

# City of Oregon City

## Pavement Maintenance Utility Fee Study

July 15, 2015

**John Ghilarducci**





# Agenda

---

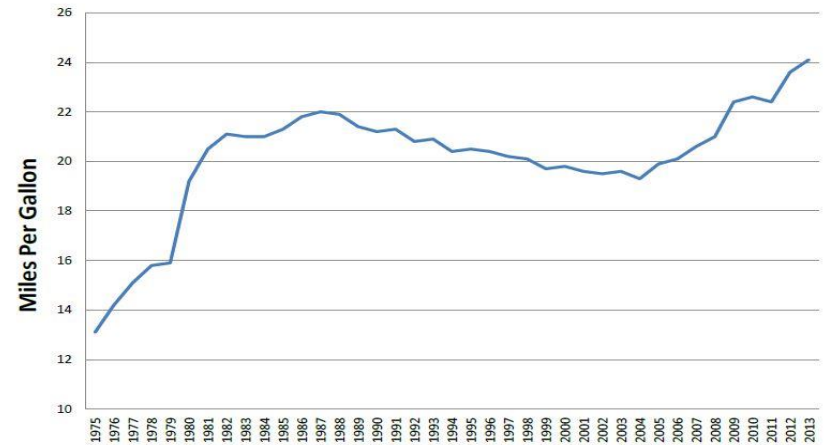
- ◆ **Rates**
  - Background
  - Key Assumptions
  - Cost Inputs
  - ADT Projection
  - Revenue Requirement Analysis
- ◆ **Next Steps**
- ◆ **Questions**



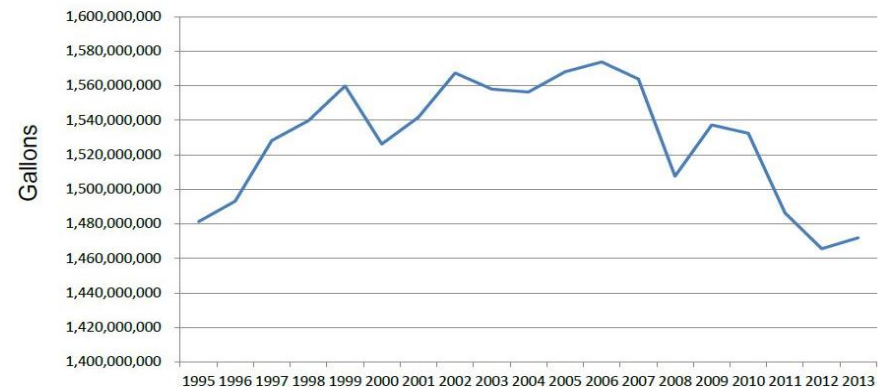
# The State of Oregon Transportation Funding

- ◆ **The State receiving less revenue per mile travelled on roads**
  - Higher fuel economy
  - Lower gasoline consumption
  - Fewer annual miles per driver
- ◆ **State has fewer resources for construction**
- ◆ **ODOT unable to provide as many construction programs as in previous years**
- ◆ **Less transportation revenue to the state means less transportation revenue to cities**

Adjusted Fuel Economy for Model Year 1975-2013  
Source: U.S. Environmental Protection Agency

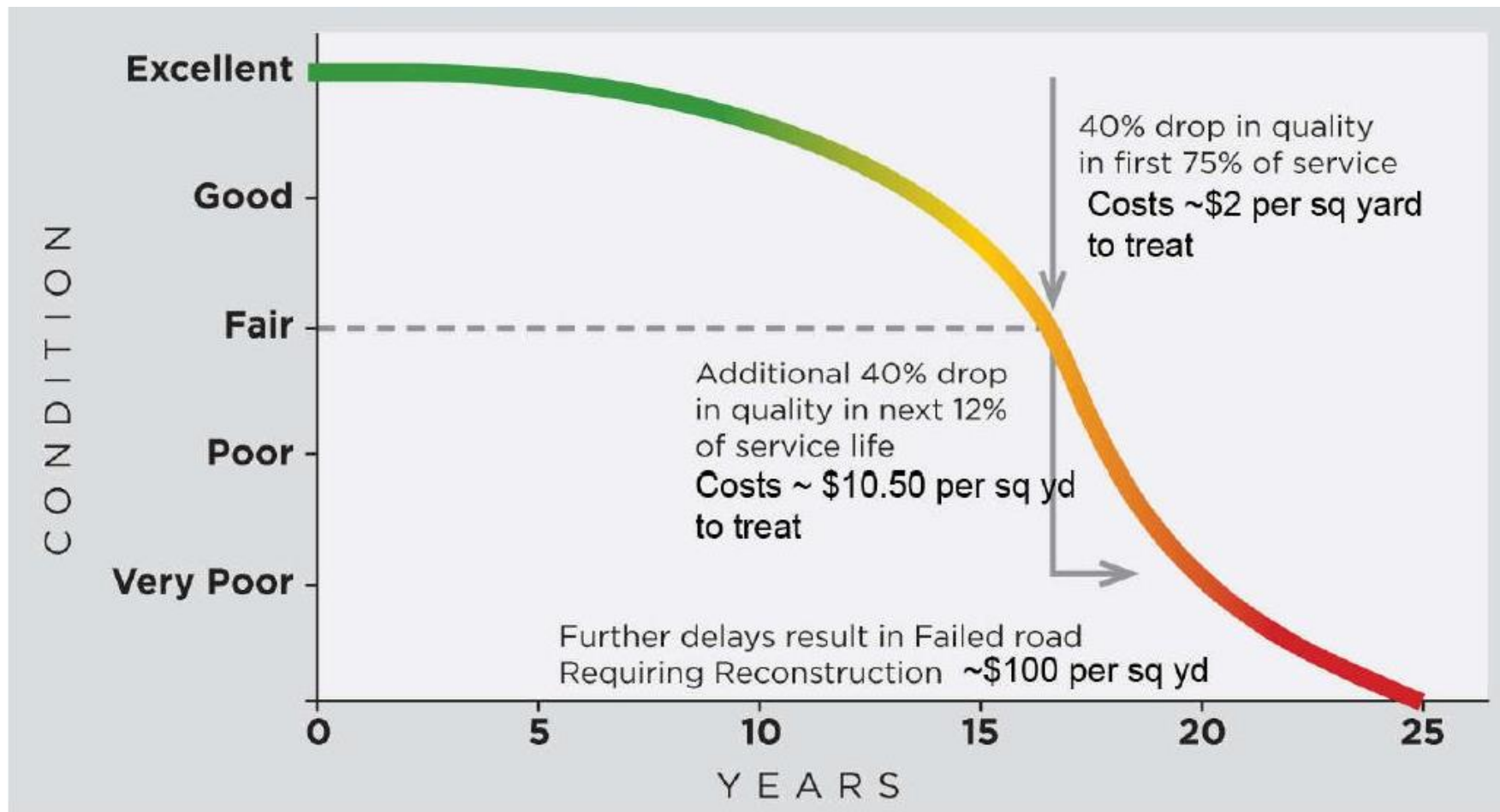


Oregon Gasoline Gallons Sold  
Source: ODOT Fuels Tax





# Why Pavement Maintenance Matters



**Source:** Pavement Management Program Budget Options Report for City of Madras, Capitol Asset and Pavement Services.



## **Background: What Should Rates Do?**

- ◆ **Generate sufficient revenues to sustain the utility system**
- ◆ **Charge for services provided**
- ◆ **Recover costs equitably**
- ◆ **Achieve city objectives**
  - Revenue stability
  - Maintain minimum fund balances



# Key Assumptions

---

- ◆ **Timing**
  - Five year analysis period
- ◆ **Annual cost escalation**
  - General inflation (1.72%)
  - Personnel inflation (5%)
  - Capital outlays (2.81%)
  - Customer growth (Metro 2040 growth)
- ◆ **Minimum fund balance**
  - Operating fund reserve: 45 to 65 days of O&M expenditures



## **Existing Rate Structure**

---

- ◆ **Non-residential accounts sorted by bin.**
  - ITE trip rate per unit falls into a bin range; 5 bins.
  - Account charged based on bin trips multiplied by units (e.g. square footage, movie screens, etc.)
  - Schools in 'no bin' charged non-residential trip rate.
- ◆ **Residential accounts separated by dwelling type.**
  - Multifamily and single family rates charged by ITE trip rate.
  - Special 'low income' account class. Charged ½ of single family account.



## Existing Rate Structure – Cont.

Rate Structure				
	Trips per Unit	Rate per Trip	Bin Range	Monthly Revenue
Non-Residential (Classified by bin)				
1	2	\$0.204	0-5.9 ADTs	\$0.408/unit
2	10	\$0.204	6-17.4 ADTs	\$2.04/unit
3	25	\$0.204	17.5-32.4 ADTs	\$5.10/unit
4	40	\$0.204	32.5-69.9ADTs	\$8.16/unit
5	100	\$0.204	70+ ADTs	\$20.40/unit
No Bin	Varies (0.89*)	\$0.204		\$0.182/unit
Residential (Classified by residential type)				
Single Family	9.57	\$1.24		\$11.90/unit
Multi Family	6.72	\$1.24		\$8.36/unit
Low Income	4.785*	\$1.24		\$5.95/unit

**\*Used for projection purposes.**





# Cost Inputs

Pavement Maintenance Utility Fee Cost Requirements					
	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Operations and Maintenance	\$402,920	\$419,906	\$437,687	\$456,302	\$475,792
Pavement Maintenance Projects	\$1,137,191	\$1,245,093	\$947,433	\$1,546,583	\$1,513,290
Total Revenue Requirement	\$1,540,111	\$1,665,000	\$1,385,120	\$2,002,885	\$1,989,081

- ◆ Two cost components: O&M and Project Costs
- ◆ Between \$1.4 - \$2 million in annual expenditures



# ADTs by Category and Customer Class

ADTs by Category and Customer Class					
	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
<b>Non-Residential</b>					
<b>Bin 1</b>	18,192	18,520	18,853	19,193	19,539
<b>Bin 2</b>	30,659	31,211	31,774	32,346	32,929
<b>Bin 3</b>	14,200	14,455	14,716	14,981	15,251
<b>Bin 4</b>	80,658	82,111	83,590	85,097	86,630
<b>Bin 5</b>	10,262	10,446	10,635	10,826	11,021
<b>No Bin (School)</b>	5,586	5,686	5,789	5,893	5,999
<b>Total Non-Residential</b>	<b>159,555</b>	<b>162,430</b>	<b>165,357</b>	<b>168,336</b>	<b>171,369</b>
<b>Residential</b>					
<b>Single Family</b>	92,016	93,313	94,629	95,963	97,317
<b>Multifamily</b>	23,507	23,838	24,174	24,515	24,861
<b>Low Income</b>	914	927	940	953	967
<b>Total Residential</b>	<b>116,436</b>	<b>118,078</b>	<b>119,743</b>	<b>121,432</b>	<b>123,144</b>
<b>Total ADTs</b>	<b>275,991</b>	<b>280,508</b>	<b>285,100</b>	<b>289,768</b>	<b>294,513</b>



# Revenue Requirement

## Revenues Based on Current PMUF Rates

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
<b>Non-Residential Trips</b>	159,555	162,430	165,357	168,336	171,369
<b>Residential Trips</b>	116,436	118,078	119,743	121,432	123,144
<b>Annual Non-Residential Rate Revenue (\$0.204 per trip)</b>	\$390,591	\$397,629	\$404,793	\$412,087	\$419,512
<b>Annual Residential Rate Revenue (\$1.24 per trip)</b>	\$1,738,224	\$1,762,736	\$1,787,593	\$1,812,801	\$1,838,364

## Annual Surplus/(Deficit) Based on Current Rates

<b>Revenues</b>	<b>\$2,130,637</b>	<b>\$2,162,217</b>	<b>\$2,194,271</b>	<b>\$2,226,806</b>	<b>\$2,259,827</b>
<b>Expenditures</b>	<b>\$1,540,111</b>	<b>\$1,665,000</b>	<b>\$1,385,120</b>	<b>\$2,002,885</b>	<b>\$1,989,081</b>
<b>Ending Year Surplus/(Deficit)</b>	<b>\$590,525</b>	<b>\$1,087,743</b>	<b>\$1,896,894</b>	<b>\$2,120,814</b>	<b>\$2,391,560</b>

- ◆ Revenue covers expenditures each year
- ◆ No rate increase required



# Next Steps

---

- ◆ **Next steps**
- ◆ **Questions?**

# John Ghilarducci

Principal

4253867.1802 ext. 225

Contact FCS GROUP:

**425.867.1802**

**[www.fcsgroup.com](http://www.fcsgroup.com)**