



CITY OF BEND

Minutes

Bend Economic Development Advisory Board (BEDAB)

Thursday, December 21, 2023

Hybrid Meeting: Council Chambers or via Zoom

Noon **BEDAB Meeting**

Roll Call: Brenda Speirs, Gary North, Kelly Kearsley, Kevin Perkey, Ryan Andrews, Tierney Booker

Chad Young, Jim Sansburn,

1. **Public Comment**

No Public Comment

2. **Continue Developing Recommendation on Nonres. Transportation Fee | Group**

Committee continued discussion from December 18, 2023 meeting.

Sarah Hutson shared questions that were posed at 12.18.23 meeting and some of the feedback that was gathered. Below is that [feedback](#):

- **Nonresidential rate**-Scale nonresidential rates by SQ FT for phase 1 implementation (preferable over flat fee or ERU basis); important to get to use factor quickly.
 - **Phase-in**-Phase in the fee over time; make appeal process as simple as possible.
 - **Base rate / capping**
- **Accountability**-Keep business community apprised of updates using multiple methods of communication.
 - **BEDAB involvement in Phase 2 design (business type / use)**-Involve BEDAB in phase 2 implementation (scaling based on business use)
- **Other business feedback for consideration?**

Question posed to BEDAB, "Do you want to have a representative at Council for the January 3rd work session?"

BEDAB committee in support of Ben Hemson sharing the information that comes out of this meeting with Council.

Kevin Perkey- agreed to be on Zoom for the Council workshop. He also recommended putting together a summary memo for Ben to use, to show BEDABs recommendations. Also, what about development companies where they are not inside the city boundary, big trucks driving through developing land especially on the East and West side how did we account for that in this non-residential rate?

- Russ Grayson gave a brief description of the process moving forward:
 - At the Council work session on January 3, 2024, there will be a discussion

about how we want to structure the nonresidential rates. Elizabeth Oshel, City Attorney's office will be asking a lot of questions to Council to get their policy direction and then Elizabeth will draw up the code and get that out at the end of January to early February for public comment.

- The other conversation we will have with Council is what type of outreach will they want with this?
- There will be a listening session in February with the intent of bringing this back for an actual public hearing and decision point in March. Russ assured BEDAB that there will be several opportunities for BEDAB to provide feedback.
- Regarding the kinds of impacts of businesses outside of the city that is outside of the scope of what we can do with the transportation fee. This fee is limited only to businesses that have utility accounts within Bend city limits. Every nonresidential business in town is tied to some utility account, every property in Bend does at least receive a stormwater fee.

If you want to provide feedback to Council about interest in other funding tools as part of that funding puzzle, that can be conveyed to Council.

Ben Hemson suggested working through these policy questions and any other feedback today, turning that into a letter and then present to Council on January 3.

Katy Brooks feels it is important for someone from BEDAB to make these comments, there is a sentiment she has heard that BEDAB has not been effectual in influencing council decisions. If we do not have a BEDAB rep show up and provide input, I think it sends a wrong message. From a Chamber standpoint there are a lot of members that we represent that want us there, and I think it would be a missed opportunity. Katy does not want BEDAB to lose its influence.

Ryan Andrews agreed to be the BEDAB representative in front of Council on January 3.

Sarah Odendahl, Bend Chamber-In response to the slide deck and projections that were shared on Monday, we have put together a statement, that Ben can share with all BEDAB members after this meeting. The number one concern we have heard from our members is, the cumulative impact at the variety of fee increases that we have seen throughout the years. In this statement we touch on the five key points:

- The phase in approach, which we definitely support.
- Appeals process.
- Year 1 methodology with a 6 month check in. Supportive of moving quickly toward assessing the fee in the future.
- Fee Structure: When we look at tail on both ends, we think there should be a base rate set and then some sort of an allowance for Cap. When you take a look at impact on larger sq ft businesses this can be untenable to have a 50% increase in your utility assessment and would like to take a look at including some sort of a Cap for those higher sq ft businesses, especially as we move into the impact of the transportation fee. Supportive of a base rate, supportive of a Cap.
- Hospitality breakout and short-term rentals (STR's) not included. We feel that there is a potential opportunity to include STR as part of the system that is assessed the fee.
- Ongoing BEDAB engagement and making sure there is regular check ins, and they can be the feedback and the bridge between the community and

businesses and relay that information to council and then get feedback from the city in regard to the solution.

Ryan Andrews-Right now STR's are only getting captured in 53% residential rate?

- STR's are getting charged the residential rate for the house, do we want to charge more for STR's if so, how much and what is the mechanism to do that?

Elizabeth Oshel- STR is on a residential meter, can we identify the increase in impact versus strictly a residential house and how do we assess and capture the differential?

Ryan Andrews-is there an annual fee on the STR Permit?

- Yes.

Gary North-Appreciated Chambers feedback. Suggested going back to bar graph to show what the Cap means. Supports expediting the Phase one into a 6-month review and leaning on the city to get the data faster. Also, figure out what the transportation impacts of the businesses are.

Elizabeth Oshel-Square footage is a place we start with the SDC methodology. When we look at how transportation impacts are assigned to uses. You get down to what in the SDC methodology is called this development unit and that is square footage for most uses. And it is what we are looking at for the transportation fee as well. That is a consistent way to allocate to project needs in the case of SDC's or the revenue needs. We are proposing to do the same with the transportation fee. This is where we are talking about the phased in approach. It is consistent with the way costs and impacts are allocated to different uses.

The question for you on these caps, is there a level of square footage at which that initial assumption starts to become unreasonable, is there some size of building where it just stops to make sense to assign on the square footage and we want to rely a little heavier on that usage factor that will come in at phase 2 for those particular size buildings?

- Many communities in Oregon have a fee like this. It is common to have both a minimum threshold and a cap.

Ryan Andrews-I think both cap and base rate are logical.

Tierney Booker-Can we differentiate between Walmart and a large warehouse that manufactures?

- Right now, no. In the first phase we are looking at square footage of the building in order to get something implemented by July 1. We do not have reliable data right now on those types of uses and intensity of uses. That will take at least 6 months to a year by going through a renewal cycle.

Kevin Perkey-What happens if there is a surplus in year 1 or if it's under and you do not meet the budget number?

- We will be looking at this internally on a quarterly and yearly in terms of how good the assumptions were and what's the resulting revenue.

Ryan Andrews-is one of the goals today to talk about exact minimums and caps is that part of the recommendation we are hoping to make to council?

- Ideally yes and providing policy feedback and then implementation after the policy is adopted.
- Should everyone pay at least the multifamily rate or single-family rate or based on what we have seen every business should be paying more such as \$10 to

\$15 to \$20 rate. We do not need exact numbers we need something on the bottom end and something coming in on the maximum square footage.

Elizabeth Oshel-Also, if there is additional data or reasoning you would like to see such as some kind of floor, some kind of cap and here is the data we recommend so that this group can make a recommendation to Council.

Ryan Andrews-(referred to Options on the Tail slide), So if we were to say 1K square feet or less your bill is around \$100 for the initial base rate or minimum is \$10 to \$12 based on current bill, put it in the range of 10% which is in alignment with where inflation has been and then run it at \$6 per 1K square feet up to 50K then its \$3 for every square foot above 50K capping at \$100.If the smallest group is paying \$120 a month on average, \$6 is only 5% of an increase. Those are the parameters I would cap it with.

Kevin Perkey-I support the logic of Ryans model and approach. I would not put in a specific number.

Sarah Odendahl-Have direction around trying to craft a formula that does not exceed certain percentage of increase of their utility bill.

- When you get into commercial accounts utility bill differentiates from the low to high, we do not want bottom end to do X percentage, hard to put nice curve through what that line looks like we may need a little more refinement on that.

Ryan Andrews so then the philosophy to present is a base rate that equates to something between 10 to 15% of the cost on the lower accounts and then two or three break points along the way based on square footage that could be 25, 50, 150, 175, to acknowledge the softening the tails and then one last check to make sure the increase does not exceed 20% of their current bill or to provide in appeal process, if you saw your utility bill go up significantly by 30% or more we would consider that an appeal and then deal with those as one off cases.

- Russ Grayson asked, is there a way to frame that where we can find that equity line as we develop the formula?

Elizabeth Oshel-it is a different utility system that we are talking about and will appear on the same bill. Something to consider is we do not provide water to everyone in the city, so people are going to have different bills. There are three different systems and not everybody pays the city of bend for all three utilities and then we are talking about a fourth utility system, the transportation system.

Deb Galardi-The information we have on the current bills tells us that small accounts under 2K square feet the average bill is about \$190 bills per month and includes a mix of accounts some get all three services some get one or two services.

Gary North- I like the general outline of what Ryan proposed but I also think that we need to get into that impact portion faster.

Russ Grayson gave the following summary of discussion up to this point: We will have tiered rate structure. We want to bring the minimum up to 10% to 12% of what the lower accounts are, have a couple breakpoints along the square footage paradigm to soften that tail. Start at 6 up to a certain rate, half of that for another section, and then another half of that for the bigger buildings on the outside of the tail.

Elizabeth Oshel. The other comment I heard, is it possible to take a certain number of the highest square footage accounts and apply a use factor to just those two dozen top accounts?

Motion:

I, Kevin Perkey make a motion to recommend to council Russ Grayson's summary of the discussion as outlined above, plus an emphasis on getting to impact factor and review of phase one impacts as soon as possible.

Ryan Andrews seconded.

Elizabeth Oshel advised BEDAB, they can have a discussion on the motion. If anybody has anything additional to say about the topic that is fine. Sometimes we move straight to vote and sometimes we have discussion. But I think Roberts rules there is a pause for any further discussion on the motion. Any other hands online?

- **Two**

Gary North-The timeframe should be part of it. We are going to commit to 6 months after implementation having some form of impact understood and figured out.

A vote was held by raise of hands: Kevin Perkey, Gary North, Tierney Booker, Kelly Kearsley, Brenda Speirs, Ryan Andrews.

Ben Hemson to draft a letter by tomorrow to reflect today's discussion along with the motion. Since Gary North has been involved in this conversation Ben will run it by him and anyone else that would like to see the letter. Kevin Perkey volunteered to be in person for the Council work session on January 3

Roundtable & Future topics | Group

Tabled

3. Adjourn 1:01pm

To see a recording of this meeting click on the link below.
[December 21, 2023](#)

City of Bend Mission Statement:
Delivering the right public services for the Bend way of life.