562.00	\$ 382.50	\$ 52.00
Shell Service Station	1,953.36	\$ 510.00	\$ 1,643.41	\$ 892.50	\$ 562.00	\$ 382.50	\$ 52.00
Chevron	1,685.60	\$ 510.00	\$ 1,402.43	\$ 892.50	\$ 562.00	\$ 382.50	\$ 52.00
Astro Service Station	1,348.48	\$ 510.00	\$ 1,099.02	\$ 892.50	\$ 562.00	\$ 382.50	\$ 52.00
The Filling Station	1,302.24	\$ 510.00	\$ 1,057.41	\$ 892.50	\$ 562.00	\$ 382.50	\$ 52.00
Karlin Willamette LLC	1,086.93	\$ 510.00	\$ 863.63	\$ 863.63	\$ 562.00	\$ 353.63	\$ 52.00
Wells Fargo	1,006.21	\$ 510.00	\$ 790.98	\$ 790.98	\$ 562.00	\$ 280.98	\$ 52.00
Chase Bank	929.30	\$ 510.00	\$ 721.76	\$ 721.76	\$ 562.00	\$ 211.76	\$ 52.00
WEST LINN INVESTORS	855.57	\$ 510.00	\$ 655.40	\$ 655.40	\$ 562.00	\$ 145.40	\$ 52.00
CHASE BANK	848.67	\$ 510.00	\$ 649.19	\$ 649.19	\$ 562.00	\$ 139.19	\$ 52.00
Key Bank of Oregon	818.17	\$ 510.00	\$ 621.74	\$ 621.74	\$ 562.00	\$ 111.74	\$ 52.00
La Fiesta Mexican Kitchen	632.53	\$ 454.67	\$ 454.67	\$ 454.67	\$ 454.67	\$ -	\$ -
U.S. Post Office	564.45	\$ 393.39	\$ 393.39	\$ 393.39	\$ 393.39	\$ -	\$ -
Shari's Restaurant	515.05	\$ 348.94	\$ 348.94	\$ 348.94	\$ 348.94	\$ -	\$ -
<b>Total:</b>						<b>\$ 5,450.20</b>	<b>\$ 884.00</b>

**Proposal #2: Adding a Tier**

Another way of both increasing fees for the top businesses and to separate the rates for other businesses would be to add another tier in the fee structure. Since businesses are charged by trip this means adding another category of trips. The tier proposal results in a new category of trips between 500-1000 which are charged \$0.86 a trip and then trips over 1000 would be charged \$0.96 per trip. For the majority of businesses (196) this would result in no change to their rates. 14 businesses in the middle of the pack would see a decrease in rates and the top 17 businesses would see an increase.

**RESULT:** The tier proposal would result in a net increase of **\$5,251.31 per month** which adds up to **\$63,015.72 a year**. Including the increase in the Public Cap and the total increase in yearly revenue would be: \$69,217.44.

*Figure 3A: Tier Proposal*

<b>Tier Proposal</b>		
<u>Number of Trips</u>	<u>Per Trip Rate</u>	<u>Change in Monthly Rate</u>
50 - 250	\$ 0.66	196 see no change
250 - 500	\$ 0.76	11 see decrease
500 - 1000	\$ 0.86	4 see increase, 3 see decrease
1000 or more	\$ 0.96	13 see increase
High Cap:	\$ 892.50	17 see increase
Public Cap:	\$ 382.88	7 see increase
Low Cap:	\$ 5.89	no change

Below are comparisons for the top 20 businesses and the 11 businesses with 250 to 500 daily trips that will see a decrease in monthly rates. The decrease is not much but it does create separation between these businesses and the biggest spenders. This separation would help to relieve the “Round Table” issue where they were paying close to the cap and the biggest businesses.

Figure 3B: Tier Proposal Comparison Top 20 Businesses

	Business Name	Number of Trips	Monthly Rate (with Cap)	Monthly Rate (No Cap)	Monthly Rate of Tier Proposal (with Cap)	Monthly Rate of Tier Proposal (No Cap)	Difference (with Caps)
1	Safeway	6,442.38	\$ 510.00	\$ 5,683.53	\$ 892.50	\$ 5,982.58	\$ 382.50
2	Albertsons	5,438.34	\$ 510.00	\$ 4,779.90	\$ 892.50	\$ 5,018.70	\$ 382.50
3	WAL MART	4,460.40	\$ 510.00	\$ 3,899.75	\$ 892.50	\$ 4,079.87	\$ 382.50
4	Willamette 205 Corporate Center	4,236.19	\$ 510.00	\$ 3,697.96	\$ 892.50	\$ 3,864.63	\$ 382.50
5	Market of Choice Grocery Store	3,534.87	\$ 510.00	\$ 3,066.77	\$ 892.50	\$ 3,191.37	\$ 382.50
6	McMenamins West Linn	2,960.01	\$ 510.00	\$ 2,549.40	\$ 892.50	\$ 2,639.50	\$ 382.50
7	Summerlinn Center	2,928.24	\$ 510.00	\$ 2,520.81	\$ 892.50	\$ 2,609.00	\$ 382.50
8	Shell Service Station	1,953.36	\$ 510.00	\$ 1,643.41	\$ 892.50	\$ 1,673.12	\$ 382.50
9	Chevron	1,685.60	\$ 510.00	\$ 1,402.43	\$ 892.50	\$ 1,416.07	\$ 382.50
10	Astro Service Station	1,348.48	\$ 510.00	\$ 1,099.02	\$ 892.50	\$ 1,092.43	\$ 382.50
11	The Filling Station	1,302.24	\$ 510.00	\$ 1,057.41	\$ 892.50	\$ 1,048.04	\$ 382.50
12	Karlin Willamette LLC	1,086.93	\$ 510.00	\$ 863.63	\$ 841.34	\$ 841.34	\$ 331.34
13	Wells Fargo	1,006.21	\$ 510.00	\$ 790.98	\$ 763.85	\$ 763.85	\$ 253.85
14	Chase Bank	929.30	\$ 510.00	\$ 721.76	\$ 697.09	\$ 697.09	\$ 187.09
15	WEST LINN INVESTORS	855.57	\$ 510.00	\$ 655.40	\$ 633.68	\$ 633.68	\$ 123.68
16	CHASE BANK	848.67	\$ 510.00	\$ 649.19	\$ 627.75	\$ 627.75	\$ 117.75
17	Key Bank of Oregon	818.17	\$ 510.00	\$ 621.74	\$ 601.52	\$ 601.52	\$ 91.52
18	La Fiesta Mexican Kitchen	632.53	\$ 454.67	\$ 454.67	\$ 441.87	\$ 441.87	\$ (12.80)
19	U.S. Post Office	564.45	\$ 393.39	\$ 393.39	\$ 383.32	\$ 383.32	\$ (10.07)
20	Shari's Restaurant	515.05	\$ 348.94	\$ 348.94	\$ 340.83	\$ 340.83	\$ (8.11)
	<b>Total:</b>		<b>\$ 9,867.00</b>	<b>\$ 36,900.09</b>	<b>\$ 15,148.75</b>	<b>\$ 37,946.54</b>	<b>\$ 5,281.75</b>

Figure 3C: The 11 Businesses with 250-500 trips

Business Name	Square Footage	ITE Category	Number of Trips	Monthly Rate	Tier Proposal	Difference
Lil' Cooperstown	4,896	Restaurant	440.40	\$ 288.31	\$ 282.59	\$ (5.71)
Burgerville	4,746	Restaurant	426.90	\$ 277.64	\$ 272.33	\$ (5.31)
McDonalds	4,430	Restaurant	398.48	\$ 255.19	\$ 250.73	\$ (4.45)
Les Schwab Tire Center	8,719	General Retail	354.60	\$ 220.52	\$ 217.39	\$ (3.14)
Round Table Pizza	3,794	Restaurant	341.27	\$ 209.99	\$ 207.26	\$ (2.74)
West Care Center	72,500	Nursing Home	325.00	\$ 197.14	\$ 194.89	\$ (2.25)
Tanner Spring Assisted Living	68,446	Nursing Home	325.00	\$ 197.14	\$ 194.89	\$ (2.25)
Bank of America	1,220	Bank	323.56	\$ 196.00	\$ 193.80	\$ (2.21)
West Linn Paper Mill	200,000	Mill	300.00	\$ 177.39	\$ 175.89	\$ (1.50)
7-11 Store	2,400	Grocery Store	267.62	\$ 151.81	\$ 151.28	\$ (0.53)
Fit For Life Exercise Center	6,100	Shopping Center	261.93	\$ 147.31	\$ 146.96	\$ (0.36)
	<b>Total:</b>			<b>\$ 2,318.45</b>	<b>\$ 2,288.01</b>	<b>\$ (30.44)</b>

**Proposal #3: Raising Public Cap**

One of the issues not brought up last time was the Public Cap. For all public buildings there is a cap of \$300 per month and this cap has not increased at all since 2008. Currently the buildings at the cap are schools and school district buildings, because of the high traffic volume and square footage associated with schools. Below is where the cap would be if it had increased since 2008, at 3% like the commercial cap did and at 5% like the other rates did. Currently the Public Cap generates **\$2,100 a month**, which is **\$25,200 a year**.

*Figure 1A: Public Cap Proposal*

Public Cap		
Start	Increase	Current
\$ 300.00	0%	\$ 300.00
\$ 300.00	3%	\$ 347.78
\$ 300.00	5%	\$ 382.88

**RESULT:** Increasing the cap to what it would be had it increased at 3% a year would generate **\$300.28 a month** and **\$3,603.36 a year**. Taking it to the level where it would have been with a 5% a year increase would generate an additional **\$516.81 a month** and **\$6,201.72 a year**.

*Figure 1B: Public Cap Comparison*

School Name	Square Footage	Number of Trips	Current Monthly Rate (with Cap)	Current Monthly Rate (No Cap)	Monthly Rate with 3% Cap	Monthly Rate with 5% Cap	Difference (with 3% Cap)	Difference (with 5% Cap)	
West Linn High School Campus	237,980	3,157.99	\$ 300.00	\$ 2,727.58	\$ 347.78	\$ 382.88	\$ 47.78	\$ 82.88	
West Linn-Wilsonville Sch. Dist.	222,000	2,670.66	\$ 300.00	\$ 2,288.98	\$ 347.78	\$ 382.88	\$ 47.78	\$ 82.88	
Rosemont Ridge Middle School	100,000	1,203.00	\$ 300.00	\$ 968.09	\$ 347.78	\$ 382.88	\$ 47.78	\$ 82.88	
Willamette Primary School	78,906	949.24	\$ 300.00	\$ 739.71	\$ 347.78	\$ 382.88	\$ 47.78	\$ 82.88	
Sunset Primary School	54,000	649.62	\$ 300.00	\$ 470.05	\$ 347.78	\$ 382.88	\$ 47.78	\$ 82.88	
CedarOak Park Primary School	45,855	551.64	\$ 300.00	\$ 381.87	\$ 347.78	\$ 381.87	\$ 47.78	\$ 81.87	
Bolton Elementary School	40,000	481.20	\$ 300.00	\$ 320.54	\$ 320.54	\$ 320.54	\$ 13.60	\$ 20.54	
*New elementary school will add at least \$300 a month.							<b>Total:</b>	<b>\$ 300.28</b>	<b>\$ 516.81</b>