

PLANNING FEE COST RECOVERY ANALYSIS

August 26, 2019



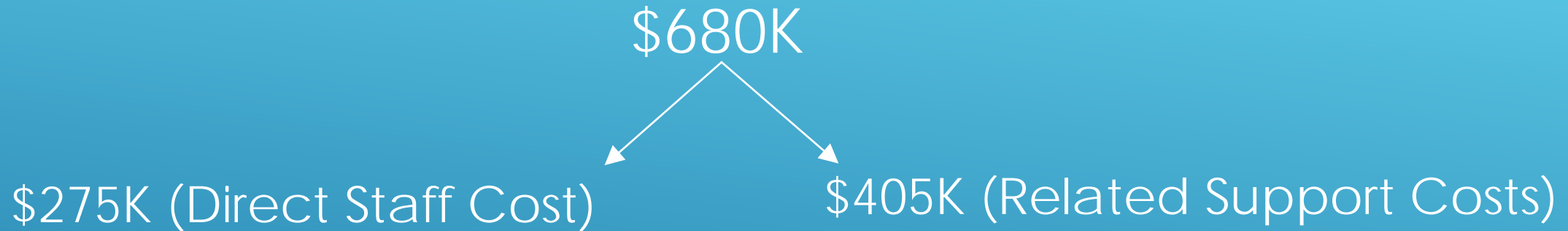
COST RECOVERY TARGET

- ▶ Total Planning Budget (Avg. last 3 years) - \$1.1M
- ▶ \$420,000 for activities other than development review

	\$1,100,000
—	420,000
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	\$680,000

- ▶ \$680,000 for development review

DIRECT vs. RELATED SUPPORT COSTS



Direct Staff Costs

Wages and benefits for staff assigned to permit/application review as tracked hourly on timesheets.

Related Support Costs

- ▶ Admin. Support
- ▶ Management
- ▶ Central Services (HR, Finance, CMO)
- ▶ IT
- ▶ Materials and Supplies

COST RECOVERY GOALS

- ▶ Cost Recovery Model – Planning is funded through the general fund and all planning fee revenues go directly to the general fund as a “reimbursement.”
 - ▶ Any shortfalls in cost recovery impact all general fund activities.
- ▶ What is Council’s cost recovery (“reimbursement”) goal?
 - ▶ Direct Costs - \$275K (staff’s recommended minimum)
 - ▶ Direct + Related Support Costs - \$275K + \$405K = \$680K
 - ▶ Something between \$275K and \$680K

COST RECOVERY DEFICIT

- ▶ Average revenue last three years ~\$235,000

Direct Staff Costs

	\$275,000
—	235,000
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	\$40,000

Direct & Related Support Costs

	\$680,000
—	235,000
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	\$445,000


Deficit = \$40,000 to \$445,00 (depends on cost recovery goals)

PHASES OF PLANNING REVIEW

Three distinct phases of development review for major projects:

- ▶ Pre-Application Meeting (*Free*)
 - ▶ Planning Application/Permit Review (*Fees Collected*)
 - ▶ Planning's Review of Building Permits (*Fees Collected*)
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- A decorative graphic consisting of several parallel white lines of varying lengths, slanted diagonally from the bottom right towards the top right, located in the lower right quadrant of the slide.


STAFF RECOMMENDATIONS

- ▶ Near-term cost recovery goal – recover direct costs
 - ▶ Long-term cost recovery goal – recover some related support costs
 - ▶ Consider adjustments annually at same time as inflationary evaluations
 - ▶ Continue to not charge for pre-application meetings
 - ▶ Look for opportunities to minimize impacts to applicants
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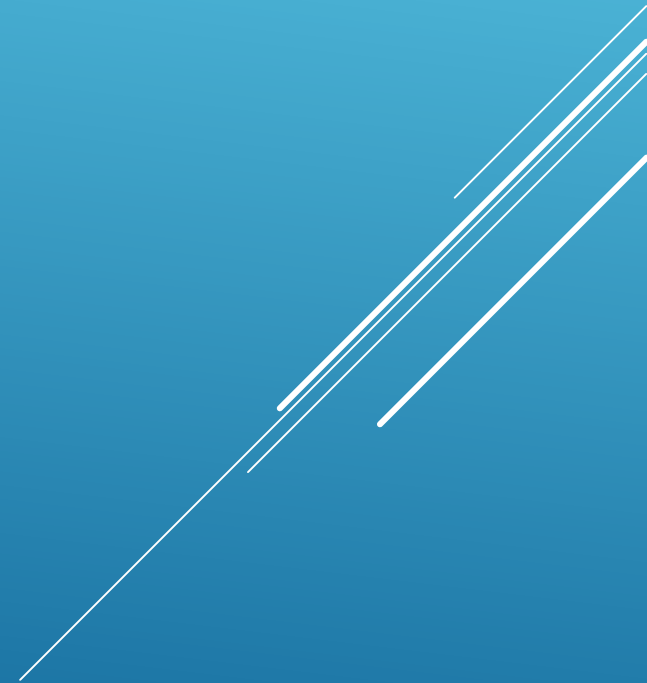
NEAR-TERM IMPLEMENTATION PLAN

- ▶ Change planning review fee on building permits to 15% of building plan review fee.
 - ▶ Costs of review support fee adjustment.
 - ▶ Based on recent development activity, will recover ~\$50K more per year.
- ▶ Mitigate impacts to applicants by considering a 15% building plan review fee reduction.
 - ▶ Supported by recent development activity and reserves being replenished to state recommended levels.

NEAR-TERM RESULTS

- ▶ Anticipated annual revenue based on 3-year average of development activity = \$285,000
 - ▶ Covers 100% of anticipated direct staff costs
 - ▶ Anticipate additional \$50,000 in general fund revenue
 - ▶ No net increase in fees to applicant
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QUESTIONS/ DIRECTION



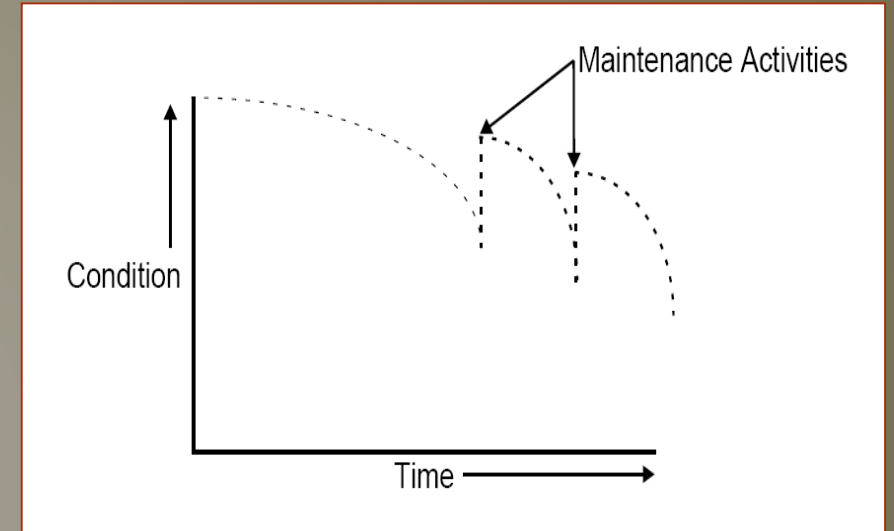
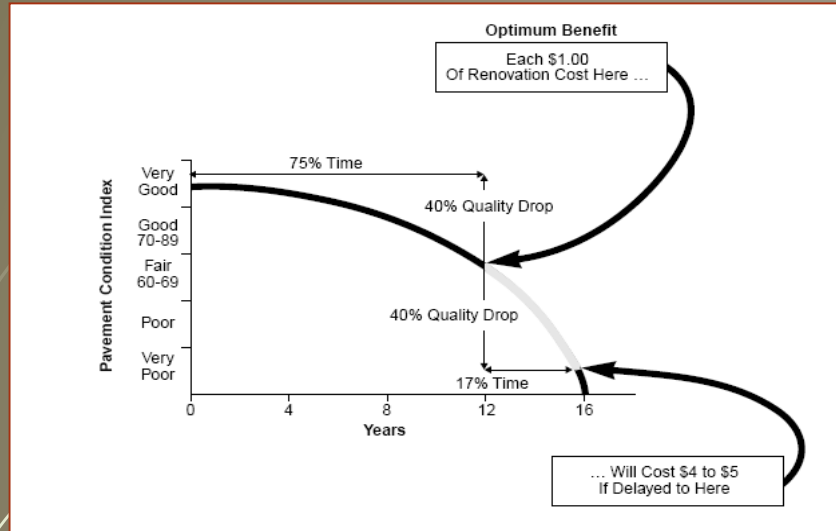
Street Funding

City Council Work Session
August 26, 2019

Meeting Agenda

- Council Goals, Funding Gaps, and Funding Alternatives
- Council Direction from 6-10-2019 Meeting
- Community Comparisons – Funding Sources
- Next Steps - Staff Recommendations
- Council Direction

Initial Council Goal

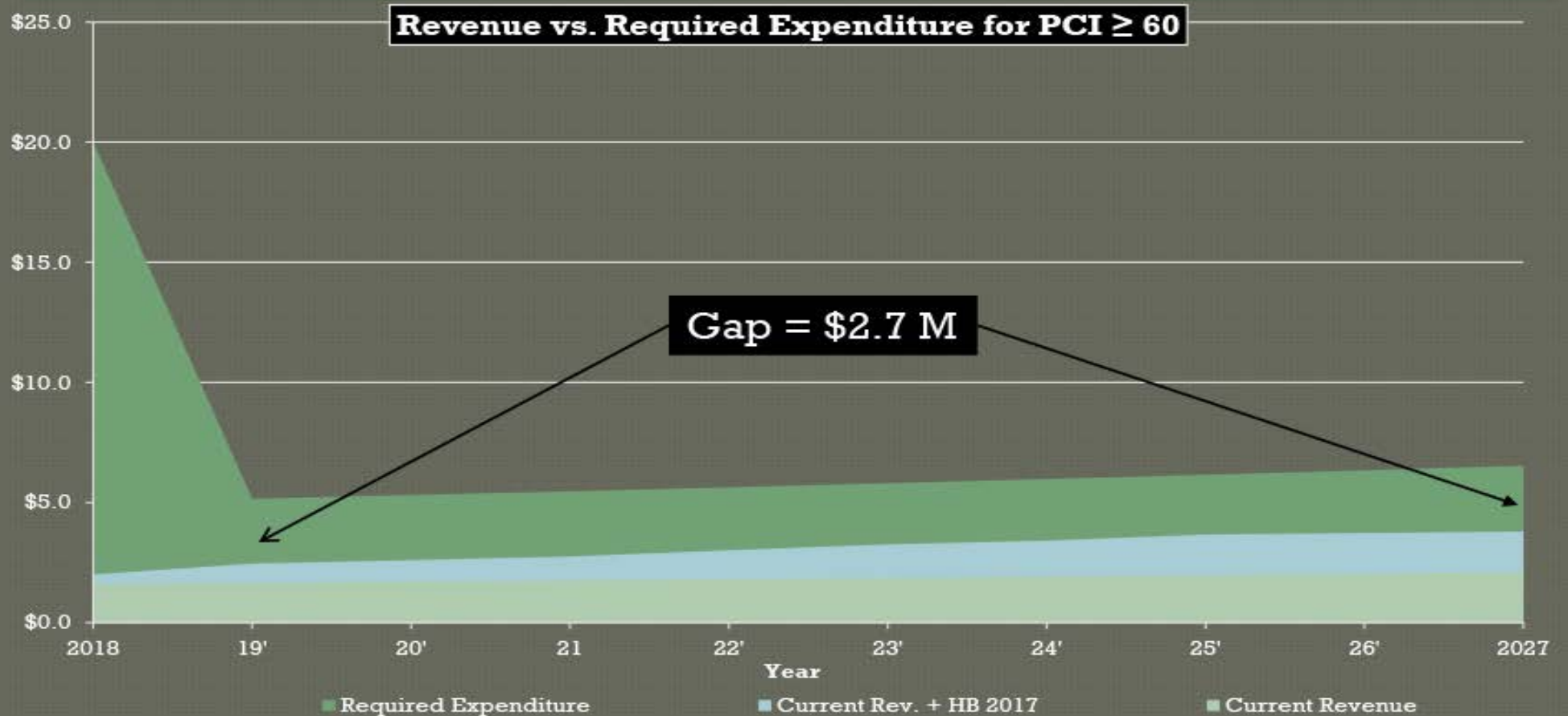


- Evaluate needs and set goals for arterial and collectors first (streets most used by community as a whole).
- Don't let arterial and collector streets go below a PCI of ~60 = "Fair" (balances short- and long-term financial impacts).

Cost of Meeting Goal

- One time ~\$20M (2017\$) investment to reconstruct failed arterial and collector streets.
- An annual ~\$5M (2017\$) investment in major maintenance such as overlays.
- Doesn't address local streets (*150+ miles*) or other transportation needs.

Funding Gap for Arterials and Collectors



*Over simplified for discussion purposes. Assumes all other transportation revenues and expenses are unchanged from, or equally proportionate to, 2017. Assumes SW paying SW costs.

Funding Alternative Summary

- General Fund - \$250K/yr, \$500K
- Franchise Fees - \$1.2M/yr
- In-lieu-of Franchise Fees - \$450K/yr
- *Stormwater Service Charges - \$400K/yr – In Process*
- Gas Tax - \$750K/yr
- Transportation Utility - TBD
- General Obligation (GO) Bonds - \$20M
- Local Improvement District (LID) – N/A
- Other

Note: Dollar amounts reflect staff assumptions and are not fixed.
(2017\$)

Next Steps (6-10-19 meeting)

- Does Council want to continue funding discussion? *Answer – Yes, start by identifying any funding alternatives we may be missing. Look to comparable communities.*
- Does Council already have preferred alternatives in mind? *Answer – Not at this time.*
- Does Council want broader community involvement before moving forward?
Answer – To be determined.
- Does Council want to consider a Task Force?
Answer – No.

Comparator Cities: *By Population*

Rank	City	Population
1	Eugene	169,695
2	Salem	165,265
3	Beaverton	97,000
4	Bend	89,505
5	Springfield	60,865
6	Corvallis	59,280
7	Albany	53,145
8	Tigard	52,785
9	Keizer	38,505
10	Lake Oswego	38,215
11	Oregon City	34,860
12	McMinnville	33,810
13	West Linn	25,830
14	Woodburn	24,760
15	Lebanon	16,920
16	Monmouth	9,890
17	Independence	9,370
18	Sweet Home	9,225
19	Philomath	4,715

Comparator Cities: *By Centerline Miles of Streets*

Rank	City	Centerline Miles
1	Salem	640
2	Eugene	553
3	Bend	412
4	Beaverton	222
5	Springfield	201
6	Corvallis	193
7	Albany	187
8	Lake Oswego	178
9	Tigard	153
10	Oregon City	139
11	McMinnville	120
12	West Linn	108
13	Keizer	100
14	Lebanon	86
15	Woodburn	64
16	Sweet Home	44
17	Independence	37
18	Monmouth	36
19	Philomath	20

Comparator Cities:

Funding sources for street/transportation activities

Funding Source	Used in Albany?	On Alternatives List?
State Fuel Tax	Y	-
Local Fuel Tax	N	Y
Surface Transportation Program	Y	-
Utility Fee	N	Y
Utility District	N	N
Bonds	N	Y
Grants	Y	-
Franchise Fees	N	Y
In-lieu-of Franchise Fees	Y	-
General Fund	N	Y
SDCs / Connection Fees	Y	-
Permit Fees	Y	-
Transient Room Tax	Y	-

Funding Alternative Summary - Updated

- General Fund - \$250K/yr, \$500K
- Franchise Fees - \$1.2M/yr
- In-lieu-of Franchise Fees - \$450K/yr
- ~~Stormwater Service Charges - \$400K/yr - In Process~~
- Fuel Tax - \$750K/yr
- Transportation Utility - TBD
- *Utility District - TBD*
- General Obligation (GO) Bonds - \$20M
- Local Improvement District (LID) - N/A
- Other

Note: Dollar amounts reflect staff assumptions and are not fixed.
(2017\$)

Who has a fuel tax?

Fuel Tax Communities* (27)

Portland	The Dalles
Eugene	Tigard
Pendleton	Veneta
Astoria	Warrenton
Canby	Dundee
Coburg	Happy Valley
Coquille	Milwaukie
Cottage Grove	Sandy
Hood River	Troutdale
Multnomah County	Tillamook
Newport	Silverton
Oakridge	Stanfield
Reedsport	Washington County
Sisters	Woodburn
Springfield	

*Updated per ODOT's Fuel Tax Group website, August 2019.

Who has a transportation utility?

Transportation Utility Communities* (30)

Ashland	Myrtle Creek
Bay City	North Plains
Brookings	Oregon City
Canby	Philomath
Central Point	Phoenix
Corvallis	Sherwood
Eagle Point	Silverton
Florence	Stayton
Grants Pass	Talent
Hillsboro	Tigard
Hubbard	Toledo
La Grande	Tualatin
Lake Oswego	West Linn
Medford	Wilsonville
Milwaukie	Wood Village

**Source: LOC's 2015 Gas Tax and Transportation Utility Fee Survey*

Reoccurring Revenue Options

- Do nothing
- Pull money away from General Fund
- Increase In-lieu-of Franchise Fees
- Street Utility
- Fuel Tax
- Utility District

Staff Recommendation

- ~~Do nothing~~
- ~~Pull money away from General Fund~~
- Increase In-lieu-of Franchise Fees
 - Fall 2019 - ~\$500K per year (18% of gap)
- Street Utility – More discussion
 - Fuel Tax
 - Utility District

Staff Recommendation cont.

One-time money

- GO Bond – Continue discussions with careful consideration of timing related to reoccurring revenue needs for streets and general fund.

Staff Recommendation cont.

Investigate Utility & Evaluation Efficiency

- Develop more information on transportation utility.
 - This is direction to evaluate potential revenue targets, rate structures, and sample bills.
 - This is not direction to implement.
- Consider in conjunction with public safety utility.
 - Save streets and general fund time & money by conducting joint analyses.
 - Can always separate later.

Council Direction

Direction:

- Does Council agree with staff recommendations?
- If not, what funding options would Council like to pursue, in what order, and through what process should they be considered?