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Phase 2 Nonresidential Transportation Fee Kickoff

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December 16, 2024

Goals of Today's Presentation

- Review prior actions and phased approach
- Brief status update on what's been accomplished to-date (Phase 1)
- Phase 2 timeline and BEDAB work plan overview
- Questions for BEDAB in preparing for future discussions



Review of BEDAB & Council Actions

BEDAB's role to-date

- 5 meetings Nov-Dec 2023
- Input incorporated:
 - Scaled nonresidential rates by SQFT; tiered rates for large accounts
 - Phase-in
 - Simple appeals process
 - Recommended BEDAB Phase 2 involvement

Council decisions Spring 2024

- Adopted code setting the purpose, fund usage, rate structure, etc.
- Adopted Phase 1 rates effective July 1, 2024

Forthcoming decisions

- Adding intensity of use factor to non-residential rates
- Council to adopt Phase 2 rate schedule (effective July 1, 2025)
- Council to discuss other revenue sources and whether to pursue Phase 3 (\$15M annual revenue target)



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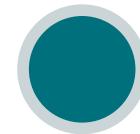
Increasing Safety & Protecting Our Investment

Phase-In and Budget Priorities for Transportation Fee Funds



Phase 1

\$5M (FY24/25)

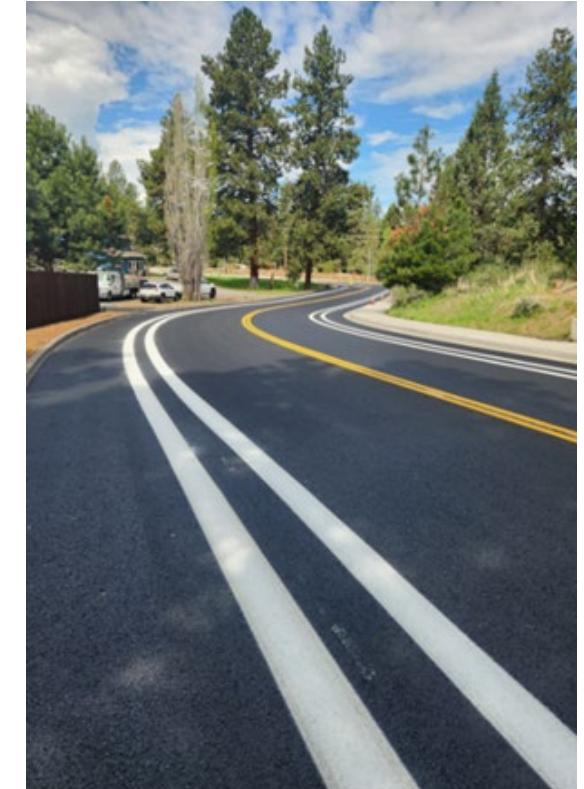


Phase 2

\$10M (FY25/26)

Higher level of service in maintaining and preserving more than 900 lane miles, 500 sidewalk miles, and 200 miles of striped, separated and buffered bike lanes (and counting!)

- > Boosted investment in accessibility construction and multi-modal maintenance equipment
- > Additional engineering, GIS, and admin staff to support enhanced programs
- > Increased financial support for filling sidewalk gaps
- > New dedicated crew for legends with increased level of service for winter operations



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Transportation & Mobility Department, First Annual Report now available!

www.bendoregon.gov/streets

Phase 1 Status Update

- All customers have received first bill with Transportation Fee
- Volume and nature of customer communications to Utility Billing:
 - 69 inbound contacts
 - Mostly related to requests for information (e.g., *What is this? Why is this on my utility bill?*)
 - 17 SQFT appeals
- \$1.8M billed to-date; on track to \$5M annual revenue target
- Pavement condition index (PCI) increased to 77 thanks to increased investment in street preservation program!



Phase 2 Framework

		Phase 1 - Current	Phase 2 - Proposed
Total Annual Revenue Target		\$5M	\$10M
Revenue Allocation		53% Residential / 47% Non-residential	
Residential Rates	Single-Unit Accounts	\$5.60	~\$11-12
	Multi-Unit Accounts (cost per unit)	\$4.15	~\$8-9
	Accounts on Utility Billing Assistance	\$2.80	~\$5-6
Non-Residential Rates	Standard	\$6.25 per 1,000 SQFT*	SQFT and business use [intensity]
	Special Units	<ul style="list-style-type: none"> • Schools per student • Tourist accommodations per room • Parks per acre • STR supplement (whole-house) 	Expand to include other customer categories with non-standard units of measurement

*Tiered rate applies for accounts with >50K SQFT of building space



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Illustration of Phase 2 Non-Residential Rates

Using Hillsboro as an example of a fee structure with grouped uses:

Property Type Category	Current Rate
1	\$0.27
2	\$0.73
3	\$2.32
4	\$5.26
5	\$14.67
6	\$37.50



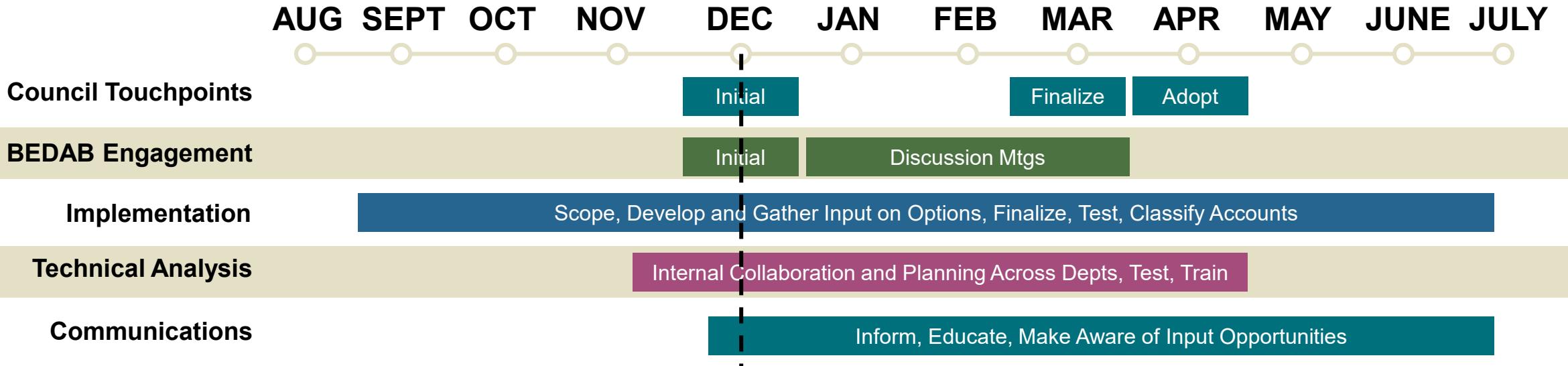
Pay roughly
the same
fee per
month

Businesses are assigned to a category based on land use;
the rate is per month per 1,000 SQFT



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High-Level Project Plan – Phase 2



Business Community Engagement:

- Inform, educate, and make aware of input opportunities
- City newsletters / email lists
- Work with partners (e.g., Chamber, EDCO) to expand reach
- Different content approaches, such as video or hosting an event



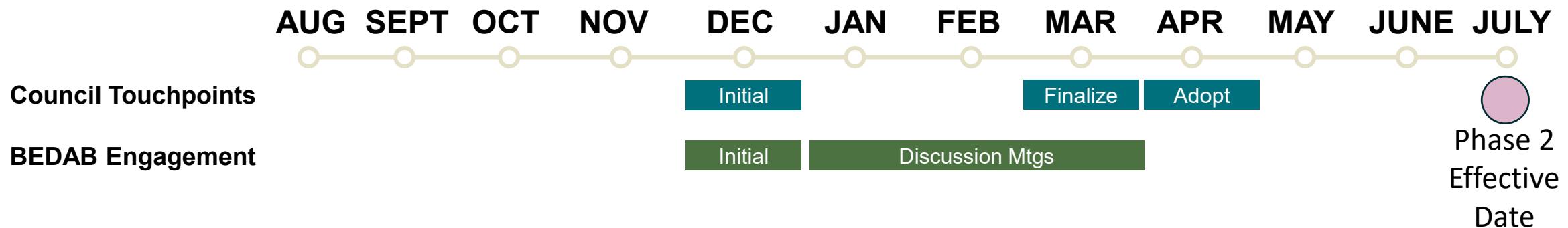
Council Direction to BEDAB

- In Phase 2, the City needs to generate ~\$4.7M in revenue from nonresidential utility accounts with a fee structure that factors in business use/intensity alongside SQFT.
- These are the areas for BEDAB to provide input on:
 - # of grouped use categories
 - Additional special unit classes
 - Discounts / exemptions (if any)
 - Mixed-use
 - Fee caps
 - STRs
 - Data options and assumptions
 - Cumulative impact on businesses



Anticipated Next Steps

- Jan 6: Case study research
- February 3: ITE/NAICS data linking and benchmarking
- March 3: Rate scenarios & sample bills



Asks & Expectations

- At each meeting we'll provide contextual information, present options, and ask BEDAB to indicate their recommendations
 - We'll work through each input area as data are ready to share
- The City is committed to sharing information ahead of each meeting so the group has time to familiarize
- At the last meeting (March), we'll summarize all input received and refine with the group as needed
- BEDAB will be asked to write a letter to Council and co-present at a Council meeting in March or April so Council can consider BEDAB's recommendations



Questions for BEDAB Today

- What resources or support do you need to be successful?
- Do you have any input regarding communication to the business community?
- At our next meeting, we plan to present case study research. What kind of information are you most interested in seeing or comparing?





To obtain this information in an alternate format such as Braille, large print, electronic formats, etc. please contact Sarah Hutson at shutson@bendoregon.gov or 541-693-2132; Relay Users Dial 7-1-1.



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