



CITY OF BEND

# Agenda

**Bend Economic Development Advisory Board (BEDAB)**

**Monday, December 18, 2023**

**Hybrid Meeting: Council Chambers or via Zoom**

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## **Noon            BEDAB Meeting**

**Roll Call:** Briana Manfrass- Chair, Brenda Speirs, Gary North, , Kelly Kearsley, , Ryan Andrews,

Chad Young, Don Myll- Ex Officio

Councilor Perkins-Council Liaison

### **1. Review November 6 & December 4 Meeting Minutes**

Gary North approved November 6 meeting minutes, Brenda Speirs seconded.

Unanimously approved.

Gary North approved December 4 meeting minutes, Kelly Kearsley seconded.

Unanimously approved.

### **2. Public Comment**

Todd Dow-Sisters Oregon resident and downtown Bend employee. Today I am representing High Desert Frameworks HDFW. I provided public comments during the December 4 BEDAB meeting and forwarded my comments as well. As was the case with the last meeting I am not here to dispute the need for a Transportation fee, but rather how the fee is calculated for each business and whether the fee represents the business's impact on the transportation system. Today I would like the committee to consider forwarding the following recommendations to City Council.

I really encourage you to stop using the square foot as the indicator for the actual impact of the transportation system. The additional square foot calculation limits the business's ability to dispute its impact on the transportation system. I would really like you guys to slow down the process until some studies are done to know what impact each business or the majority or business class has on the transportation system. I would recommend you slow that down before you recommend your recommendations to City Council. There was some discussion whether the survey was going to be closed or not. I hope you haven't, and I hope you are engaging the business community more. I was surprised by the low turnout of that survey, and to my knowledge your committee and the city hasn't received that much input from the business community, and I don't think they don't care I just don't think they realize what is going on. I believe the Chamber is not actively recommending a formula to determine the fee structure. I'd recommend that you develop an equitable fee rate for small businesses that reflects the impact on the transportation system. In my opinion, the square foot calculation has little relationship to the actual impact on the transportation system. Business type and

classifications are more equitable in determining actual impacts and a fair application of the fee on a business. As I mentioned last time, I still recommend that home-based businesses be charged at least a base rate up and above the residential fee. Every single business that's in a home has an impact to the transportation system. I still encourage you to consider that no businesses should be excluded and that includes nonprofits. I am not advocating a phased in structure over the first few years, in my opinion the phased in approach is the city's way of reducing the pain and complaints caused by the square foot calculations. Let's rip the band aid off the first year and put it back on and rip it off the second year, and maybe we will wake up some businesses.

I want to thank you for your time and leave you with this question, "Should a 2K sq ft., low traffic retail service-based business pays the same fee as a 2K sq ft., high volume restaurant, coffee shop or similar establishment when their impact on the transportation system is not the same?"

### **3. Nonres. Transportation Fee: Draft Rate Structure | Sarah Hutson & Ben Hemson**

Continued discussion from prior BEDAB December 4, 2023, meeting. Discussion#4 PowerPoint slides can be found [here](#).

#### **Committee discussion:**

Kelly Kearsley-What are those businesses that are the 100K SQ FT?

- A lot of them fall into the industrial and manufacturing, which once we factor in the business use and lower end impact, that's not all of them, there's quite a mix. Such as hospitals, large retail and big manufacturing.

Ryan Andrews-What is Costco's square footage?

- Under 100K sq. ft.

Ryan Andrews-There are no airplane hangars in it?

- That is all in the County.

Kelly Kearsley-When we talk about potentially redoing for impact you would see some of the people paying the most and then with industrial or lower impact buildings potentially paying the least.

- We want to assess some rate under square footage and then have tiers of the buckets of intensity this is where we will see the differentiator.

*Just as a reminder square footage is still the multiplier even when you do have the business use, it's just you are charged a lower cost per square foot if you're in bucket one and if you are in bucket six, that is the highest impact. This is how Hillsboro does it.*

Ryan Andrews-The square foot charge for manufacturing would be different than the square foot charge for retail, because one generates a lot more trips, most likely.

*How much do you want to raise the base fee across the board as the minimum for the base fee? Then anything you do on that tail, you start to flatten out that tail, then that will push more of that revenue collection back in the middle. The goal is to generate that \$1.83M of revenue.*

Elizabeth Oshel City Attorney's office- Has been working with Russ and Sarah on this initial phase in. A good thing to remember is what's the initial base charge for that phase one revenue goal. The theory is that in phase two and potentially additional

phases those impact multipliers or factors would be added on top, and this would become the base charge. So that real impact would be of different businesses and would be considered in the next phases.

Gary- Would you have a deductive multiplier?

- No, what we would try to figure out is for example office size, what's a base rate for that? And if you had the lowest intensities, is that your charge? And then you get added these different intensity charges above that.

Gary-You are implementing a base rate now but if you go back to the example of 100K sqft. Costco versus a 100K sqft. manufacturing, the Costco goes significantly higher. So then in the implementation phase you are assuming they are being charged the lowest rate at that point, but if you are leveling that, I assume some go down and some go up because it gets a little bit confusing.

Ben Hemson-Suggested covering the CAP first.

- We cannot tell you that whatever we calculate in the first phase is going to hold as a baseline for the second phase, but what we are trying to do when you look at the \$5M/\$10M/\$15M model is basic math. You take those numbers and double and triple it to get to \$15M. We think we are going to be more additive than deductive.

Gary North-What is the timing of the phasing?

- This has not been finalized but is in our adopted budget. We have \$5M starting on July 1, 2025 to July 1, 2025, then \$10M from July 1, 2025, to July 1, 2026 and then Council had a desire to go all the way up to \$15M which would be in the third year which Council could change in their policy discussions. But for the sake of modeling the discussion and impacts we will carry that forward to Council and see which direction they want to go.

Switching to more robust either year two or three but we need to get into the business registration data and ask for new information, that is at least a year cycle which we want to start the beginning of next year. Hopeful by July 2025 the new system would be in place, if there are three years of implementation, for phase two and three. As we develop that second phase would you like us to come back to BEDAB to discuss in the next year?

Kelly Kearsley-When we did this survey, the people on this tail who are seeing such an exponential increase in their utility bill did we get much feedback from those 25 accounts?

- Some did respond although it is a pretty small group and Ben Hemson intends to go out with the new Business advocate to talk with these business owners.

Gary North-if a business exists that owns six buildings is it calculating per building or per company?

- What is that meter serving on the site? In some cases, it is one building in other cases you could have five or six buildings on one piece of property. That is why we are relating it to building size. Answer going to be different in every situation its not a direct correlation between meter accounts and properties and buildings.
- Different policy directions: Leave it as is, set a fee cap; so, if it was set at a maximum rate, we would not charge anyone more than what you would pay at 20K feet or 60K feet or 100K feet. Sarah referred to slide titled, "Options on the Tail".

Ryan Andrews-what is the average bill for the 1K sq ft or less on the small tail?

- Comparable to what you see for a residential bill, \$100-\$150/month.

Gary North-The simplistic way of utilizing square footage and applying that universally I struggle with not having a good understanding of the actual impact from the business side of it. You can take those 25 businesses and one or five of them have a dramatically higher impact than something else and the same could be true for a 1K sq ft business. It could be a storage unit or a coffee hut, one has a low impact and one a very high impact at a 1K sq ft. So, I struggle playing with the numbers and not just universally applying this for the initial phase. I would rather see us implement the buckets in 6 months, once people get their first bill you are going to have a lot of push back.

- There will be an appeal process. Questions such as: In the first phase did we get your square footage wrong? Is the County data wrong. The next phase will be a little more robust of an appeal process; I gave you the wrong information, I was classified in the wrong bucket, change of business but in the meantime, we need to get the data.

Ryan Andrews-how many buckets did Hillsboro have?

- Six buckets based on the square footage and then a seventh bucket for those special unit categories.

Ryan Andrews-were those six different industry buckets?

- Yes, you are put into one of those buckets based on your industry. For example, if you are the type of business that generates 30 or fewer trips on the system per day, you might be in bucket one. Basically, it is building times square footage times intensity that gets you to that ultimate number. Right now, we just do not have the intensity, we just have building size.
- The basic question is how do we generate approximately \$1.83M out of 2200 accounts that represent 26M sq ft of nonresidential space in the city?

*Ben Hemson let BEDAB know that Brenda Speirs would need to leave this meeting at 1pm and quorum would be lost which means the discussion would have to stop.*

Ryan Andrews-the numbers up here, (referencing the slide titled, "Options on the Tail") with the maximum rate on the cap, does that get to the 1.83M?

- Yes, the leave as is that's a price per square foot. The 20K sq ft is any account over 20K will be charged \$170 and then you redistribute all that remaining revenue back over the accounts that are less than 12K sq ft, same thing when you go to 60K and 100K.

Gary North-you are not asking for a decision today?

Briana Manfrass-The ask is a recommendation to the fee.

- Mandate is to get in front of council with some feedback around the non-residential fee on Wednesday January 3 during work session.
- Council wants BEDABs feedback. BEDAB has the option to go and present their questions that came up or BEDAB can develop a recommendation that states, "we heard about this, we participate in the vetting process, we would like to see a cap of X, would like to see a floor, businesses and nonprofits should pay.
- On January 3, council is giving direction to Sarah and I and legal to draft the code that we can get out for review. We will reveal it in February then have

another public outreach in February and the hearing is scheduled for March.

Briana Manfrass-Once you establish this how often can it be modified or revisited?

- Once established the split of buckets and phasing is Council action. If it's changing, what's going into the city code, how the fee is being split out, that would be a change to city code by ordinance, Council could do that. The other way the fee could change is through the rates that are set in the fee resolution, which is also a Council action. After the phasing and once we are through all the implementation, Is there a schedule for review? That's part of the Council discussion.

Gary North-This seems random, we are not taking the time to analyze business impact and the tiered system is a random way of redistributing the cost. I don't understand why we would do it at that high level when we're not doing it in any other level.

- Because of the speed and pace, we are going at, we cannot get the system up and running and created in that six-month period.

Gary North-But you can do the standard base rate that you are doing for everyone else. You can apply the original square foot as you are across everything else. You are asking to tier only a certain level of business.

- We are asking for an interim structure for a year so we can figure out the big structure.

Gary North-I understand, I am saying the only rate that you are changing is as the square footage grows there's a portion of businesses that are staying at the square foot rate, regardless of anything, every 1K sq ft business pays the same.

- As we go phase in the dollar amounts the charges are going to go up even for the 1K sq ft in Phase 2.

Gary North- But in Phase 1 you are asking to cap this or do something else. In my opinion its completely arbitrary so then let's be completely arbitrary across the board and let's see what happens. To me it opens up the argument that you are tiering at some random spot in your chart.

Ryan Andrews-asked to go back to the Caps slide (Options on the Tail) what is the amount if the \$1.83M was applied evenly to 2200 accounts, leave out square footage and divided by all accounts.

- \$215 per month.

Ryan Andrews- I think this is how we got here and making it totally arbitrary, it put the burden on small businesses so significantly to big businesses.

Gary North- (referring to slide "Options on the Tail"), I think we should leave it as we've originally drafted. The far-left column in lieu of randomly separating this out in square foot and larger chunks of square foot if we leave it the \$6, \$60, \$600, and not start messing with it at 100K feet, 10K feet 20K feet.

- If you take the \$1.83M divided by 2200 accounts that works out to about \$70 or \$80 a month.

Brenda Spiers had to leave the meeting; next option is to continue the conversation later in the week. Ben Hemson to check in with BEDAB members to make sure there will be enough in attendance for a quorum.

Briana Manfrass suggested sending out an email to see if at least 5 BEDAB members can be in attendance.

**4. Develop BEDAB Recommendation on Nonres. Transportation Fee | Group**  
Tabled.

**5. Roundtable & Future topics | Group**  
Tabled.

**6. Adjourn 1:03pm**

For a recording of this meeting click on link below  
[December 18, 2023](#)

**Upcoming Meetings:**

**December 20:** Bend City Council | Council Chambers, 5 pm | Climate Friendly Areas

**January 3:** Bend City Council | Council Chambers, 5 pm | Non-Res. Transportation Fee

**January 8:** BEDAB January Meeting | Council Chambers, Noon |