



# CITY OF TROUTDALE

"Gateway to the Columbia River Gorge"

## AGENDA

### CITY COUNCIL – WORK SESSION

Troutdale City Hall - Council Chambers  
219 E. Historic Columbia River Hwy. (Lower Level, Rear Entrance)  
Troutdale, OR 97060-2078

Tuesday, March 18, 2014

Immediately following the Urban Renewal Agency Meeting, which starts at 6:30pm

Mayor

Doug Daoust

City Council

Norm Thomas

Glenn White

David Ripma

Rich Allen

Eric Anderson

John L. Wilson

City Manager

Craig Ward

City Attorney

David J. Ross

**1. ROLL CALL**

**2. DISCUSSION:** Storm Water Financial Report.

Amy Pepper, Civil Engineer

**3. DISCUSSION:** Fuel tax discussion and direction for staff.

Steve Gaschler, Public Works Director

**4. DISCUSSION:** A draft resolution approving a plan framework and timeline for development of a replacement City Hall solution.

Erich Mueller, Finance Director

**5. ADJOURN**

  
\_\_\_\_\_  
Doug Daoust, Mayor

Dated: 3/12/14

Further information and copies of agenda packets are available at: Troutdale City Hall, 219 E. Historic Columbia River Hwy., Monday through Friday, 8:00 a.m. - 5:00 p.m.; on our Web Page [www.troutdaleoregon.gov](http://www.troutdaleoregon.gov) or call Debbie Stickney, City Recorder at 503-674-7237.

The meeting location is wheelchair accessible. A request for an interpreter for the hearing impaired or for other accommodations for persons with disabilities should be made at least 48 hours before the meeting to: Debbie Stickney, City Recorder 503-674-7237.

City Hall: 219 E. Hist. Columbia River Hwy., Troutdale, Oregon 97060-2078

(503) 665-5175 • Fax (503) 667-6403 • TTD/TEX Telephone Only (503) 666-7470



# CITY OF TROUTDALE



## STAFF REPORT

**SUBJECT / ISSUE:** A discussion about the storm sewer economic and financial analysis.

**MEETING TYPE:**  
City Council Work Session

**MEETING DATE:** March 18, 2014

**STAFF MEMBER:** Amy Pepper  
**DEPARTMENT:** Public Works

**ACTION REQUIRED**  
Information/Discussion

**ADVISORY COMMITTEE/COMMISSION RECOMMENDATION:**  
Not Applicable

**PUBLIC HEARING**  
No

**Comments:**

**STAFF RECOMMENDATION:** For discussion purposes only. No staff recommendation.

**EXHIBITS:**

A. Storm Sewer Rate and SDC Study PowerPoint by FCS Group

**Subject / Issue Relates To:**

- Council Goals  
*Maintain stability in Public Works funds*
- Legislative
- Other (describe)

**Issue / Council Decision & Discussion Points:**

- ◆ Does the Council accept the validity of the storm sewer economic and financial analysis provided by FCS Group? Conversely, does the Council have concerns with the analysis or desire any additional analysis be performed?
- ◆ Discussion and guidance needed related to the existing rate cap. Does Council want to retain the existing rate cap or see it removed?

Reviewed and Approved by City Manager:

**BACKGROUND:**

The City has fully separated sanitary and storm sewer systems. The City collects and conveys stormwater (rain runoff) in a network of approximately 37 miles of storm sewer mains (as well as culverts, ditches, and streams) to infiltration devices (such as drywells), to Beaver Creek, to the Sandy River or to the Columbia River via the Sandy Drainage Improvement Company's pumping station.

The City's storm sewer system is divided into two separate watersheds that have been holistically analyzed for long range capital planning in two separate master plans: North Troutdale Storm Water Master Plan (2007) and South Troutdale Storm Water Master Plan (2012). While the plans generated a list of recommended capital improvement projects (CIP), at the time these plans were developed, funding strategies were not specifically analyzed within the plans. The recommended projects from each of these plans are paid for from the same funds.

Funding for operation and maintenance of the City's storm sewer system is provided by an enterprise fund (the "Storm Sewer Utility") of the Troutdale municipal budget with the primary source of revenue being storm sewer user fees. Funding for the capacity-enhancing storm sewer improvements is primarily provided by another fund of the Troutdale municipal budget (the "Storm Sewer Improvement Fund"), with the primary source of revenue being system development charges on new development. In some cases, improvements are also funded wholly or partially by the Storm Sewer Fund. Extensions of the system associated with new development are often directly funded and executed by respective developers.

The City hired FCS Group to perform the needed integrated analysis for the storm sewer system taking into consideration the estimated costs and timing of the adopted CIP, the City's existing available improvement and operation and maintenance funds, projected development and user-base assessable, interest earning/losses and time-value of money; and to forecast required incremental increases or decreases in the Storm Sewer system user fees and Storm Sewer System Development Charge rate to fully fund the Storm Sewer operations and the CIP while maintaining fund stability. That analysis is now complete. The City now has a rate model that can be updated annually to project the rate adjustments needed to fund the storm sewer operation and maintenance activities and projects.

Ordinance 606 established a Storm Sewer Utility Fee in April 1994. Rates were later established by Resolution 1115 August 9, 1994 after extensive public meetings and discussion. A fee of \$0.00111 per square foot of impervious surface was set with a cap of \$20.00 per month. All residential users were deemed to have 2,700 square feet of impervious surface and the fee was established at \$3.00 per month for residential users. The storm sewer utility fee has increased five times in the 20 years since its establishment, most recently set by Resolution 2216 on June

25, 2013 to \$0.00152 per square foot of impervious surface, capped at a maximum of \$25.27 per month. The current monthly fee for residential users is \$4.10.

Since the late 1990's, storm sewer regulations have become increasingly stringent. The City was issued its first Phase II National Pollutant Discharge Elimination Systems (NPDES) permit in May 2007. The Phase II NPDES permit requires the City to implement a program that includes the following six minimum control measures: public education and outreach, public involvement/participation, illicit discharge detection and elimination, construction site stormwater runoff control, post-construction stormwater management, and pollution prevention in municipal operations. Components of the program are implemented by various divisions within the Public Works Department and through partnerships with other agencies, with a majority of the maintenance-related activities being performed by the Wastewater Division.

In preparation for the financial analysis, staff performed an internal audit of the program to assure that materials, services and personnel costs for maintenance activities were adequately accounted for in the budget. The audit found that with the current reimbursement-based structure of the storm sewer utility budget, the wastewater utility was being reimbursed by the storm sewer utility for less than 0.5 FTE of expenses when approximately 2.2 FTE were actually performing maintenance activities associated with storm sewer system. This has been corrected with a restructuring of the storm sewer utility fund in the proposed 2014-15 budget that will be presented to the Budget Committee and Council in the coming months and has been accounted for in the financial analysis performed by the FCS Group.

The FCS Group evaluated four different rate scenarios that are provided in more detail in the PowerPoint presentation provided in Exhibit A. All scenarios recommend an increase in the storm sewer utility rate to generate sufficient revenues to sustain the utility. The recommended scenario, phase out of the rate cap and phase in of asset replacement, would increase the fee to \$0.00257 per square foot of impervious surface or \$6.94 for the residential user in 2014-15.

In addition to the evaluation of the storm sewer utility, FCS Group evaluated the impact of the implementation of the recently updated storm sewer Capital Improvement Plan (CIP) on the storm sewer improvement fund. The analysis projects a decrease in the storm sewer system development charge with the implementation of all projects in the CIP, from the current rate of \$920 for a single-family residence to \$620 for a single-family residence.

#### **PROS & CONS:**

##### Pros:

- Provides a financial framework and plan to allow the City to maintain stability in the storm sewer utility fund.
- Directly and more transparently funds storm sewer services and projects in the storm utility fund rather than relying heavily on transfers with the sanitary sewer fund
- Decreases storm sewer system development charges.

Cons

- Increases storm sewer utility fees.

**Current Year Budget Impacts**  Yes (*describe*)  N/A

No budget impacts for 2013-2014.

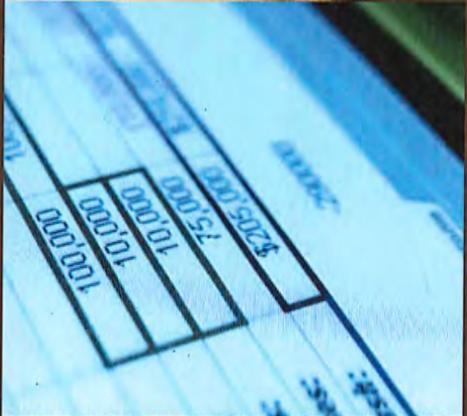
**Future Fiscal Impacts:**  Yes (*describe*)  N/A

Based on recommended rate scenario, rate increase of \$2.84 per month for the residential customer if a resolution is adopted by July 1, 2014.

**City Attorney Approved** N/A  Yes

**Community Involvement Process:**  Yes (*describe*)  N/A

A change to storm sewer rates will require action by the City Council at a regular meeting, open to the public. No additional public involvement has been conducted on this matter.



# Storm Sewer Rate and SDC Study

City Council Work Session

Presented by

**John Ghilarducci**

**Amy Pepper**



4380 SW Macadam Avenue, Suite 220, Portland, OR 97239 ■ 503-841-6543

**City of Troutdale,  
Oregon**

**March 18, 2014**

# Presentation Outline

1. Stormwater program
  - System characteristics
  - Services provided
  - Sample projects
2. Rate study
  - Background
  - Key assumptions
  - Key findings
  - Rate Scenarios
  - Comparable rates
3. SDC study
  - Background
  - SDC calculation summary
  - Comparable SDCs



# Stormwater Program

- **Governing regulations**
  - **Clean Water Act**
    - Regulates discharges to streams/rivers
    - NPDES Permit issued to City in 2007
  - **Sandy River Total Maximum Daily Load (TMDL)**
    - Beaver Creek water quality limited for bacteria
  - **Safe Drinking Water Act**
    - Regulates discharges to drywells
    - Applied for WPCF permit in 2010

# Stormwater Program

- Program Components
  - Public education and outreach
    - Brochures, Champion Articles, workshops
  - Public involvement/participation
    - Website, Spring Cleanup event
  - Illicit discharge detection and elimination
    - Mapping, outfall inspection
  - Construction site stormwater runoff control
    - Erosion control
  - Post-construction stormwater management
    - Master Planning, Treatment standards
  - Pollution prevention in municipal operations
    - Catch basin cleaning, street sweeping, drywell cleaning

# Stormwater Facility Rehabilitation

- Vegetated facilities routinely maintained annually (vegetation/trash removal)
- Periodically (every 5-10 years), facilities need more extensive maintenance



**Strawberry Meadows  
Detention Facility,  
Rehab in June 2013**

# North Evans Outfall Rehabilitation

- Construction expected in 2014 to repair existing outfall
  - Located along slopes of Beaver Creek
  - Base has partially eroded away
  - Outfall has shifted



# Rate Background

## What should rates do?

- Generate sufficient revenues to sustain the utility.
- Charge for services provided.
- Recover costs equitably.
- Achieve City objectives.
  - Permit compliance
  - Flood Management
  - Environmental Protection

# Rate Background

## Current Rate Structure

- Equivalent residential unit (ERU) = 2,700 square feet of impervious surface area
- \$4.10 per month per ERU
- Cap of \$25.27 per month
- Customers do not pay for more than 0.38 acres (6.2 ERUs), regardless of actual impervious surface area

# Key Assumptions

- Annual cost escalation
  - 3.0% for salaries and wages
  - 10.0% for benefits
  - 3.0% for materials and services
  - 4.0% for capital outlay
- Customer growth of 0.25% per year
- Operating fund maintains 30-45 days of expenditures

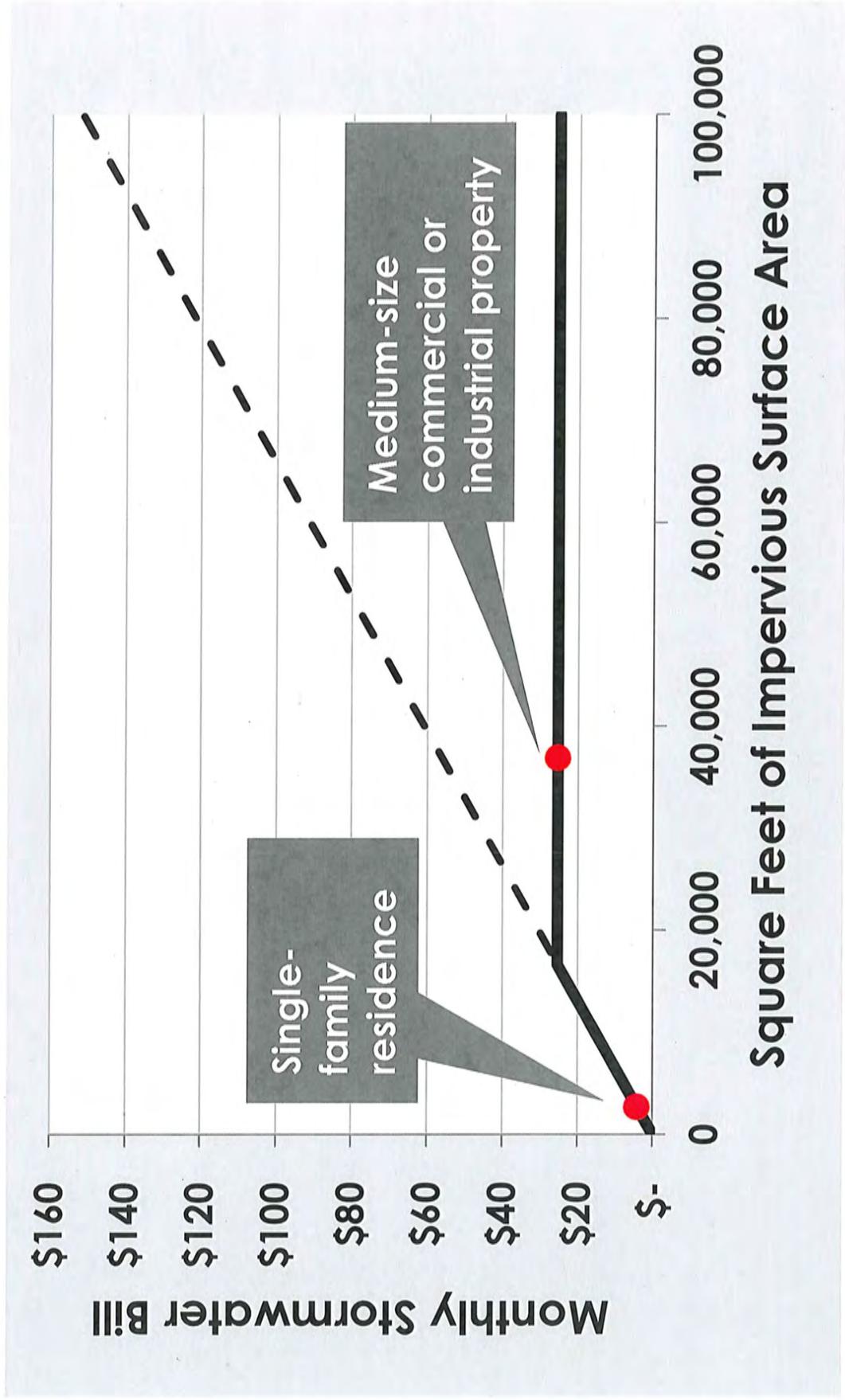
# Forecast at Current Rates



## Key Findings

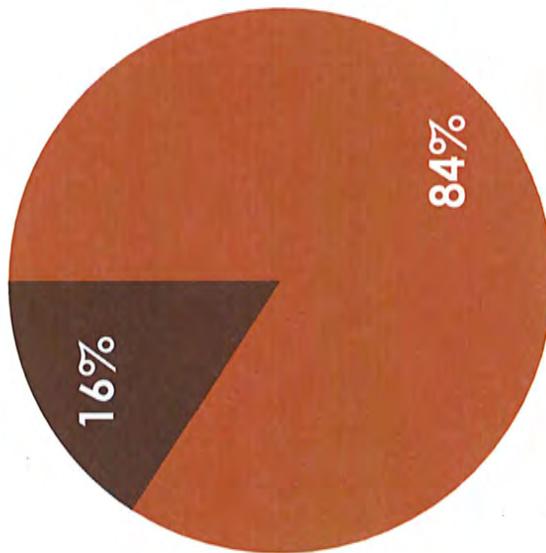
- Capital fund balance is adequate for near-term projects.
  - \$2 million in Storm Sewer Improvement Fund
- Change in budgeting practices will impact operating expenditures.
  - \$364,475 in fiscal year 2013-14
  - \$547,373 in fiscal year 2014-15
  - Reduces expenditures in wastewater utility
- Rate cap inequitable to residential customers and small business.

# Impact of Rate Cap



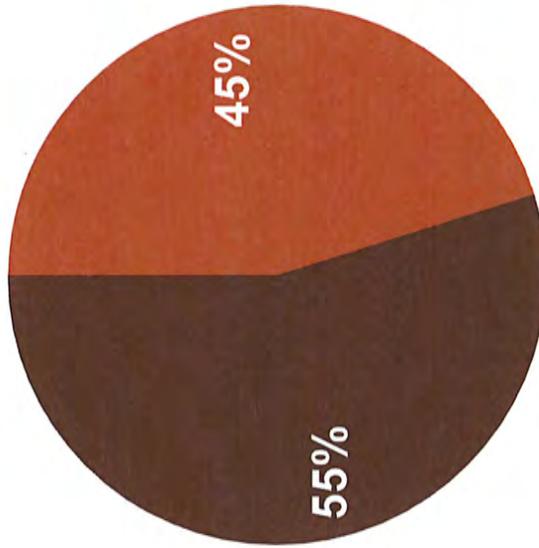
# Impact of Rate Cap

## Revenue Profile with Cap



■ SFR ■ All Other

## Revenue Profile No Cap Proportion of Impervious Surface Area



■ SFR ■ All Other

# Rate Scenarios

1. Baseline
  - Full funding of depreciation for asset replacement
  - Rate cap escalates proportionally with rates.
2. Phased-In Reinvestment
  - Four-year phase-in of system reinvestment
  - Rate cap escalates proportionally with rates.
3. Phased-Out Rate Cap
  - Raise cap for three years.
  - Remove cap in fourth year.
4. Double Phasing
  - Phase in system reinvestment
  - Phase out cap

# Rate Scenarios

## Baseline

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
<b>Revenues</b>										
Rate Revenues Under Existing Rates	\$ 250,000	\$ 250,625	\$ 251,252	\$ 251,880	\$ 252,509	\$ 253,141	\$ 253,774	\$ 254,408	\$ 255,044	\$ 255,682
Non-Rate Revenues	5,177	5,180	5,385	5,438	5,608	5,633	5,988	6,566	6,601	6,620
<b>Total Revenues</b>	<b>\$ 255,177</b>	<b>\$ 255,805</b>	<b>\$ 256,636</b>	<b>\$ 257,317</b>	<b>\$ 258,117</b>	<b>\$ 258,774</b>	<b>\$ 259,761</b>	<b>\$ 260,974</b>	<b>\$ 261,645</b>	<b>\$ 262,301</b>
<b>Expenses</b>										
Cash Operating Expenses	\$ 459,748	\$ 479,003	\$ 499,346	\$ 520,858	\$ 543,628	\$ 567,753	\$ 593,294	\$ 619,556	\$ 647,395	\$ 676,989
New Debt Service	-	-	-	-	-	-	38,093	38,093	38,093	38,093
Rate-Funded System Reinvestment	242,258	244,421	260,539	260,539	274,525	287,951	316,683	319,806	323,789	326,499
<b>Total Expenses</b>	<b>\$ 702,006</b>	<b>\$ 723,425</b>	<b>\$ 759,884</b>	<b>\$ 781,396</b>	<b>\$ 818,153</b>	<b>\$ 855,704</b>	<b>\$ 948,069</b>	<b>\$ 977,454</b>	<b>\$ 1,009,276</b>	<b>\$ 1,041,580</b>
<b>Annual Rate Adjustment</b>	<b>179.00%</b>	<b>4.90%</b>	<b>4.90%</b>	<b>4.90%</b>	<b>4.90%</b>	<b>4.90%</b>	<b>4.80%</b>	<b>3.00%</b>	<b>2.90%</b>	<b>2.90%</b>
Cumulative Rate Adjustment	179.00%	192.67%	207.01%	222.06%	237.84%	254.39%	271.40%	282.54%	293.64%	305.05%
Rate Revenues After Rate Increase	\$ 697,500	\$ 733,507	\$ 771,372	\$ 811,192	\$ 853,068	\$ 897,106	\$ 942,517	\$ 973,220	\$ 1,003,947	\$ 1,035,644
Net Cash Flow After Rate Increase	671	15,262	16,873	35,234	40,523	47,035	436	2,331	1,271	683
Monthly Rates per ERU	\$ 11.44	\$ 12.00	\$ 12.59	\$ 13.20	\$ 13.85	\$ 14.53	\$ 15.23	\$ 15.68	\$ 16.14	\$ 16.61

# Rate Scenarios

## Phased-In Reinvestment

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
<b>Revenues</b>										
Rate Revenues Under Existing Rates	\$ 250,000	\$ 250,625	\$ 251,252	\$ 251,880	\$ 252,509	\$ 253,141	\$ 253,774	\$ 254,408	\$ 255,044	\$ 255,682
Non-Rate Revenues	5,177	5,186	5,286	5,285	5,385	5,633	5,988	7,160	7,193	7,215
<b>Total Revenues</b>	<b>\$ 255,177</b>	<b>\$ 255,811</b>	<b>\$ 256,537</b>	<b>\$ 257,165</b>	<b>\$ 257,895</b>	<b>\$ 258,774</b>	<b>\$ 259,761</b>	<b>\$ 261,568</b>	<b>\$ 262,237</b>	<b>\$ 262,896</b>
<b>Expenses</b>										
Cash Operating Expenses	\$ 450,248	\$ 471,811	\$ 495,034	\$ 519,036	\$ 542,955	\$ 568,350	\$ 595,379	\$ 621,610	\$ 649,463	\$ 679,070
New Debt Service	-	-	-	-	-	-	77,821	77,821	77,821	77,821
Rate-Funded System Reinvestment	60,565	122,211	195,404	260,539	274,525	287,951	316,683	319,806	323,789	326,499
<b>Total Expenses</b>	<b>\$ 510,813</b>	<b>\$ 594,022</b>	<b>\$ 690,438</b>	<b>\$ 779,574</b>	<b>\$ 817,479</b>	<b>\$ 856,300</b>	<b>\$ 989,882</b>	<b>\$ 1,019,237</b>	<b>\$ 1,051,073</b>	<b>\$ 1,083,390</b>
<b>Annual Rate Adjustment</b>	<b>103.00%</b>	<b>15.90%</b>	<b>15.90%</b>	<b>12.80%</b>	<b>8.10%</b>	<b>8.00%</b>	<b>8.00%</b>	<b>2.80%</b>	<b>2.80%</b>	<b>2.80%</b>
Cumulative Rate Adjustment	103.00%	135.28%	172.69%	207.59%	232.50%	259.11%	287.83%	298.69%	309.86%	321.33%
Rate Revenues After Rate Increase	\$ 507,500	\$ 589,663	\$ 685,128	\$ 774,756	\$ 839,605	\$ 909,041	\$ 984,218	\$ 1,014,306	\$ 1,045,313	\$ 1,077,269
Net Cash Flow After Rate Increase	1,864	827	(24)	467	27,511	58,374	324	2,229	1,433	1,093
Monthly Rates per ERU	\$ 8.32	\$ 9.65	\$ 11.18	\$ 12.61	\$ 13.63	\$ 14.72	\$ 15.90	\$ 16.35	\$ 16.80	\$ 17.27

# Rate Scenarios

## Phased-Out Rate Cap

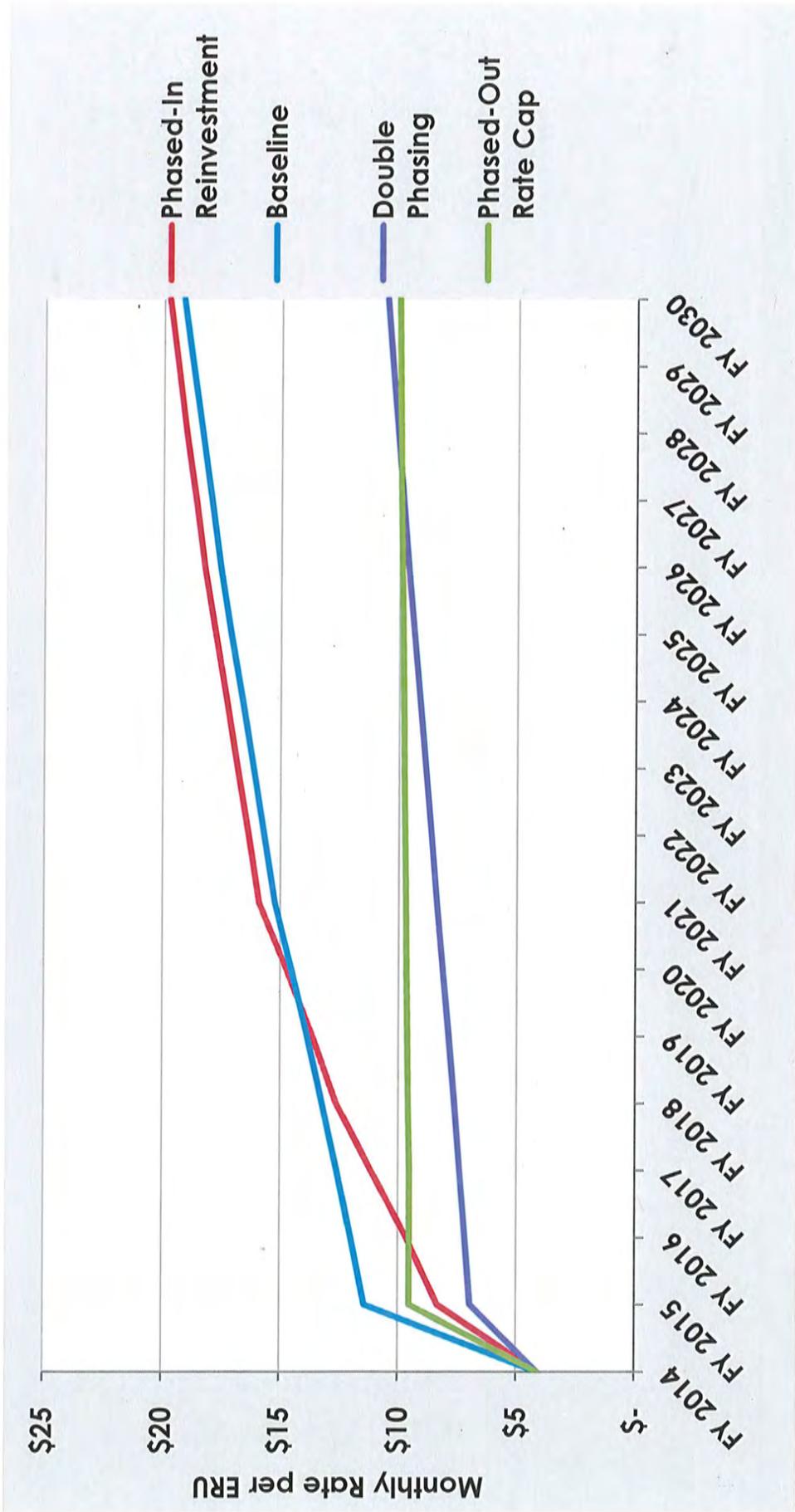
	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
<b>Revenues</b>										
Rate Revenues Under Existing Rates	\$ 300,101	\$ 344,905	\$ 394,801	\$ 469,060	\$ 470,232	\$ 471,408	\$ 472,587	\$ 473,768	\$ 474,952	\$ 476,140
Non-Rate Revenues	5,177	5,181	5,424	5,444	5,621	5,647	6,008	6,054	6,100	6,148
<b>Total Revenues</b>	<b>\$ 305,278</b>	<b>\$ 350,085</b>	<b>\$ 400,225</b>	<b>\$ 474,504</b>	<b>\$ 475,854</b>	<b>\$ 477,055</b>	<b>\$ 478,594</b>	<b>\$ 479,822</b>	<b>\$ 481,052</b>	<b>\$ 482,288</b>
<b>Expenses</b>										
Cash Operating Expenses	\$ 459,753	\$ 482,416	\$ 506,665	\$ 535,089	\$ 556,177	\$ 578,459	\$ 602,092	\$ 627,182	\$ 653,852	\$ 682,230
Rate-Funded System Reinvestment	242,258	244,421	260,539	260,539	274,525	287,951	316,683	319,806	323,789	326,499
Additions Required for Fund Balance	774	-	-	-	-	-	-	-	-	-
<b>Total Expenses</b>	<b>\$ 702,786</b>	<b>\$ 726,837</b>	<b>\$ 767,203</b>	<b>\$ 795,628</b>	<b>\$ 830,702</b>	<b>\$ 866,410</b>	<b>\$ 918,774</b>	<b>\$ 946,988</b>	<b>\$ 977,641</b>	<b>\$ 1,008,728</b>
<b>Annual Rate Adjustment</b>	<b>132.46%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.50%</b>	<b>0.50%</b>	<b>0.40%</b>	<b>0.40%</b>	<b>0.40%</b>	<b>0.40%</b>	<b>0.40%</b>
Cumulative Rate Adjustment	132.46%	132.46%	132.46%	133.62%	134.79%	135.73%	136.67%	137.62%	138.57%	139.52%
Rate Revenues After Rate Increase	\$ 697,609	\$ 801,759	\$ 917,746	\$ 1,095,819	\$ 1,104,052	\$ 1,111,239	\$ 1,118,473	\$ 1,125,754	\$ 1,133,083	\$ 1,140,459
Net Cash Flow After Rate Increase	774	80,102	155,967	305,636	278,971	250,475	205,707	184,820	161,542	137,879
Monthly Rates per ERU	\$ 9.53	\$ 9.53	\$ 9.53	\$ 9.58	\$ 9.63	\$ 9.66	\$ 9.70	\$ 9.74	\$ 9.78	\$ 9.82
Cap on Monthly Bill	\$ 175.00	\$ 350.00	\$ 700.00	No cap						

# Rate Scenarios

## Double Phasing

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
<b>Revenues</b>										
Rate Revenues Under Existing Rates	\$ 298,956	\$ 341,526	\$ 389,185	\$ 469,060	\$ 470,232	\$ 471,408	\$ 472,587	\$ 473,768	\$ 474,952	\$ 476,140
Non-Rate Revenues	5,177	5,178	5,321	5,437	5,621	5,647	6,008	6,920	6,957	6,975
<b>Total Revenues</b>	<b>\$ 304,133</b>	<b>\$ 346,705</b>	<b>\$ 394,506</b>	<b>\$ 474,497</b>	<b>\$ 475,854</b>	<b>\$ 477,055</b>	<b>\$ 478,594</b>	<b>\$ 480,688</b>	<b>\$ 481,910</b>	<b>\$ 483,114</b>
<b>Expenses</b>										
Cash Operating Expenses	\$ 450,165	\$ 472,146	\$ 495,843	\$ 523,913	\$ 546,098	\$ 569,581	\$ 594,466	\$ 620,718	\$ 648,543	\$ 678,123
New Debt Service	-	-	-	-	-	-	60,388	60,388	60,388	60,388
Rate-Funded System Reinvestment	60,565	122,211	195,404	260,539	274,525	287,951	316,683	319,806	323,789	326,499
<b>Total Expenses</b>	<b>\$ 510,729</b>	<b>\$ 594,356</b>	<b>\$ 691,247</b>	<b>\$ 784,452</b>	<b>\$ 820,623</b>	<b>\$ 857,532</b>	<b>\$ 971,536</b>	<b>\$ 1,000,911</b>	<b>\$ 1,032,720</b>	<b>\$ 1,065,009</b>
<b>Annual Rate Adjustment</b>	<b>69.20%</b>	<b>3.20%</b>	<b>3.20%</b>	<b>3.20%</b>	<b>3.20%</b>	<b>3.20%</b>	<b>3.20%</b>	<b>2.90%</b>	<b>2.80%</b>	<b>2.80%</b>
Cumulative Rate Adjustment	69.20%	74.61%	80.20%	85.97%	91.92%	98.06%	104.40%	110.33%	116.22%	122.27%
Rate Revenues After Rate Increase	\$ 505,834	\$ 596,354	\$ 701,320	\$ 872,304	\$ 902,468	\$ 933,675	\$ 965,962	\$ 996,460	\$ 1,026,921	\$ 1,058,314
Net Cash Flow After Rate Increase	282	7,176	15,394	93,289	87,466	81,790	434	2,469	1,158	280
Monthly Rates per ERU	\$ 6.94	\$ 7.16	\$ 7.39	\$ 7.62	\$ 7.87	\$ 8.12	\$ 8.38	\$ 8.62	\$ 8.86	\$ 9.11
Cap on Monthly Bill	\$ 125.00	\$ 250.00	\$ 500.00	No cap	No cap	No cap				

# Rate Scenarios



# Rate Scenarios

## Sample Non-Residential Bills

	School	Small Business	Medium Business	Large Business
Square feet of impervious surface	136,600	15,678	36,940	1,945,364
Current monthly stormwater fee	\$ 25.27	\$ 23.83	\$ 25.27	\$ 25.27
Monthly stormwater fee in FY 2014-15				
Baseline	\$ 70.50	\$ 66.49	\$ 70.50	\$ 70.50
Phased-In Reinvestment	\$ 51.30	\$ 48.38	\$ 51.30	\$ 51.30
Phased-Out Rate Cap	\$ 175.00	\$ 55.40	\$ 130.52	\$ 175.00
Double Phasing	\$ 125.00	\$ 40.32	\$ 95.00	\$ 125.00
Monthly stormwater fee in FY 2017-18				
Baseline	\$ 81.38	\$ 76.75	\$ 81.38	\$ 81.38
Phased-In Reinvestment	\$ 77.73	\$ 73.30	\$ 77.73	\$ 77.73
Phased-Out Rate Cap	\$ 485.07	\$ 55.67	\$ 131.18	\$ 6,908.05
Double Phasing	\$ 386.13	\$ 44.32	\$ 104.42	\$ 5,499.00

# Comparable Rates

City	Monthly Storm Sewer Rate for Single-Family Residence
Sherwood	\$ 13.77
Milwaukie	\$ 13.05
<b>Troutdale (proposed, baseline)</b>	<b>\$ 11.44</b>
Cornelius	\$ 10.90
Gresham	\$ 9.84
<b>Troutdale (proposed, phased out rate cap)</b>	<b>\$ 9.53</b>
Fairview	\$ 8.78
Oregon City	\$ 8.55
<b>Troutdale (proposed, phased in system reinvestment)</b>	<b>\$ 8.32</b>
Forest Grove	\$ 7.00
<b>Troutdale (proposed, double phasing)</b>	<b>\$ 6.94</b>
West Linn	\$ 5.58
Wilsonville	\$ 5.10
<b>Troutdale (current)</b>	<b>\$ 4.10</b>
Canby	-
Gladstone	-

Source: City websites and staff

Notes:

- Streets, roads, and highways in Troutdale are exempt from rate.
- Runways and taxiways at Troutdale Airport are exempt from rate.
- Canby and Gladstone are considering stormwater rate.

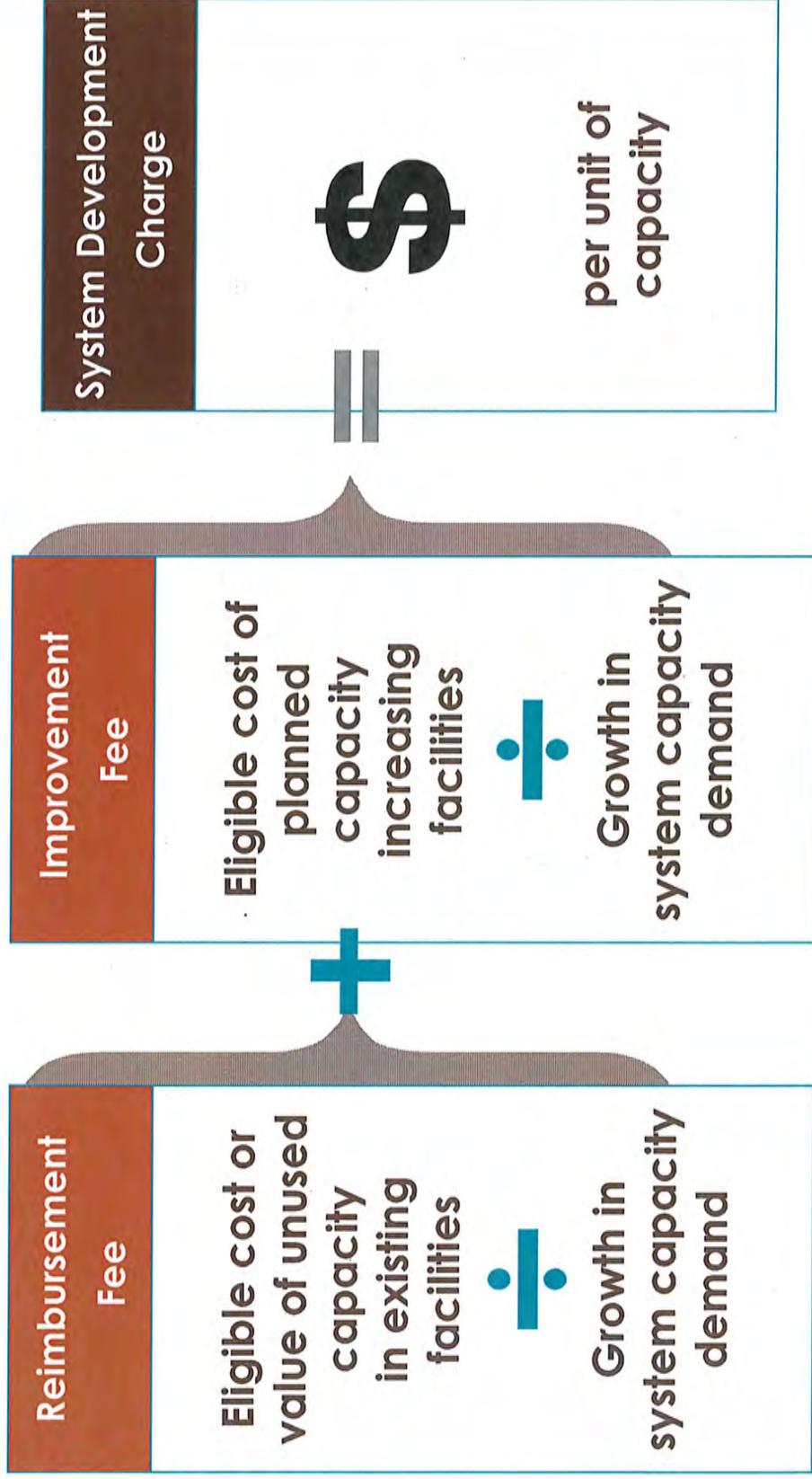
# SDC Background: Law



## Key Characteristics

1. SDCs are one-time charges, not ongoing rates.
2. SDCs are for capital only, in both their calculation and in their use.
3. Properties which are already developed do not pay SDCs unless they “redevelop” or expand.
4. SDCs include both future and existing cost components.
5. SDCs are for general facilities, not “local” facilities.

# SDC Background: Calculation



# SDC Calculation Summary

Reimbursement Fee	Cost Basis	Unit Basis ERUs
<b>Net Reimbursement Fee Cost Basis</b>	<b>\$ 312,923</b>	
Growth to End of Planning Period		3,635
<b>Reimbursement Fee</b>		<b>\$ 86</b>
<b>Improvement Fee</b>		
Total Capital Improvement Projects	\$ 6,855,543	
less: Cost of Existing Deficiencies	(2,982,283)	
Capacity Expanding CIP	\$ 3,873,260	
less: Existing SDC Fund Balance	(2,005,721)	
<b>Net Cost Basis for Improvement Fee</b>	<b>\$ 1,867,539</b>	
Growth to End of Planning Period		3,635
<b>Improvement Fee</b>		<b>\$ 514</b>
<b>Total System Development Charge</b>		
Reimbursement Fee		\$ 86
Improvement Fee		\$ 514
SDC Subtotal		\$ 600
plus: Administrative Cost Recovery	3.29%	\$ 20
<b>Total SDC</b>		<b>\$620</b> per ERU

# Comparable SDCs

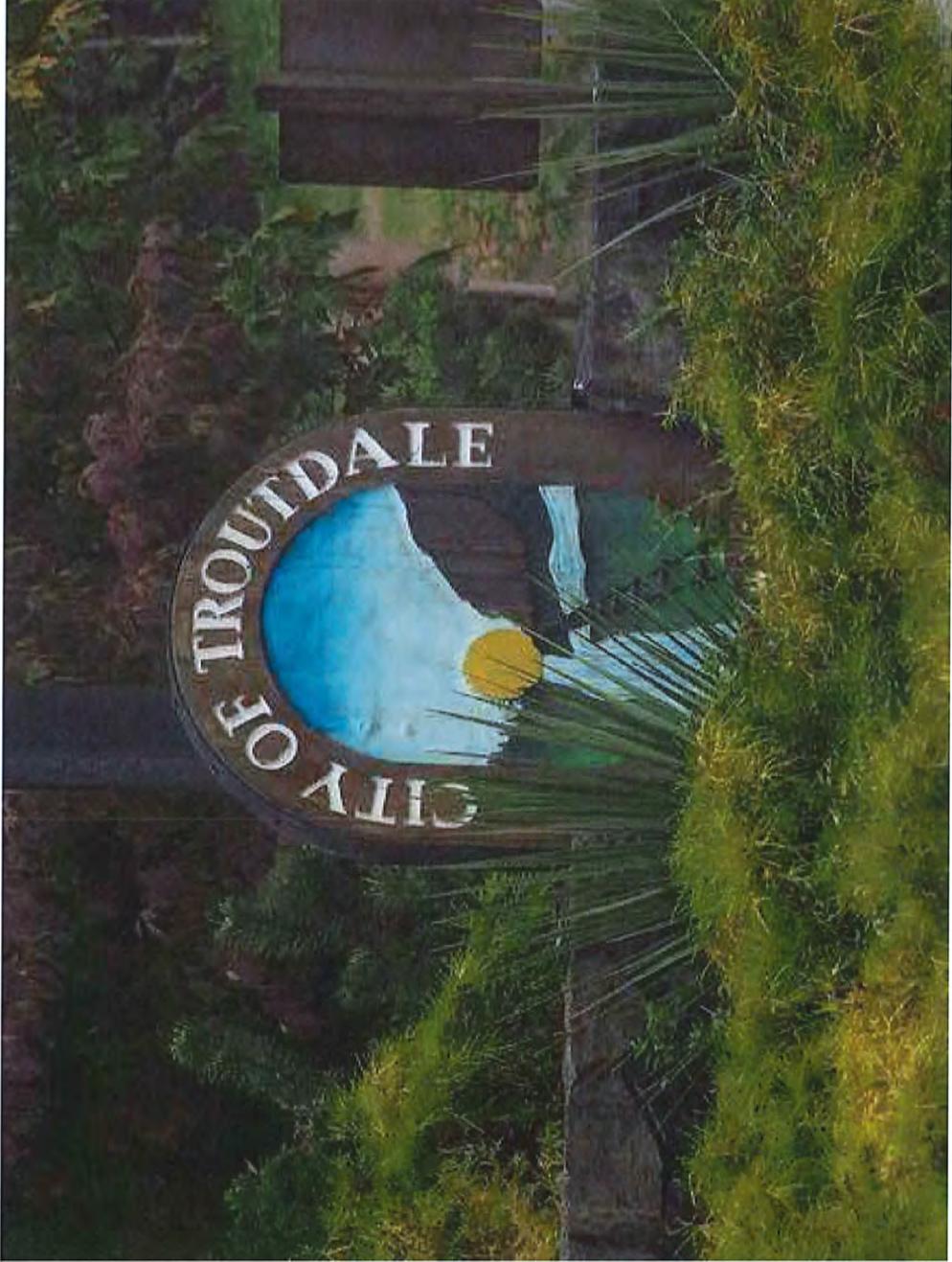
City	Storm Sewer SDC for Single-Family Residence
West Linn	\$ 1,083
Wilsonville	\$ 1,068
Cornelius	\$ 985
<b>Troutdale (current)</b>	<b>\$ 920</b>
Gresham	\$ 824
Milwaukie	\$ 765
Oregon City	\$ 755
Sherwood	\$ 624
<b>Troutdale (proposed)</b>	<b>\$ 620</b>
Forest Grove	\$ 500
Fairview	\$ 461
Canby	\$ 161
Gladstone	\$ -

Source: City websites and staff

Notes:

In Troutdale, 1 ERU = 2,700 sq. ft.

# Questions and Discussion





# CITY OF TROUTDALE



## STAFF REPORT

**SUBJECT / ISSUE:** Local Vehicle Fuel Tax Discussion

**MEETING TYPE:**  
City Council Work Session

**MEETING DATE:** March 18, 2014

**STAFF MEMBER:** Steve Gaschler  
**DEPARTMENT:** Public Works

**ACTION REQUIRED**  
Information/Discussion

**ADVISORY COMMITTEE/COMMISSION RECOMMENDATION:**  
Not Applicable

**PUBLIC HEARING**  
No

**Comments:**

**STAFF RECOMMENDATION:** None - discussion only

**EXHIBITS:**

- A. 2-19-13 staff report - street maintenance fees
- B. 2-19-13 meeting minutes
- C. AOC/LOC Oregon Transportation at the Crossroads
- D. Gas tax general information - League of Oregon Cities

**Subject / Issue Relates To:**

- Council Goals: Goal 3 Fiscal Prioritization and budget  
 Accountability (B) Promote fiscal solvency  
 (C) Develop options to stabilize public works funds
- Legislative
- Other: In accordance with Council Direction 2-19-13

**Issue / Council Decision & Discussion Points:**

- ◆ ORS 319.950 requires local governments to submit the proposed tax to the electors of the local government for their approval
- ◆ Need for a more comprehensive financial analysis
- ◆ Need for public outreach and education
- ◆ Would Council like to reconsider a Transportation User Fee?

Reviewed and Approved by City Manager:

## BACKGROUND:

The City of Troutdale along with many other Cities in Oregon struggle with how to adequately maintain the investment our community has made in its paved roadways. The City's street system consists of approximately forty-two (42) miles of paved roads. Primarily these roads are constructed by developers and paid for by the property owners. The roads are, then transferred to the City to maintain. The streets may be the City's most valuable asset with an estimated replacement value in excess of sixty-seven million dollars (\$67,000,000). *(Based on an average of one million six hundred thousand (\$1,600,000) per mile. These numbers are planning level estimates and given only for context.)*

The Public Works Department has presented street maintenance information to the City Council and Budget Committee on several occasions since 2007. At their July 14<sup>th</sup>, 2009 meeting, the City's Public Works Director recommended Council adopt a \$0.02 per gallon fuel tax. At that meeting the Council voted 4-3 to postpone the discussion indefinitely. In 2009 Cities in Oregon were pre-empted by the State from adopting or increasing fuel taxes after September of 2009; this restriction was to be removed in January of 2014. Then, on July 10<sup>th</sup>, 2012, the Council received a detailed presentation on the importance of adequate street maintenance and the current lack of funding. Finally, on February 19<sup>th</sup>, 2013 the Council received a request from staff to implement a street maintenance fee. Council rejected the user fee proposal and directed staff to return in 2014 with a vehicle fuel tax proposal.

The amount of resources needed to adequately maintain our streets is a crucial and fundamental question that needs to be addressed. Having a professional independent financial analysis completed by a third party would give us a solid foundation to build on. We predict there will be a significant amount of questioning and criticism if the Council decides to implement a city fuel tax or street user fee. Considering that, we would like to make sure our recommendation to collect millions of dollars in taxes or fees is based on sound financial projections completed by an independent professional. The cost for this study could be covered in our current budget; we estimate that the cost would be less than \$25,000.

Other Cities have found that Public outreach and education are important elements in successful adoption of gas tax ordinance and/or user fees. Staff recommends Council consider and discuss a public outreach strategy to inform and educate the public prior to their adoption of a fuel tax ordinance or user fee. This outreach and education process would likely require the assistance of an outside consultant who specializes in public outreach and education. This process could take six months or more to complete.

If Council chooses to proceed with the fuels tax funding option they would be required to present the issue to the citizens of Troutdale for a vote. ORS 319- Motor Vehicle and Aircraft Fuels Tax, section 950 States as follows: "Local tax on fuel for motor vehicles. A city, county or other local government may enact or amend any charter provision, ordinance, resolution or other provision taxing fuel for motor vehicles after submitting the proposed tax to the electors of the local government for their approval. (2009 c.865 §27)"

TDC 2.48.050 requires measures be placed on the ballot at the first regular election that is held more than 90 days after the council orders that the measure be placed on the ballot. This would require the Council to adopt a resolution no later than the following dates listed below:

- March 11, 2014 Special Election, N/A
- May 20, 2014 Primary Election, N/A
- September 16, 2014 Special Election, June 17<sup>th</sup>
- November 4, 2014 General Election, August 5<sup>th</sup>

**PROS & CONS:**

Pros:

- Adoption of a gas tax would add needed revenue to help fund street preservation
- Money spent on preservation extends the useful life of the road, substantially lowering the overall life cycle cost of the road.
- Places tax burden on all users of City streets lowering the costs to residents
- Captures revenues from tourists and visitors
- Easy to administer if the City joins ODOT Fuels Tax Group

Cons

- Singles out one type of business to collect tax
- Must be approved by a vote of the citizens
- People may choose to buy fuel in other nearby jurisdictions
- Alternate fuel sources and better fuel mileage will drive revenue down over time

<b>Current Year Budget Impacts</b> <input type="checkbox"/> Yes ( <i>describe</i> ) <input type="checkbox"/> N/A
<b>Future Fiscal Impacts:</b> <input type="checkbox"/> Yes ( <i>describe</i> ) <input type="checkbox"/> N/A
<b>City Attorney Approved</b> N/A <input type="checkbox"/> Yes
<b>Community Involvement Process:</b> <input type="checkbox"/> Yes ( <i>describe</i> ) <input type="checkbox"/> N/A



# CITY OF TROUTDALE



## STAFF REPORT

**SUBJECT / ISSUE:** Report on a Street Maintenance Fee.

**MEETING TYPE:**  
City Council Work Session

**MEETING DATE:** February 19, 2013

**STAFF MEMBER:** Charlie Warren  
**DEPARTMENT:** Public Works

**ACTION REQUIRED**  
Information/Discussion

**ADVISORY COMMITTEE/COMMISSION RECOMMENDATION:**  
Not Applicable

**PUBLIC HEARING**  
No

**Comments:**

**STAFF RECOMMENDATION:** Direct staff to proceed with an analysis of the mechanics and process required to establish a street maintenance fee, or direct a committee to study the advisability of establishing a Street Maintenance Fee.

**EXHIBITS:**

- A. 7-2-12 Staff Report on Street Utility Fee
- B. City of Stayton Handout on Transportation Maintenance Fee
- C. City of Stayton Resolution setting fees
- D. City of Wood Village Ordinance establishing Transportation and Storm Utility Fee

**Subject / Issue Relates To:**

Council Goals                       Legislative                       Other (describe)

Objective: Maintain stability of Public Works Funds. Measure: Develop options to stabilize Public Works Funds

**Issue / Council Decision & Discussion Points:**

- ◆ The City of Troutdale has a funding deficit of at least \$430,000 per year in order to maintain a PCI of at least 70.
- ◆ A Street Maintenance Fee could be developed utilizing a monthly utility billing to reduce or eliminate the deficit and provide adequate funding for street maintenance.
- ◆ Council can direct staff to proceed with analysis and development of a proposed methodology and rate structure for a Transportation Utility Fee.

Reviewed and Approved by City Manager:

- ◆ The Council could refer the matter to a committee to guide staff's efforts and make recommendations to Council.
- ◆ If the Council elects to refer to a committee, staff will return with the committee's findings and recommendations.
- ◆ If the Council elects to forego referral to the committee, staff will return with a proposed ordinance for the Street Maintenance Fee.

**BACKGROUND:**

The City of Troutdale has struggled with how to adequately fund Streets in each budget cycle. Council received a detailed report on the lack of funding in its July 10, 2012 council meeting. This report details the steps necessary to implement the process initiation through completion of the proposed Street Maintenance Fee. SDC funds are not implicated as they are for new improvements and not maintenance.

**Initiation - Completion Steps:**

1. February 19, 2013 – Council directs staff to develop and propose a process to be followed which will be introduced at a regular Council Meeting.
2. March 12, 2013 – Regular Council Meeting – Resolution referring the study proposed fee to committee.
3. Citizens Advisory Committee (or other committee) is assigned the task of meeting regularly to advise on fee and methodology for Street Maintenance Fee. (estimated 4-6 months).
4. Public Hearings to discuss the proposed recommendations.
5. Final Committee report to Council on recommendations and or rates for Street Maintenance Fee.
6. Council holds public meeting on final recommendations. Considers action.
7. Council Passes enabling Ordinance.
8. Council passes Resolution establishing rates.
9. Staff includes fee as part of Utility billing system for collection of fee.

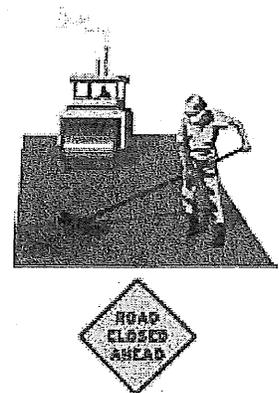
**PROS & CONS:**

Pros:

- Provides for long term stability in Street Fund.
- Promotes business and livability of the City.
- Protects investment in infrastructure.
- Pays for repair as we go and does not defer maintenance to the future when it will be more expensive.

Cons

- Increased fees to residents and business for maintenance of infrastructure.



**Current Year Budget Impacts**  Yes (*describe*)  N/A

Cost of consultant fees (if a consultant is needed)

**Future Fiscal Impacts:**  Yes (*describe*)  N/A

Increased revenue for Streets of approximately \$430,000/yr

**Community Involvement Process:**  Yes (*describe*)  N/A

Committee will be formed to assist in recommended ordinance and fee.

**MINUTES**

**Troutdale City Council – Work Session  
Troutdale City Hall – Council Chambers  
219 E. Historic Columbia River Hwy.  
Troutdale, OR 97060-2078**

**Tuesday, February 19, 2013**

**1. Roll Call**

Mayor Daoust called the meeting to order at 6:29pm.

**PRESENT:** Mayor Daoust, Councilor Anderson, Councilor Thomas, Councilor White, Councilor Allen, Councilor Wilson, and Councilor Ripma (6:43pm).

**ABSENT:** None

**STAFF:** Craig Ward, City Manager; David Ross, City Attorney; Debbie Stickney, City Recorder; Charlie Warren, Public Works Director; and Rich Faith, Community Development Director

**GUESTS:** Matt Wand and Neil Handy.

**2. Report on street and parks maintenance fees.**

Charlie Warren, Public Works Director, reviewed the information in his staff report and the spreadsheets attached as Exhibit A to the minutes.

The July 2012 staff report (Exhibit A to the Feb. 19th staff report) identifies a funding deficit of approximately \$430,000 per year to maintain our streets. What the July 2012 report didn't show was the revenue that we've been receiving from the new state gas tax, which is about \$100,000. So our deficit for maintaining our streets went from \$430,000 to a little over \$300,000 per year. The spreadsheet (attached) has been updated to show the increased gas tax revenue.

What I am seeking is not to once again present to you the fact that we have a deficit in the streets maintenance, but instead I want to say that I think we are ready to assign a committee the task of studying a maintenance fee for streets. The committee would then come back to you in four to six months with a recommendation of what a street maintenance fee would be.

Councilor Anderson stated we need to do something and we should probably discuss what that something is rather than go through and find out what the PCI is on Dora as opposed to Harlow and get down in the weeds. Are we \$330,000 short?

Charlie Warren replied approximately.

Councilor Anderson stated and we are \$330,000 short every year for how long?

Charlie Warren replied for the foreseeable future.

Councilor Anderson asked what options are there other than forming a committee and discussing a user fee?

Charlie Warren replied the Council has the ability to implement this maintenance fee immediately. You could also wait until 2014 (when the moratorium expires) to initiate a gas tax.

Councilor Anderson asked how much would that (gas tax) generate?

Charlie Warren replied it depends on what that tax amount is. A \$0.01 gas tax would generate close to \$300,000 per year.

Councilor Anderson asked does a \$0.01 gas tax solve all of the problems?

Charlie Warren replied it doesn't solve all of the problems, but it at least makes up the yearly deficit. Remember we have had 5 to 6 years where we have been suffering from the deficit so our PCI has gone down from almost 74 to below 70.

Councilor Anderson asked do we have other options?

Charlie Warren replied the do nothing option.

Councilor Anderson asked how about a local option levy? Have we ever asked the voters?

Charlie Warren replied we have not. I don't recommend that. The problem with a local option levy is it is a one-time shot. You are saying that we are going to catch up but it doesn't solve the \$300,000 per year deficit. It gets you a number of years of quick improvements and then you are falling behind again.

Councilor Anderson stated so there is a difference between a local option levy and a fee. The option levy is only for a set period of time and it is only to catch up.

Charlie Warren replied it depends upon how you craft it. If you put forward a levy for \$1 million and you do \$1 million worth of improvements that will catch you up about 3 years as far as improvements. Your PCI may go up 1 to 2 points but two to three years after that you start to fall behind again and you have to go back to the voters and ask for another levy and they are going to ask what happened to all of the money from the last levy.

Mayor Daoust asked if we were to think about a gas tax we wouldn't be able to implement it until 2014, correct?

Charlie Warren replied that is the way it currently stands. The Oregon State Legislature may change that and extend the moratorium. The moratorium was put into place because the State increased the gas tax, which did improve our financial situation.

Councilor Anderson asked at one time didn't you show us the costs for the next 7 to 8 years?

Charlie Warren showed the Council two spreadsheets: 1) Street Fund Projections with No Additional Revenue; and 2) Street Fund Projections with Constant Additional Revenue (copies included in Exhibit A to the minutes).

Councilor Anderson asked can we use general fund money?

Charlie Warren replied sure. Wood Village utilized around \$150,000 per year from their general fund to support streets. It is not recommended, but you can.

Councilor Wilson asked the deficit spending, is that from the reserves from that gas tax?

Charlie Warren replied it decreases the amount of the reserves in the adopted budget each year for the street fund. In 2011-12 the ending balance in the street fund was a little over \$1 million, and in 2012-13 it is \$771,000, so we were spending down those reserves. Our revenue is going to be substantially more than we originally budgeted; the actual numbers are \$891,000 (FY 11-12) and \$910,000 (FY 12-13). We are predicting that the revenue will increase about 2%. One of the problems with forecasting the revenue from that state gas tax is that the efficiency rating of vehicles is getting better and the money that is coming in is based on the number of gallons sold statewide and it is distributed by population. So we have two things going against us - cars are more efficient and use less gas and the population of Troutdale is stagnant. The spreadsheet shows that the estimated average monthly user fee of \$5.44 (for each residential user) would be necessary in order to get the additional \$300,000.

Councilor Wilson asked does the ending balance of \$743,000 in 2013-14 include the user fee?

Charlie Warren replied this particular spreadsheet includes the user fee. I have a spreadsheet that shows it without the user fee. With the additional revenue from the user fee this analysis shows us getting below a \$200,000 fund balance in 2022-23. So even with this additional revenue we are still utilizing our reserve funds. You would have to charge more than the \$5.44/month in order to last longer than that.

Councilor Wilson asked what does it look like without the user fee?

Charlie Warren showed the spreadsheet without the user fee (included in Exhibit A).

Councilor Thomas asked the \$5.44 fee is based on everybody that has a water meter?

Charlie Warren replied right now it is only based on residential. It is anticipated that we would include our commercial accounts. We have about 4,000 residential accounts and around 200 commercial/industrial accounts and they would pay a larger share. The residential amount may be less than \$5.44 when we get into it.

Councilor Wilson asked so what if we included any business, any building that has a water utility bill, basically everybody in Troutdale?

Charlie Warren replied it would be based upon their impact on traffic. You would look at a business that may not have much traffic at all and their fee would be substantially less than a Wal-Mart for example. Then you have to discuss the fact that we have 42 miles of local streets but a business may only use I-84 and County roads. Do you handle that in the same way? Wood Village said yes. Our committee may come up with a different recommendation.

Mayor Daoust stated but the \$5.44/month figures that all water accounts pay the same amount?

Charlie Warren replied correct. If you were to increase it based upon their actual impact the residential rate goes down and the commercial/industrial rate goes up.

Mayor Daoust stated do we need more than \$5.44/month? If we had that in combination with a \$0.01 gas tax?

Charlie Warren replied I think it is premature to say whether we need more or less. 4 to 6 months of analysis by a committee is going to decide whether they think it is more or less and then you can agree or disagree. Right now staff is saying that \$5.44 gets you all of the improvements you need to keep the streets at the existing PCI. It doesn't do any of the substantial rebuilds of streets and after ten years you have depleted your reserves from \$1 million down to \$200,000. So it would be easy to argue that it doesn't provide enough money.

Councilor Thomas stated if we look at this \$5.44 which is based on water meters, then it sounds like to me that you are putting most of the onus on the single-family residences.

Charlie Warren replied and that is the weakness of it.

Councilor Thomas stated when I look at the 200 to 300 unit apartment complexes they are getting off pretty cheap with this. The other thing that I question is we are talking \$400,000 per year for the foreseeable future, I just don't see how that is going to work. You are talking about a potential rise of 2% in fuel, but they are talking \$5/gallon by the end of May so that is going to cut down on the consumption, so I don't think those 2% numbers are right. When I look at the cost to do the construction and repair work it

seems to be going up faster than what we are seeking here. What would have cost us \$100,000 last year might be \$125,000 this year. If we base this on looking at future growth and we have \$300,000 and \$400,000 a year for the foreseeable future, I think in 3 to 4 years we are going to look at this and find out we are still short.

Charlie Warren stated that is very likely. It is what you feel comfortable with projecting. If we project now that everything is going to inflate at 5% to 8% you are probably going to have people upset with that. The question is what are you comfortable with projecting.

Councilor Thomas stated I like the Mayor's idea of a combination. What is a committee really going to provide that we don't already know? I don't mind having committees but there needs to be a purpose. If all they are going to do is hash over the same facts that we have, and you have citizens that really don't understand traffic and all of the impacts of it, what are they going to provide back to us that is of value that we can't get from someplace else?

Charlie Warren replied my guess is buy-in of what you are attempting to do.

Councilor White stated myself, Councilor Thomas and Councilor Allen met with you about 2 months ago and you showed us a different spreadsheet with an \$8 fee that was much more complete. Do you happen to have that spreadsheet?

Charlie Warren replied all of these have been updated since then.

Councilor White stated I wanted to see all of the categories that the \$8 fee showed plugged in with the new amount. Is there a way to do that?

Charlie Warren replied we have our preservation costs for crack seal, slurry seal and overlay (shown on the spreadsheets in Exhibit A). These dollar amounts go into those formulas.

Councilor White stated the particular slide I am interested in was the main body of your presentation.

Mayor Daoust stated that was the dollar amount associated with the \$430,000 deficit.

Charlie Warren stated I don't have that spreadsheet with me.

Councilor Anderson stated in the detailed spreadsheet the thing that jumps out at me is personnel services. What is that?

Charlie Warren replied that includes the escalator based upon what we have been suffering through with our PERS and those kinds of things. We have assumed a 4% escalator.

Craig Ward replied that is the staff cost to run the street maintenance program.

Councilor White stated I am a little confused because I thought this Council had already come to a conclusion that we were going to be the committee; we weren't going to form an outside committee. We have had more meetings on this than anybody in the City of Troutdale at this point. Secondly, our solution was going to be to do the gas tax at \$0.01 per gallon. This is like the third time we have gone over this. I haven't changed my position.

Mayor Daoust stated we considered the gas tax back in 2010 but we didn't really push it.

Councilor Wilson stated back then it was going to be a \$0.02 or \$0.03 per gallon tax.

Councilor White stated we were told \$0.01.

Charlie Warren stated I think we started at \$0.03 back three or four years ago and we have been trying to refine it since then. We still really don't know because the private gas companies won't tell you how much they are actually pumping.

Mayor Daoust asked are we at a point where we think we need to do something? Are we beyond that to the discussion of whether to have a committee study this?

Councilor Anderson replied I think we are at a point where we need to do something. I don't want to get anywhere near what Portland is going through. I think we need to address it and we need to do something.

Mayor Daoust asked is everybody there? Are we ready to discuss how to do it now, or do we still have questions on whether we actually need to do anything?

Councilor Allen stated I still have some questions. On your expenses it looks like a large portion of the money is on transfers.

Charlie Warren stated each fund has a certain amount that is transferred to the general fund for the oversight of that fund. Those funds go towards the utility billing clerk, the city manager, city recorder, and everyone else who deals with public works issues. There is a transfer for administration and then there is also a franchise fee that is charged to public works funds.

Councilor Allen stated the gas tax revenue increases, but you talked about the efficiencies of vehicles not bringing in as much. Do you mean it isn't rising as much as we would expect?

Charlie Warren replied for FY 2011-12 it is at \$862,000, we know that for a fact. We are making a guess for FY 2012-13 that it will be closer to \$879,000. The problem is that as you go further into the future we all know that vehicles will be more efficient, so the question is will there be more cars on the road in the future, or is mass transit going to

usurp that number of gallons, or is the price going to go up so much that it reaches a point where people stop using as much gas. Those are all factors. It is kind of like when you raise the water rates to high people use less water. The same thing will apply to gas. The weakness of a water maintenance fee is that it puts the burden on your own taxpayers and the strength of it is that it will secure money. The strength of a gas tax is that you can put it on the people passing through town and the weakness is that its source is very dependent to the demand.

Councilor Anderson asked does this assume that our staff is doing the job?

Charlie Warren replied no. The pavement preservation program is contracted out. The pavement preservation line item in our budget for FY 2012-13 is \$450,000 and all of that goes towards contract services for street improvements. The personnel services line item is for our crews and our engineering staff.

Mayor Daoust asked would the \$5.44/month fee totally take care of the pavement preservation need?

Charlie Warren replied it will, but your reserve funds will go down to \$200,000 by FY 2022-23 with these assumptions.

Mayor Daoust asked if we do not collect that monthly fee when will our PCI rating drop below 70?

Charlie Warren replied remember the curve, it is a slow curve. So probably within five years we are going to be on the steeper portion of the slope. Since I have been here we have gone from a 73 or 74 pavement condition index (PCI) down to a 70 PCI. So it is probably going to drop to a 68 or so in the next two to three years. That will accelerate over time. Once you get down to a certain point you are on the slope where the cost increases.

Councilor Anderson asked if we do a gas tax you would not need the \$5.44/month?

Charlie Warren replied that depends what the gas tax is. If the moratorium is lifted in 2014, you could initiate the action but you would not collect any money for at least a year after that. We are talking about 2½ years from now before we get any additional revenue.

Councilor Ripma stated the gas tax is like walking into a buzz saw. That would be brutal.

Mayor Daoust stated you hadn't arrived yet when Charlie mentioned that just a \$0.01 gas tax would raise \$300,000 per year.

Councilor Ripma stated that is kind of what Dave Fuller said about a sales tax in Wood Village. All of the businesses, truck stops, down along the freeway are going to...

Councilor Thomas stated the trucks don't pay it; it is only passenger vehicles. Trucks pay a weight mileage tax.

Councilor Ripma asked so Wood Village has recently adopted a fee like this?

Charlie Warren replied correct.

Councilor Ripma asked did it go to a vote of the people?

Charlie Warren replied no.

Councilor Ripma asked are you thinking that we are going to adopt this without a vote of the people of Troutdale? We are just going to impose it ourselves? I just wondered because that is not our usual way of doing things. If we put it to a vote I just think it will lose.

Councilor Anderson stated Wood Village offset their user fee out of their general fund. So it is a blend of general fund and the user fee.

Charlie Warren stated let me clarify. Before their user fee the general fund was paying \$150,000 per year towards street maintenance. After the user fee they were able to maintain the streets without taking anything from the general fund.

Councilor Ripma asked do we contribute general fund money to street maintenance?

Charlie Warren replied no.

Councilor Thomas stated one of the questions is whether or not to send this to a committee. I don't think we have reached a consensus on that yet.

Councilor Ripma stated I think Wood Village did something like that. I just question whether or not it would work in Troutdale without a vote of the public.

Mayor Daoust stated 20 cities in Oregon have created a utility fee I suppose without going to the voters for approval.

Councilor Wilson stated Oregon City just adopted it.

Mayor Daoust stated like Gresham did with their utility fee.

Councilor Ripma stated is that something we are thinking of doing?

Councilor Allen replied I would want to be sure that we are being as good as we can with the money that we have prior to asking for more.

Councilor Anderson stated this is great information for me because it gives us a target that we have to hit, and I think it is up to us to figure out how we are going to hit it. Doing nothing is the wrong thing. It will only cost us more later on.

Councilor Allen stated I would agree that we need to preserve the pavement, it is how we go about it that is really the question. In FY 2011-12 did we spent \$178,000 on pavement preservation?

Charlie Warren replied yes.

Councilor Allen stated and in FY 2012-13 it is budgeted at \$450,000. Is that trying to catch-up?

Charlie Warren replied we actually budgeted \$300,000 in 2011-12 and we weren't able to get all of it done because the County crew wasn't able to get around to it so we rolled that money over into 2012-13 and that is when we hired the private contractors to do the work.

Councilor Allen stated in time deterioration models it hurts when you miss years. Is that taken care of and not likely to happen again?

Charlie Warren replied right.

Councilor Ripma stated you said since 2007 this has been talked about and nothing has been done. I still have not understood why the gas tax that I think the public expects is devoted to paying for streets, highways, and roads isn't able to do the job. I really think the public sees that as the funding source. How did we get along before 2007? If that happened to be the first year we asked for it, that means in all of the years before that the gas tax did pay for it. I simply haven't been able to understand why we can't still pay for it with the gas tax.

Mayor Daoust stated our streets are getting older.

Councilor Ripma stated they were getting older before 2007. Are you saying that we were neglecting the streets before 2007? Because I don't believe that.

Charlie Warren stated before 2007 the economy was hot. Your developers were building brand new roads for you. Each development in the city did their own streets. They paid for a great deal of them. A lot of that 42 miles of streets was done by federal and state grants, and your developers. Now we have a duty to maintain those.

Councilor Ripma stated as we have grown we have more people paying registration fees and paying for gas. The growth itself ought to have brought in enough money to take care of the roads.

Charlie Warren replied it did up until about 2007 when the development slowed down.

Councilor Anderson asked do we get a share of the state gas tax?

Charlie Warren replied we do.

Councilor Anderson asked have we received the same share all along? Have we expanded at the rate of say West Linn, Wilsonville, or Happy Valley?

Charlie Warren replied no. In the past we did, but you see our new projections. We are at 16,000 population and we are only projecting to be around 17,000. Our biggest growth in gas tax came approximately 2 years ago when they initiated the higher gas tax. But as you can see that is still not enough.

Councilor Thomas stated if you are saying that it is distributed based on population, than as the population grows in other areas it will drop.

Councilor Wilson stated so with Happy Valley growing in leaps and bounds, and if we are not growing at the same rate we are getting a compression in how much money we get. Basically we are getting less money based on someone else growing in population. Is that correct?

Charlie Warren replied yes.

Councilor Allen stated I think the real answer to the question is do you have a spreadsheet that goes back before 2007?

Charlie Warren replied that is something that we can develop.

Councilor Anderson asked are we all in agreement that we need to do something, that we need to find some way to fund our streets going forward? Or should we do nothing?

Councilor Allen stated I am in agreement that we need to be doing our preservation cycles and that we should be doing it before now.

Mayor Daoust stated right now \$361,000 per year is all we can spend on maintaining the roads. According to Mr. Warren that is not enough. These numbers tell me, and Mr. Warren is telling us, that is not half as much as what we need to maintain our roads at the level we want to maintain them so that they don't drop off the maintenance curve to the point where it gets five times more expensive six or seven years from now. If you were to redo the spreadsheet six or seven years from now, we would have to be talking about a much larger utility fee or some larger revenue source than we are right now. We are fortunate that we are talking about it now, and the timing is right now to implement a lower fee for the residents, and/or a gas tax. If we wait we are going to be talking about a larger fee.

Councilor Thomas stated if you look at the \$361,000 going out for the next 10 years, that \$361,000 isn't going to buy you what it will buy you this year so you really are not going to be maintaining the same level of street preservation each year based on the future value of money.

Mayor Daoust stated Mr. Warren's point is that we have been talking about this for the last 4 years and we have yet to choose to do anything.

Councilor Ripma asked are you saying that as we accept more streets from developers we assume that liability but we don't get any more money?

Charlie Warren replied you get property taxes. You may have hit on an issue that scholars can disagree about - does development pay for itself?

Councilor Ripma asked aren't there grants based on lane miles? It seems like I have heard of that. As a city we accepted title to roads that were County roads at one time like Graham Road. Why should we do that? We should have never done that if it is just a liability with no corresponding funding source. That isn't what we were told at the time. I just don't understand. If we have additional lane miles doesn't the state's formula have something to do with the miles of lanes that you have to take care of?

Charlie Warren replied we register our miles each year and what type they are. There is a grant that is available that has been reduced each year. Right now the way it works is East Multnomah County Transportation Committee (EMCTC) discusses that and generally it is county-wide that they fight over those funds. It used to be that there were a great deal of federal and state grants and money available. Things are tighter now and you have to be more efficient. There isn't money, and there never really has been, for maintenance. There has always been money for building the new streets.

Mayor Daoust stated the Council has the right to go forward with a utility fee without a vote of the public. To address your concern about public buy-in, it seems that is where a committee comes in.

Councilor Ripma stated I am not advocating that.

Mayor Daoust stated but that is where a committee would come in to get public buy-in because they could, and I suppose we could, hold public meetings to get buy-in from the people without spending money on a vote. I am not arguing for this, we can discuss whether we want a committee or not, but if we had a committee they could hold numerous public meetings over the next four or five months to try and get that buy-in without going out for a vote. If the Council does not want to organize a committee then we have to make the decision of whether to put it out for a vote or not, but if we don't then we will have to hold the public meetings.

Councilor Thomas stated the City Council could serve as the committee and hold public hearings, I've seen city councils do that before and I have no problem with that. One

thing that is not built in is the business factor. What are you going to do with those? Most apartment complexes have two cars and they put as much wear and tear on the streets as a standard homeowner. Those kinds of things need to be worked in there. Do we want a combination type of approach looking at both a gas tax and some kind of a user fee? Those are things I would want to see come back to either the Council or a committee. I think the Council is well-positioned to do this. If we set up a special committee to do this there is a lot of education that needs to be done. The Citizens Advisory Committee (CAC) could review this and they represent the community at large. There are other options besides setting up a special stand-alone committee to address just this one issue.

Councilor Wilson stated my thought is that anybody that has a utility bill needs to be included in this. I think we ought to look into those commercial buildings and maybe they will absorb more of the cost. I am really against a user fee for this because we are also going to be looking at another user fee for the parks. 80% of the gas tax money that would be coming in, based on earlier reports, would be coming from outside sources instead of the people that live here. I believe that there are people here that can't afford this increase and then we are going to have another increase from another department. I just think it is the wrong approach to put it on the backs of the citizens of Troutdale.

Councilor Anderson stated when we buy a car we can't realistically expect to walk into a dealership and get a zero down payment and zero interest car loan. I think we need to put our money where our mouths are a little bit. When I say that I mean, I will look at a user fee, gas tax or a combination of both, but I also think we have to fund some of this out of the general fund. That is us putting our money where our mouth is. That is the City Council saying we understand there is a problem so we are going to take our incumbent responsibility and allocate general fund resources towards the problem, but citizens of Troutdale or commuters we might need some help. If you are looking for buy-in I think that goes a long way; we are owning it at that point. How much is open for debate.

Councilor Allen stated nearly 40% of the money was transfers last year, and 30% this year...

Councilor Anderson interrupted and stated but Mr. Warren just said we don't fund it from the general fund and he said it wouldn't be a good idea to fund it from the general fund.

Councilor Allen stated no, I think it is the reverse. I think this ends up funding the general fund.

Councilor Anderson stated we need to take some ownership of it. I think if the citizenry sees us taking ownership of a problem and coming up with ways to pay for it out of things we can control then they may be more amenable to absorbing a user fee or paying \$0.01 more per gallon of gas, or a combination.

Councilor Allen stated right, we have to be as good as we can be with the money we are given prior to asking for more.

Mayor Daoust stated we are contributing by running the program. The City is just not sitting back and contacting a contractor to get the work done. There is a lot of work that has to be done for planning and monitoring. It is not just paving the streets, we are talking about the entire program. The danger of using the general fund is then you would have to tell the citizens we are contributing from the general fund but then you would have to turn around and ask them if they are willing to deal with less police officers so that we can do that. That is the catch here. We have a program that we run from the street fund and that is what it is for. To run that entire program in our city that is where the money needs to come from.

Charlie Warren stated to clarify, you have been discussing the money that is transferred to the general fund. In 2012-13 \$71,400 is the actual appropriation to the general fund. The rest goes to other funds that also help support the street fund.

Councilor Anderson stated so if we don't take that \$71,400 that is kind of us putting our money where our mouth is.

Charlie Warren stated that depends upon if you make the assumption that the City's general fund doesn't give any support to streets administratively.

Councilor Thomas stated if you asked the average property owner how that should be paid for they would tell you that the gas tax and property tax should pay for it. They expect their property taxes and gas tax to pay for everything they need. If you say we are using a portion of the general fund to pay for streets, I don't think that carries a lot of weight because it is an expectation that they already have. Everybody understands that the gas tax is supposed to go towards roads.

Councilor Anderson stated but we can't enact a gas tax until 2014. When is it that we would start collecting it?

Charlie Warren replied it depends on when in 2014 we are allowed to initiate it. If it is January, it would probably be a good year because you would need to wait until the next year to budget it and then you wouldn't be able to expend it until at least six months into the year. It would be at least a year from January 2014 before you would be able to spend it.

Councilor White asked how are the other 320 cities doing it without this fee? The older gas guzzlers did a lot of our damage to the roads; they were also paying more because they were burning more fuel. They weigh double what a new car weighs.

Charlie Warren replied the short answer is they aren't. The City of Portland is the prime example. They have 1,000 miles of roads and they aren't keeping up. The article in the paper today underscores that. The City of Wood Village wasn't keeping up so they

initiated a maintenance fee. Gresham is in a similar situation. They have a maintenance fee but their fee is \$0. They have tried some one-time levies that failed. They are falling down miserably as far as maintenance to their roads. I meet with the public works directors from the area once a month and they all wonder how we are doing it. The truth is we are not doing it and neither is anyone else around us.

Mayor Daoust called for a break at 7:33pm and reconvened the meeting at 7:42pm.

Councilor Anderson stated with the consensus of this Council, after listening to all of the questions and the thoughtful debate, I gather that the gas tax is the path of least resistance to fund our roads and maintain our PCI. Would I be fair in assuming that?

Councilor White stated that has been the previous consensus.

Several Councilors agreed.

Councilor Ripma stated the trouble is we can't do a gas tax right now.

Councilor Anderson stated I think we need to stay on top of it and when that window opens we need to rush in.

Councilor Ripma stated you do realize that is just kicking it down the road.

Councilor Anderson stated we are not going to stop doing maintenance on our streets. But what we are going to do is fund it in a way that is the path of least resistance as soon as we can. If we can't do a gas tax for whatever reason, then perhaps we will need to form a citizen committee.

Councilor Allen stated it seems like we have stopped some maintenance on the streets. Going forward I believe our consensus would be that we do the maintenance.

Councilor Anderson stated I would love to fund the full amount this year if we could find a way.

Councilor Thomas stated rather than just waiting until 2014 we could get the ordinance in place and have it all taken care of so that when it does open up and we want to institute a gas tax we would have the ability to do that.

Mayor Daoust stated I have always agreed to a gas tax. I am sensing that is the consensus of the Council.

No objection voiced from the Council.

Mayor Daoust stated so we don't need a committee, we don't need to discuss a utility fee, we will just proceed down the gas tax road.

Councilor Anderson stated we can do all of the leg work in advance so when that window opens we are ready.

Charlie Warren stated if the Council has consensus on the issue, I think it is something that staff can get its hands around and start preparing for.

Councilor Anderson asked Craig to update the Council with any news on the legislature waffling on the gas tax issue.

Councilor Allen stated we should make our views known to the League of Oregon Cities.

Mayor Daoust stated lets move on to parks.

Charlie Warren stated we have a problem every year where the general fund struggles to support the maintenance of our parks and greenspaces. The question to the Council is do you support the concept of a maintenance fee for parks? If you do, does the Council want to make this decision or do you want to assign it to a committee to study before you make a decision. The first issue is whether or not you agree that there is a funding issue for parks and if so how do you want to proceed.

Councilor Thomas asked is the fee you are proposing only for the public use parks, or does it include the maintenance for city facilities (paid for from the public works utility fund).

Charlie Warren replied the fee that I am proposing is only for the 2 personnel paid for out of the general fund, and all of their associated costs - personnel, material and services and capital outlay. The Council could suggest a fee that would just pay for half of that. The philosophical discussion for the Council would be if you charge a parks utility fee is it to maintain your existing level of service, or do you want to continue to fund a portion of it from the general fund and improve the level of service.

Councilor Thomas asked what is your proposal for the parks fee?

Charlie Warren replied the proposal is that the maintenance utility fee would be somewhere in the neighborhood of \$8 per month per resident, and would not include industrial and commercial. The fee would go towards the two personnel, material and services and capital outlay just for the maintenance of our parks and would directly augment the money that is currently being spent from the general fund to free up that money.

Councilor Thomas stated so it would be off-setting the general fund.

Charlie Warren replied correct.

Mayor Daoust stated that would free up the general fund to fund other things.

Mayor Daoust stated roughly there is \$500,000 worth of projects in the water fund for next year. We only have how much in that fund?

Charlie Warren replied \$17,000. We will be going through that on our SDCs and we will amend those. Some of the project years listed are just an estimate. We will have that finalized for our actual presentation.

Mayor Daoust asked so you will present the SDC structure to get us where we want to be?

Charlie Warren replied correct. I don't really want to change the SDC fee. I am going to try and structure it so that it is reasonable.

**4. Adjourn:**

Meeting adjourned at 9:03pm.



**Doug Daoust, Mayor**

Dated: 4/12/13

**ATTEST:**

  
**Debbie Stickney, City Recorder**



## Oregon Transportation at the CrossRoads

### *Maintenance and Preservation*

What exactly is maintenance and preservation? The two words are NOT synonymous. Today we'll start with preservation. What is it?

"Pavement preservation is a planned system of treating pavements to maximize their useful life.

"The most obvious benefit of pavement preservation is the extension of the life of the pavement. Other benefits of a pavement preservation program are:

- **Lower costs over time.** Studies show every additional dollar spent on preventive maintenance treatments saves up to \$10 in future rehabilitation costs.
- **More predictable costs.** If you schedule your treatments and keep your pavements maintained, you should be better able to predict and plan future costs.
- **Fewer premature pavement failures.** Many premature pavement failures are caused by pavement damage that goes untreated, such as water seeping into cracks.
- **Better condition pavements.** Scheduled monitoring and pavement treatments keep pavements in better overall condition than random or insufficient maintenance.
- **Reduced user delays and user costs.** The more extensive damage a pavement has, the longer drivers will be delayed due to construction. Pavements that are in good condition are also easier on a vehicle's daily wear and tear.
- **Better utilization of resources.** Regularly scheduling treatments allows better use of available resources, and planning for those you may need (such as contractors, equipment, etc.).
- **A happier driving public.** Drivers will get to their destinations on time over safe, well-maintained roads."

Examples of two types of preservation projects are slurry sealing and chip sealing and asphalt overlays. Slurry seals preserve the asphalt on city streets for 5-6 years, thereby extending the amount of time before a more extensive preservation project, such as an overlay, is needed. The same is true for a chip seal on a county road. Overlays extend the life of a road/street by about 20 years.



## **Oregon Transportation at the CrossRoads**

### ***Maintenance and Preservation***

Now that we're all clear on what "preservation" is, let's turn our attention to "maintenance."

Maintenance is vital for maintaining the mobility in the system. The public does not see much of this work being accomplished. However, the public and the business community quickly become upset if the roads they use are not maintained or repairs made in a timely manner. These important services, necessary for the safety and well-being of Oregonians, include:

- Crack sealing
- Pot hole repair
- Signs and pavement striping
- Maintaining traffic signals
- Roadway drainage ditching and storm drain maintenance
- Repairing guard rails and other safety features
- Bridge maintenance and repairs
- Clearing roadside vegetation for signs and other safety visibility
- Sweeping streets
- Grading gravel roads
- Responding quickly to storms and natural disasters

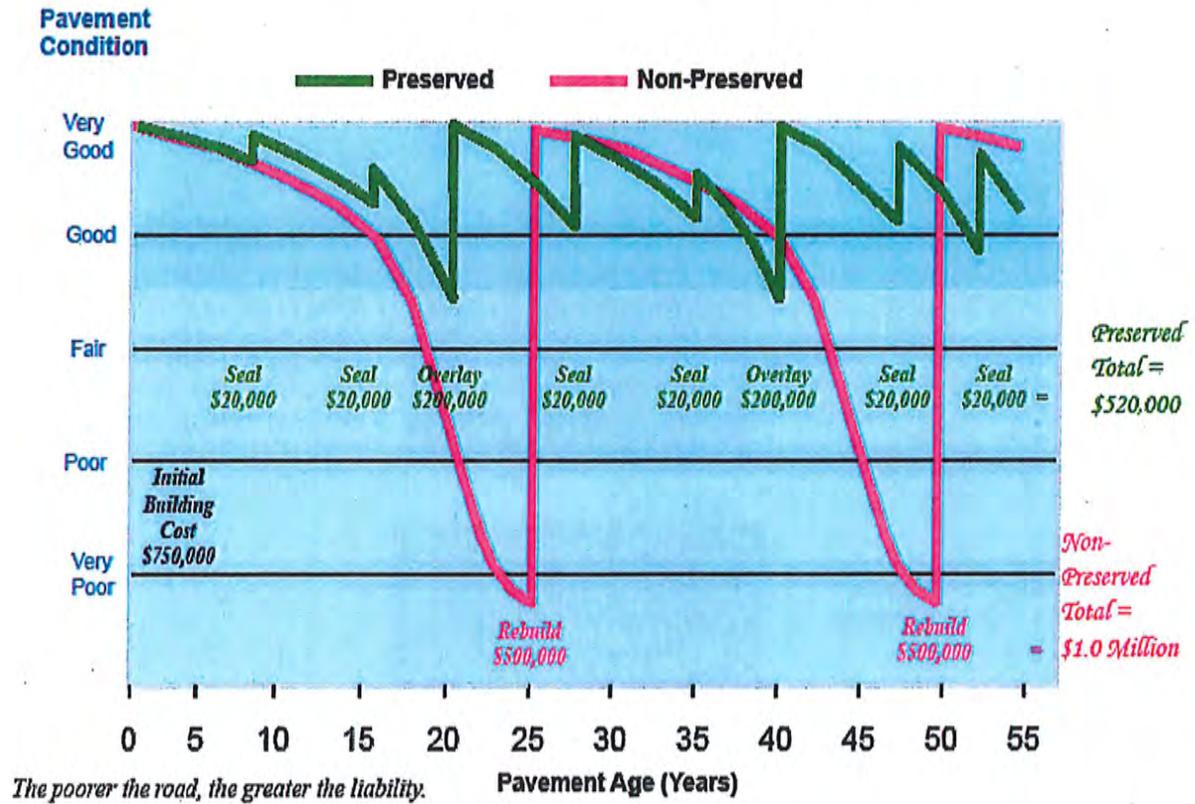
Maintenance and preservation work hand-in-hand to keep the users of the seamless system of highways, roads and streets moving.



## Oregon Transportation at the CrossRoads

### Maintenance and Preservation

### Preserved vs Non-Preserved Road Cost per Mile for 2 Lane Road Over 55 years



## Oregon Transportation at the CrossRoads

### *Maintenance and Preservation*

Various factors, such as traffic and weather, cause the preliminary breakdown of the pavement surface.

The first sign of surface breakdown is the appearance of cracks. Cracks allow moisture to seep down under the surface to the street's foundation, causing more damage to the street structure.



The next stage of deterioration is a system of "alligator cracks." This is a critical point in the life-cycle of pavement because the street foundation is beginning to collapse. In high traffic areas, the deterioration can progress more quickly at this stage.

Eventually, alligator cracks turn into potholes, thereby signaling that the surface has failed.



If a highway/road/street has gone through the whole life-cycle without any preventive measures, the only action that can be taken is the management of immediate issues, such as pothole repairs, and eventually conducting an expensive reconstruction of the roadway.



## Oregon Transportation at the CrossRoads

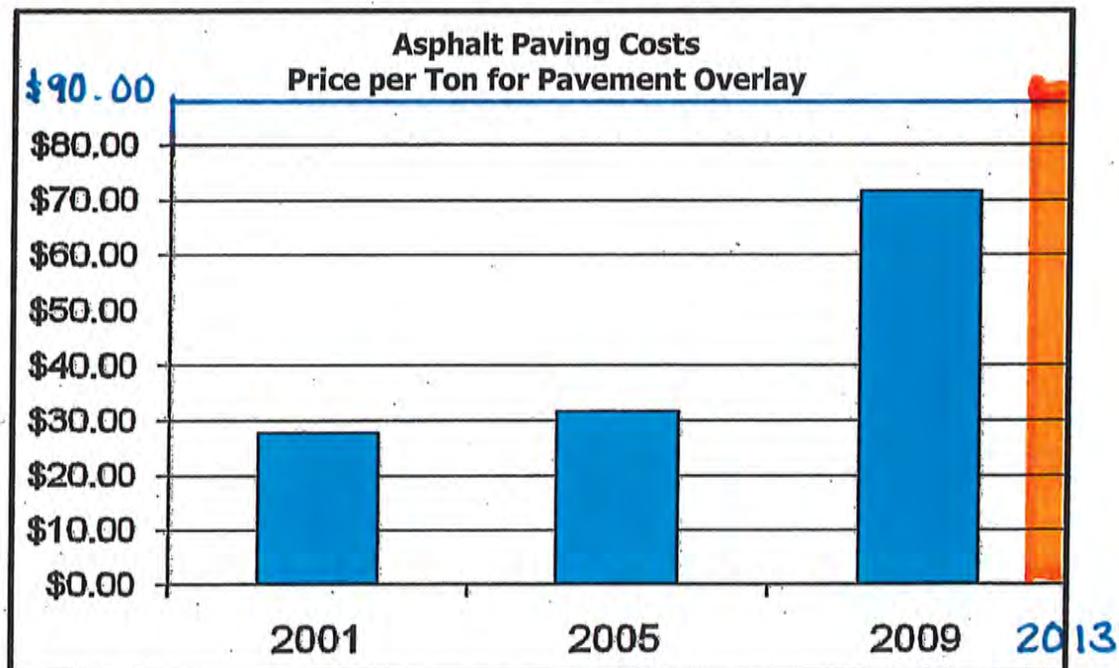
### *Maintenance and Preservation*

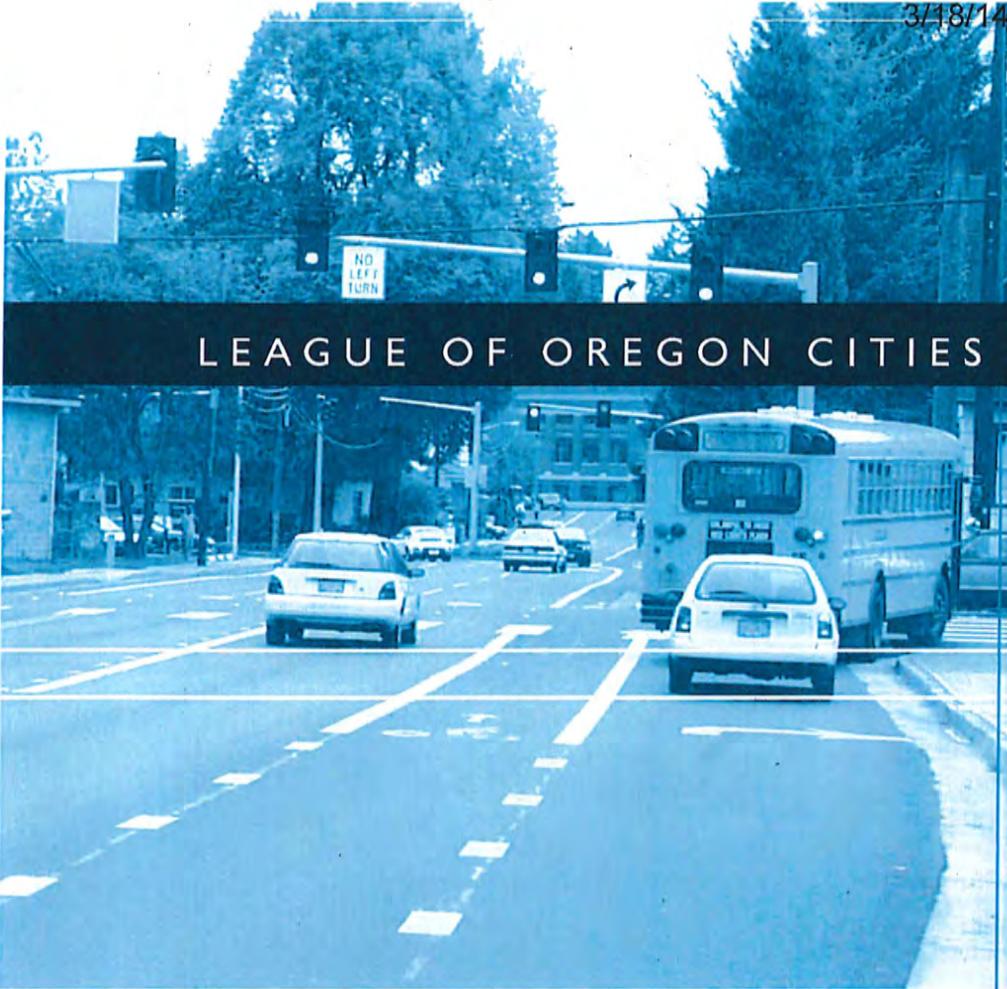
Keeping up with maintenance and preservation projects is clearly the most cost-effective method of maintaining highways, roads and streets.

In recent years major inflationary increases in petroleum products have limited the number of maintenance and preservation projects that can be undertaken. The raw product that causes a gallon of gasoline to go up in price is the same raw product used to make the asphalt that maintains and preserves our roads. As the price of your gasoline goes up, so does the cost to maintain and preserve your roads. Additionally, most road maintenance equipment and trucks use diesel fuel.

**Bottom line:** the spiraling cost of asphalt used for paving is reducing the amount of work that can be done to keep the roads in good condition.

This chart shows the precipitous increase in the price of petroleum products.





LEAGUE OF OREGON CITIES

# IMPLEMENTING LOCAL GAS TAXES

---

A SURVEY ON CITY  
GAS TAX ORDINANCES

DECEMBER 2007



Published by the League  
of Oregon Cities

# TABLE OF CONTENTS

Introduction .....	1
Identify the Problem .....	1
Choose a Solution .....	2
Implementing Local Gas Taxes .....	3
Referrals to the Ballot .....	4
Maintaining Community Support .....	5
Take a Regional Approach .....	6
Experiences from Oregon Cities .....	9
Map of Oregon Cities with Gas Taxes .....	10
The Eugene Experience .....	11
The Milwaukie Experience .....	12
The Sandy Experience .....	13
The Springfield Experience .....	14
The Tigard Experience .....	15
The Tillamook Experience .....	16
Repealed Gas Taxes .....	17
Appendices: Specific Information on City Gas Taxes .....	19
Appendix A: General Information on City Gas Taxes .....	21
Appendix B: Voter Approval and Sunset Clauses .....	22
Appendix C: Definition of "Fuel" .....	23
Appendix D: Use of Gas Tax Revenue .....	24
Appendix E: Penalty for Failure to Secure License .....	25
Appendix F: Exemptions and Refunds .....	26
Appendix G: Weight-Mile Tax .....	27
Appendix H: Other Ordinance Provisions .....	28
Appendix I: Taxation of Aircraft Fuel .....	28
Appendix J: Local Gas Tax Revenue vs. State Highway Fund Share .....	29
Appendix K: Local Gas Tax Collection .....	30
Appendix L: Sample City Gas Tax Documents .....	31

For questions about this  
report please contact:

League of Oregon Cities  
PO Box 928, Salem, OR 97308  
(503) 588-6550



# INTRODUCTION

---

Streets and roads are critical assets for local communities. In many cities, the State Highway Fund is the primary source of street funding. The street networks in Oregon cities are deteriorating, and the cost to maintain and improve this asset has increased dramatically. Since there has been no increase in the state gas tax rate since 1993, the effects of inflation have decreased the purchasing power of highway fund dollars. For more information on the municipal transportation funding gap, see LOC's 2007 report, "City Streets: Investing in a Neglected Asset."

The federal government and State of Oregon levy gas taxes as a source of revenue for federal, state, and local roads and highways. These gas taxes assess a certain number of cents per gallon of fuel. Oregon's gas tax is currently at 24 cents per gallon.

In an effort to alleviate the backlog of street projects, cities have looked to new local funding options, such as local fuel dealer license taxes, or "local gas taxes." Local gas taxes were first implemented in a few Oregon cities in the 1980's. Since then, more cities have been adopting these taxes as a way to bridge the growing gap in local transportation funding. Currently, there are 17 cities with local gas taxes, and several more considering this funding mechanism. In Oregon, local gas tax ordinances levy a business license tax on fuel dealers. The amount of tax levied is set as a certain number of cents per gallon of motor vehicle fuel sold by the dealer.

Despite the success of local gas taxes for several Oregon cities, these taxes have also brought controversy and political tension as well. Several city councils have passed local gas tax ordinances, but petition drives have left the final word with the voters. The purpose of this study is to analyze the experiences of those cities that have pursued local gas taxes as a source of transportation funding.

## IDENTIFY THE PROBLEM

---

Many cities have begun by conducting a major inventory and analysis of their street network before exploring additional revenue options, and bringing solutions forward to the public. Some cities hired private consultants to conduct this analysis of city streets. Review by an outside source can help illustrate the severity of the problem to the council, local businesses and the public.

Several cities have formed transportation funding committees and task forces. These groups, often comprised of both elected officials and private citizens, work together to analyze the challenges and propose solutions. For example, the city of Tigard has a Transportation Financing Strategies Task Force, which proposed a street maintenance fee, and later a three cent gas tax (see p.17).

Cities also worked to educate the public on the deteriorating condition of city streets, the benefits of preventative maintenance, and the need for new transportation revenue. If the public understands the problem, they may be more open to the solutions adopted by the council.

# CHOOSE A SOLUTION

---

Once cities have identified the severity of the transportation funding problem, they must then explore various revenue options. One of the main reasons cities have chosen local gas taxes is because all users of the city network pay, not just local residents. This aspect of a local gas tax is appealing to tourist areas such as Astoria/Warrenton, or economic hubs such as Eugene/Springfield.

Local gas taxes are fairly easy to implement, and have been an excellent sources of revenue for many cities. For the city of Stanfield, the one cent gas tax has brought in almost 50 percent more revenue than the city's share of the State Highway Fund (see p. 31). Most of the cities implementing gas taxes use the Oregon Department of Transportation (ODOT) for revenue collection. These cities are members of the ODOT Fuels Tax Groups. However, Dundee, Oakridge, Sandy, Stanfield, Tillamook, and The Dalles collect their own gas tax revenue directly from the gas station owners. See p. 32 for more information on collection.

One difficult task with implementing a new local gas tax is estimating the amount of revenue the city will collect. The way the state gas tax is assessed and collected makes it impossible for ODOT to track how much fuel is sold in individual jurisdictions. ODOT only has fuel sales data for the local jurisdictions who have passed local gas taxes, and joined the ODOT Fuels Tax Group (see p. 32).

For the cities who are currently implementing gas taxes, several different methods were used to estimate gas tax collections for the first fiscal year. Several of the cities' calculations used fuel sale per capita data from other gas tax cities. There are many variables that influence fuel sales: location, economy, number of gas stations, etc. Cottage Grove has a high per capita gas tax revenue due to the location of the gas stations along Interstate 5. Astoria and Warrenton are tourist towns, so a gas tax captures revenue from many visitors. If using a per capita estimate, cities considering a gas tax should use data from gas tax cities that are comparable to their community.

Another way to acquire an estimate on potential gas tax revenue is to hire a private consultant. Astoria and Warrenton hired a consultant to conduct a market analysis on a local gas tax. This report collected data for Astoria/Warrenton, and made comparisons to neighboring cities, as well as other gas tax cities. Astoria and Warrenton wanted an outside source to determine the impact of a local gas tax. The total cost of the study was \$3,000, which was shared by both cities.

Due to many of the variables listed above, a local gas tax may not be the best solution for every community. For some cities, a gas tax may not receive community support, a lack of through traffic may limit the revenue to local users, or there may be a threshold for gas prices and tax rates. A city considering a gas tax should evaluate whether or not this is the best mechanism to achieve desired funding goals, as well as assess the political environment of the community and the attitude of citizens towards fees and taxes.

# IMPLEMENTING LOCAL GAS TAXES

---

The League of Oregon Cities informally surveyed and interviewed each of the cities currently implementing a local gas tax, and the few cities that tried but were defeated at the ballot. There are unique experiences for each of the cities, but there are many similarities as well.

Below is a list of actions taken by the cities surveyed. Please note that these are experiences from a select number of cities. Neither the League of Oregon Cities, nor any of the cities discussed in the report, are suggesting these examples as an action plan for another city. A city considering a local gas tax must evaluate the political environment of their community, and the city's need for transportation funding. For more information on specific city experiences, see page 13.

- **Outside Data and Information:** Some cities hired private consultants to collect data, varying from an assessment of the street network, a market analysis of a gas tax, or a public opinion poll on transportation funding options. These outside resources provide the council with hard data on the condition of city streets and the various funding options.
- **Present the Problem and Propose Solutions:** For some cities, the path to a gas tax began with general discussions about street funding options, and eventually the proposal of a local gas tax. Many of the cities worked to inform the public of the deteriorating condition of local streets, the cost benefits of preventative maintenance, and the need for new transportation revenue. For many of the cities, the discussion began months before taking formal action. If the public understands the problem, they may be more open to local revenue options, such as a gas tax.
- **Proposal Comes from a Committee/Board:** Several cities found that the city council and the public were more responsive to a gas tax proposal if it came from a committee that had citizen members. For example, Tigard has a Transportation Financing Strategies Task Force, and it proposed a street maintenance fee, and later a three cent gas tax (see p.17).
- **The Council on Board:** Cities found that if a gas tax is adopted, the council should be well educated on the issues, and in support of the gas tax. If the public still has questions and concerns about the gas tax, it will be helpful if the council members can accurately answer the questions and alleviate concerns. If the ordinance is referred to the voters, council members may be the only city officials who can advocate for the gas tax.
- **Accountability and Credibility:** The city has to have a good track record of using money efficiently and appropriately. For several of the cities, one major public concern was that gas tax revenues would not be used for street projects. To alleviate this concern, Milwaukie went as far as to put a very specific provision in the ordinance on the use of gas tax revenues.
- **Public Education:** Many of the cities that successfully implemented local gas taxes had engaged in public information campaigns. Beyond the standard public hearings, many cities hosted town hall meetings, did presentations to civic groups, published newsletter articles and

fliers, etc. If the public is fully informed as to what the tax is, why the city is levying it, and what it will be used for, the voters may be more receptive. In Tigard, the citizens understood the purpose of the gas tax, and that revenues would remain in the city. Tigard's gas tax was not referred to the voters. The city of Florence, however, had its gas tax referred to the voters in 2005. The city held public hearings on the gas tax, but had not done much public outreach. After the gas tax failed on the ballot, the city learned that some voters thought the gas tax revenue would go into the general fund and be used on other services. If a gas tax is placed on the ballot, a city is then limited on the role it can play and the information it can produce due to election laws. If the public is well informed during the ordinance phase, they may choose not to sign the referral petitions, or will vote in favor of the gas tax if it is placed on the ballot.

- **Negotiate with Opponents:** Despite a major public education effort, there may still be strong opponents. For many cities, it is the gas station dealers and the Oregon Petroleum Association backing referral petitions. If possible, work to educate these groups specifically, and negotiate if necessary. In the city of Oakridge, a gas station owner and a soon-to-be cardlock station owner wanted diesel fuel to be exempted (cardlock stations use a special card, similar to a credit card, to purchase fuel, primarily diesel - e.g. Pacific Pride). The city, however, found that not all diesel fuel sold is for semi-trucks. Therefore, the two parties agreed to the cardlock station paying three cents per gallon on 5 percent of the diesel fuel sold (an average percent of diesel fuel sold to non-semi trucks). All other stations pay the three cent tax on all fuel sales. Other cities make similar concessions for diesel. For example, Coburg decided to exempt diesel fuel from the city gas tax.
- **Specificity:** Several cities have had success implementing gas taxes by identifying specific projects, raising a fixed amount, and adopting a sunset clause for the tax. Pendleton had success with this in 1999. The city's gas tax was implemented to raise money for a major bridge project and contained a sunset clause for when the project was completed. For most of the cities, gas tax revenue is used to fund more than one project, and may not have a sunset clause, but the ordinances are still specific regarding use of funds. Eugene's ordinance prohibits the use of gas tax revenue for capacity-enhancing street improvements, and Milwaukie's states that revenues will go towards the city's street surface maintenance program.

## Referrals to the Ballot

- **Remember State Laws Regarding Political Campaigns:** If a gas tax ordinance is referred to the ballot, the city's efforts become more limited by state elections laws. For more information, the Secretary of State, Elections Division has a publication, "Restriction on Political Campaigning by Public Employees," which is available online.
- **Petitions Require Signatures from 10 Percent of Registered Voters:** Referral petitions need signatures from 10 percent of the electors registered in the city (ORS 250.305). Had the city not repealed the ordinance, only 125 signatures would have been needed to place Junction

City's newly passed gas tax on the ballot. If a city has worked hard to educate the public and promote the gas tax before it is referred, hopefully the voters will remember all of these facts.

- **Elected Officials Can Campaign:** In order to help remind people about the benefits of the gas tax, several cities relied on elected officials. By law, elected officials can advocate for or against ballot measures. So once again, be sure the council is informed on all the nuances of the gas tax, and are willing to support the tax despite political pressure.
- **Use Local Volunteers:** For several of the cities whose gas taxes were referred to the voters, local volunteer groups played a key role. There may be groups of citizens that are concerned about city streets and want to help. It may be citizen members of committees, business owners who want better streets, etc. Through volunteers and local contributions, some cities have had true "campaigns" in support of the gas tax. In 2003, with the help of a local group - E-Pay, "Every User Pays for Tillamook Streets"- the Tillamook City Council published a flier in support of the one cent gas tax increase (see p. 33).
- **Don't Stop Campaigning Until the End:** If gas station owners and/or the Oregon Petroleum Association is backing the effort against the local gas tax, there may be a well-funded local campaign. Campaigns hit their message the hardest right before an election - city elected officials and volunteers will have to do the same. During Tillamook's campaign for a one cent gas tax increase, council members went door to door talking to the public and handing out fliers. The council was hearing positive voter feedback, so they eased up on the campaigning a couple of weeks before the election. The gas tax increase was defeated by 89 votes.

## Maintaining Community Support

Even if a local gas tax is implemented without much opposition, that does not mean that controversy will not arise later. Furthermore, if a city wants to raise an existing gas tax, community support will once again be needed. Here are methods used by cities to maintain public support for a gas tax:

- **Maintain Accountability and Credibility:** Once a city has passed a gas tax to collect revenue for street projects, the city must use the revenue efficiently and for the purpose for which it was raised.
- **Show the Public Results:** In order to illustrate the city's accountability and credibility, many cities make a strong effort to show the public the positive results of the local gas tax. Several cities post signs at gas tax-funded project sites, or publish projects lists in a newsletter or online (see p. 33). Seeing the positive impact on city streets can help preserve public support for this local funding source.

## **Take a Regional Approach**

Some cities have had success implementing local gas taxes when multiple cities are involved. If two or three neighboring cities decide to adopt gas taxes, gas station owners may be less concerned about competitive disadvantages.

Even with a regional approach, however, there may be some communities that are not receptive to a local gas tax, or there may be a threshold at which gas prices and tax rates are deemed too high. The current attitude of a community and proximity to its neighbors may affect the success of a "regional approach."

### **Astoria and Warrenton**

Astoria and Warrenton both passed local gas taxes in 2007. The two ordinances are identical and establish three cents per gallon fuel dealer license taxes and sunset clauses for 2017.

The cities first conducted a joint market analysis on the implementation of a gas tax in the Astoria/Warrenton area. The analysis found that a gas tax would result in 80 percent of the revenues collected coming from non-residents (tourists).

Astoria began discussing the gas tax several months before its passage in order to get the public acquainted with the idea. Astoria also held a public hearing in order to get feedback from citizens. In lieu of a formal public hearing, Warrenton had a community forum that included a presentation on the need for street improvements and funding options, a break out session wherein the city commissioners met with residents in separate groups, and a session where each commissioner presented the feedback from the small groups. The notion behind this approach was to give every resident attending the meeting an opportunity to be heard in an informal and less intimidating manner.

Neither city experienced much controversy over the gas taxes proposals. For Astoria, the only major concern was that the revenue be used for streets - no administrative charges that get moved to another fund. None of the local gas stations were in heated opposition to the gas taxes, and neither city has heard from statewide associations.

Astoria and Warrenton are in close proximity to each other, but several miles away from other cities. For these two medium-sized communities, passing a local gas tax without the cooperation of the other may have been a difficult task. Due to collective efforts, both cities will begin collecting much needed revenue for city streets starting November 1, 2007.

See p. 23 for more detailed information on these cities' gas taxes.

## Lane County Cities

As of September, 2007, six cities in Lane County have adopted local gas taxes as a means to fund needed street projects. If Junction City's gas tax is approved by the voters in November 2007 (see p. 19), the count will rise to seven.

Five out of six of the gas tax cities in Lane County passed ordinances in 2003 and 2004. The first two cities were Eugene and Springfield. The two cities did not officially partner in this endeavor, but there was cooperation between the two cities to assist in a smooth passage of these two ordinances, and both ordinances were passed within months of each other with little controversy.

Cottage Grove was the next city in Lane County to pass a local gas tax, following Eugene and Springfield by just a few months. Over a year later, Oakridge and Veneta implemented their gas taxes. At this point, all five of the local gas taxes in Lane County were set at three cents per gallon, passed with little controversy, and were not referred to the voters.

This track record ended in 2005. The city of Florence tried to pass a three cent gas tax, which was immediately referred to the voters, and heavily defeated 66 percent to 34 percent. Florence had not done a lot of public education, and was not able to campaign once the measure was placed on the ballot. There was public misconception about what the gas tax was, and how it could be used. Furthermore, Florence is not located near the Eugene/Springfield metropolitan area, so Florence may not have been "regional" enough.

Most recently, both Junction City and Coburg passed local gas taxes: Junction City at five cents per gallon, Coburg at three cents. Coburg's ordinance was implemented without a referral to the voters, but a referral petition circulated regarding Junction City's gas tax. The city council chose to rescind the ordinance, and pass a new one with a referral to the voters. Junction City voters rejected this gas tax measure on the November 2007 ballot.

Eugene also had a gas tax measure on the November 2007 ballot. Earlier this year, the city approved a gas tax increase of three cents, bringing the total gas tax to eight cents per gallon. Petitions were circulated to refer the increase to the voters, and like Junction City, the Eugene City Council decided to repeal the original ordinance and refer the increase to the November ballot. This measure, too, failed to gain approval of the voters.

Many Lane County cities have had excellent experiences passing and implementing local gas taxes. There have also been discussions about a county-wide gas tax. The failure of Florence and Junction City's new gas taxes, and Eugene's three cent increase has caused some cities to reevaluate proposing new gas taxes or increases.

See p. 23 for more detailed information on these cities' gas taxes.



# CITY OF TROUTDALE



## STAFF REPORT

**SUBJECT / ISSUE:** A Draft Resolution Approving a Transparent Process Plan For Evaluating The Needs And Options For a Potential New City Hall.

**MEETING TYPE:**  
City Council Work Session

**MEETING DATE:** March 18, 2014

**STAFF MEMBER:** Erich Mueller  
**DEPARTMENT:** Finance

**ACTION REQUIRED**  
Information/Discussion

**ADVISORY COMMITTEE/COMMISSION RECOMMENDATION:**  
Not Applicable

**PUBLIC HEARING**  
No

**Comments:**

**STAFF RECOMMENDATION:** Advance the draft resolution and plan for adoption at the April 8, 2014 Council Meeting.

**EXHIBITS:**

- A: Proposed New City Hall Plan Timeline
- B: Draft Resolution

**Subject / Issue Relates To:**

- Council Goals
  Legislative
  Other (describe)

**Issue / Council Decision & Discussion Points:**

- ◆ Council Goal: "DEVELOP A LONG TERM PLAN TO REPAIR OR REPLACE CITY HALL"
- ◆ A "Process" for considering a New City Hall that is open and transparent
- ◆ Determining the functions and services to be provided at City Hall, and the resulting required size and location, for a replacement facility in a systematic, professional and transparent manner to provide cost effective delivery of City services

Reviewed and Approved by City Manager:

## BACKGROUND:

The continued use of the original 1923 City Hall was determined to be unfeasible due to concerns relating to the structural integrity of the aging building, and that it is in the best interests of both staff and the public, operations were relocated in May 2012.

Over the past two years there has been considerable interest from the public, development community, staff and press in the expected replacement solution for City Hall. The City has also received five unsolicited proposals to build a new City Hall, each using a different set of assumptions and costs. The City Council has expressed their commitment to a deliberate and open process, rather than responding to separate proposals as they come in.

The various stakeholders have offered many and widely varying opinions and preferences for the potential new facility. However, to date there has not been a cohesive strategy, beginning with a clear definition and agreement on what is required "in" a new City Hall facility.

## APPROACH OVERVIEW:

### Council Role:

- Commitment to "explore" a potential new building for City Hall
- No up-front commitment to any particular outcome
- Commitment to an open process, to gather info and evaluate at each stage
- Receive any "*public comment*" at each stage of the process
- Approve process plan and timeline

### Staff Role:

- Implement the process plan and timeline
- Contract professional space planners designers and architects
- Collect and present professional reports and estimates for Council review and public consideration

The proposed plan is **not** the building solution, but rather a "process" to enable us to work, over time, toward a potential solution. Approval of the process plan is therefore **not** a decision to build a new building, but rather to gather the info necessary to "consider" that as an option.

The proposed process timeline will allow the public and other interested parties to understand the steps, and provide multiple opportunities for the public to participate in an open, transparent and successful process. The process timeline borrows the administration program used to successfully implement the Police Facility Project.

In an attempt to illustrate the lengthy process ahead, proposed timeline assumes some steps for the possibility of a bond to fund the project, as well as time to actually construct the facility. The Council and the public will receive information along the way as the various steps are completed. Of course the Council may choose to pause the progress at the conclusion of any stage, before the next phase begins.

The process seeks to address the basic questions of:

- WHAT functions and services does the public expect to be “in” their City Hall...?
- HOW much space is needed for those functions...?
- WHERE should it be located...?
- WHAT is the “estimated” cost...?

The process seeks to address the proper sizes required for various activities through the expertise of professional space planners, designers and architects, to gather objective and typical size requirements, rather than through personal opinions, estimates or guesswork.

## **PROCESS PHASES/STAGES:**

Phase 1- Needs Analysis

Phase 2- Site Options Study

Phase 3- Schematic Design

Phase 4- Design Development

### Phase 1- Needs Analysis

The gathering of public input for a new facility. Addressing in particular the mix of functions and services the public expect at City Hall. The architects would process the input from the Mayor’s Town Hall as well as reviewing the existing operations and interviewing department heads and staff.

Architectural Programming takes the result of all the various stakeholder input and develops objective and typical size requirements for functions identified. Developing an itemized breakdown of spaces and required areas for those spaces, adjacency analysis information to insure that the layout is the most efficient. Also identifying the typical or any special criteria for structural, mechanical electrical, plumbing, accessibility, parking, and furnishings, fixtures and equipment.

This provides the necessary square footage accumulation to determine an overall building footprint needed for phase 2, evaluation of site options. Estimated professional fees of \$17,000, but will depend on volume of stakeholder input, provides space planning, block diagrams and presentation at a Council work session.

## Phase 2- Site Options Study

Based upon the requirements for building footprint and parking capacity determined in Phase 1, a site requirements matrix is established. Various sites under consideration would be scored based upon the matrix factors order of the priorities for evaluation: for example- adequate square footage of the site, physical site lot layout, configuration and topography, parking capacity, possible expansion, land acquisition costs, zoning, etc..

Estimated professional fees of \$18,000 to \$24,000 depending on the number of sites to be evaluated. The work product provides a decision matrix, civil engineer infrastructure analysis, architectural analysis, block plan layout on site, first level construction cost estimate and presentation at a Council work session.

## Phase 3 - Schematic Design

Based upon the site selected in Phase 2, schematic design includes sketches for floor plans, sections, elevations, and perspectives are developed. The process is iterative and continues until a plan emerges that resolves all or as many of the design parameters as possible. Preliminary finishes and furniture ideas are also developed during this phase. Following a couple of Council work sessions and approval of the preliminary design then another round of cost estimates is developed. Professional fee estimate is in the range of \$28,000 to \$34,000 depending on the site selected in Phase 2.

## Phase 4- Design Development

During design development, the designer develops plans, elevations, sections, and other related details to a high level of finish; refines colors and finishes; selects any purchased furniture, fixtures, and equipment; and prepares a cost estimate and budget for construction and FF&E items. Again the process is iterative, and following a couple of Council work sessions and approval of the design, then another round of cost estimates is developed. Professional fee estimate is in the range of \$56,000 to \$67,000 depending on the design choices of Phase 3.

## **COSTS: “Construction” vs. “Project”**

Before numbers begin to be debated and expectations develop, an important distinction is that “construction” costs are only part of the total “project” cost.

Construction cost, or cost to build the building, or what is paid to General Contractor, are all ways of referring to the largest component of the total project cost, which is generally 75% to 80%. But overall project costs include many additional items such as:

**STUDIES-** items such as:

Phase 1 & 2 feasibility studies, environmental assessment, hazmat abatement study, ALTA survey, traffic study, basic geotechnical survey and title report.

**DEVELOPMENT COSTS-** items such as:

Actual construction cost plus, land and rights acquisition, right-of-way, partitions, lot line adjustments, demolition, site work, off site infrastructure improvements, appraisal and structural construction testing.

**PRECONSTRUCTION COSTS-** items such as:

Consulting, design and professional fees for Architectural services, interior designs, furniture systems design, civil, structural and mechanical engineering, data/communication and security design consultants, landscape design, cost estimating services and planning and zoning coordination.

**CITY/COUNTY/STATE FEES/PERMITS-** items such as:

System development changes for transportation, sewer, stormwater and water, site and design review type III, conditional use type III, pre-application conference fees, building, electrical, plumbing and mechanical permit fees, fire/life and safety review, and DEQ & EPA permits.

**ADMINISTRATION COSTS-** items such as:

Professional project manager costs, furnishings, fixtures and equipment (FF&E) for phone/data, security, generator, UPS, and multi-media, plus furniture and systems-furniture, relocation expenses and bond measure expenses.

All the above potential cost items need to be estimated to more fully inform the Council as you consider the possible cost and funding requirements, before making any "building" commitment.

**SUMMARY:**

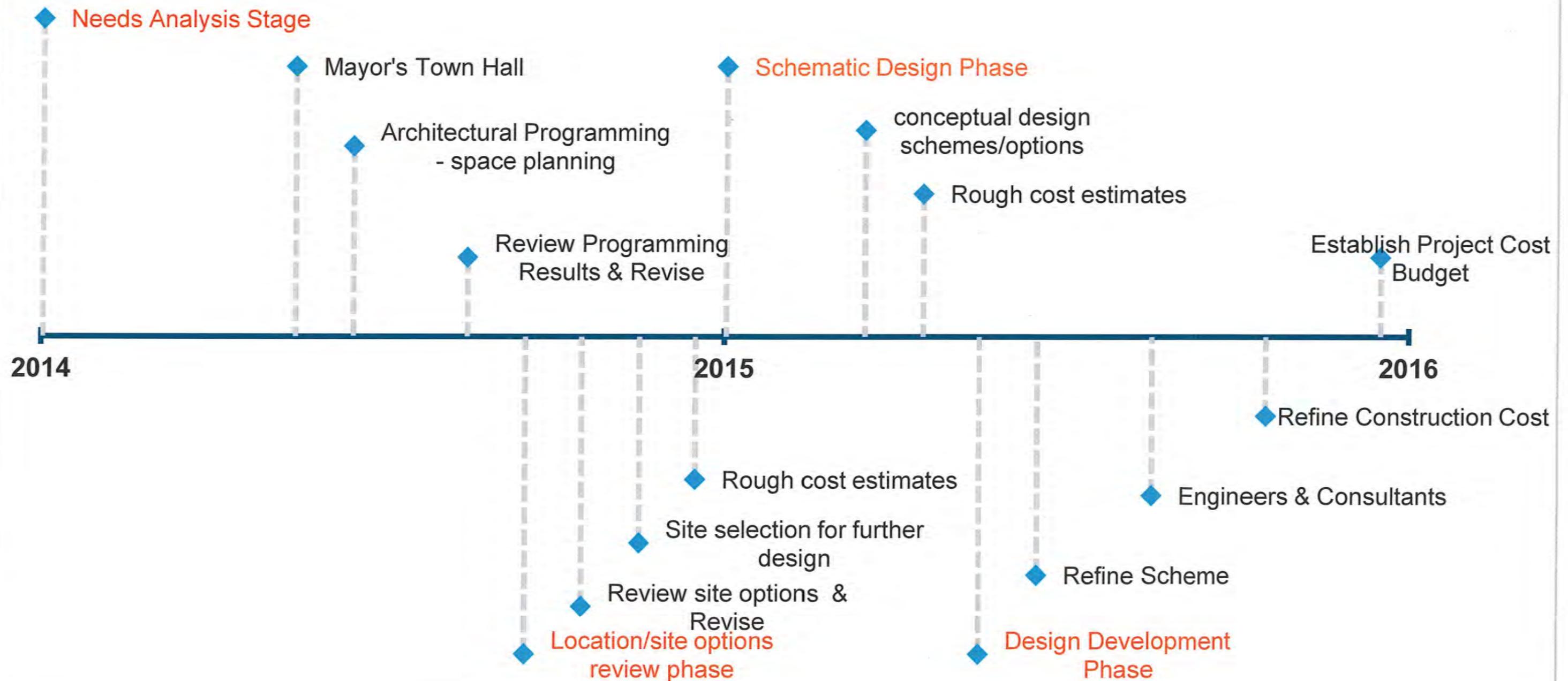
The resolution begins the process, but does not commit to "build" anything, only to gather more information for future decisions, and authorizes the City Manager or Finance Director to begin implementation of the process plan.

**PROS & CONS:**

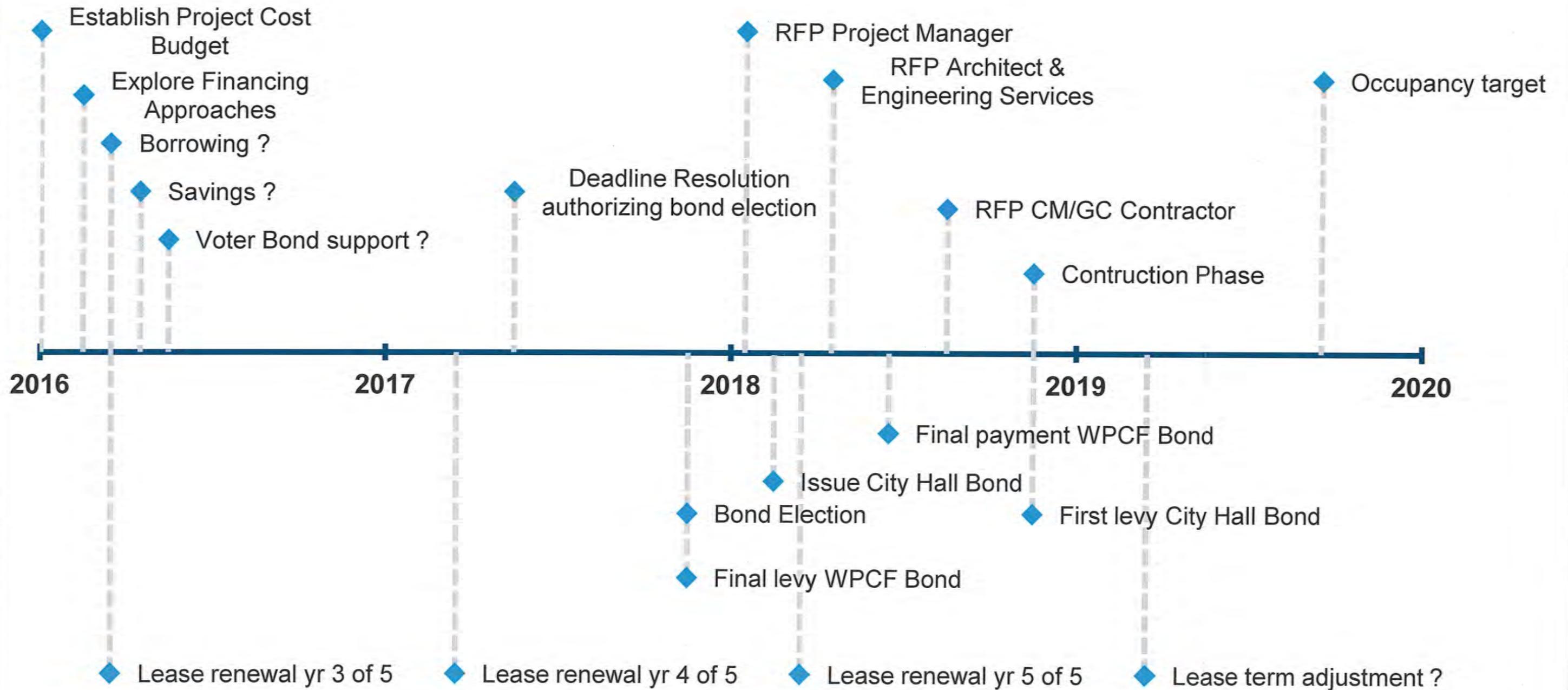
- A. Approve the proposed resolution to provide the public and other interested parties to clarity as to the intended process.
- B. Not approve the proposed resolution, develop a new plan or chose not to explore a new facility.

<p><b>Current Year Budget Impacts</b>   <input checked="" type="checkbox"/> Yes (<i>describe</i>)   <input type="checkbox"/> N/A          First Year: unknown, dependent upon input volume</p> <p><b>Future Fiscal Impacts:</b>   <input checked="" type="checkbox"/> Yes (<i>describe</i>)   <input type="checkbox"/> N/A          Future Years: unknown, dependent upon number of site options and cycles in iterative process</p> <p><b>Community Involvement Process:</b>   <input type="checkbox"/> Yes (<i>describe</i>)   <input checked="" type="checkbox"/> N/A</p>
--

# New City Hall Plan Timeline (pt. 1)



## New City Hall Plan Timeline (pt. 2)



**DRAFT**

**RESOLUTION NO.**

**A RESOLUTION APPROVING A TRANSPARENT PROCESS PLAN FOR EVALUATING THE NEEDS AND OPTIONS FOR A POTENTIAL NEW CITY HALL.**

**THE TROUTDALE CITY COUNCIL FINDS AS FOLLOWS:**

1. The City Hall Building, located at 104 SE Kibling Avenue, was constructed in 1923.
2. The continued use of the City Hall building was determined to be unfeasible due to concerns relating to the structural integrity of the aging building.
3. To ensure the safety of both the public and city staff, City operations were relocated and are now delivered from several physical locations.
4. The delivery of services from several current sites is a short term configuration with inherent inefficiencies.
5. A longer term location solution is necessary for a City Hall replacement.
6. Proposals have been offered from several developers for a variety of potential sizes and locations.
7. The public has expressed considerable interest, opinions, and questions regarding a potential replacement City Hall.
8. Determining the functions and services to be provided at City Hall, and the resulting required size and location for a replacement facility, in a systematic, professional and transparent manner, is in the best interest of the City.

**NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF TROUTDALE:**

Section 1. Approves the plan timeline for the potential new City Hall in substantial conformity with Exhibit A of the Staff Report.

Section 2. Designates the City Manager or Finance Director (each a "City Official") or a designee of the City Official, to act on behalf of the City, and without further action by the City Council, the City Official is hereby authorized, empowered and directed to implement the necessary purchases, contracts, agreements, studies, proposals and any and all other

required and necessary documents to implement this resolution and the adopted materials of Section 1.

Section 3. Further, consistent with intent of the resolution, and in the best interest of the City, the City Officials are authorized to determine and execute any subsequent addendums, extensions, revisions, modifications, or successor documents, and the execution thereof by any such City Official shall be conclusive as to such determination.

Section 4. The Finance Director is authorized to disburse funds, subject to annual appropriations, as necessary to fulfill the necessary plan obligations, and is further directed to implement all such actions necessary to ensure budgetary compliance.

Section 5. This Resolution shall take effect upon adoption.

**YEAS:**  
**NAYS:**  
**ABSTAINED:**

---

**Doug Daoust, Mayor**

---

**Date**

---

**Debbie Stickney, City Recorder**  
**Adopted:**