

City of Madras
Transportation Utility Formation Study
Citizen Advisory Committee

AGENDA: MEETING #3

1. Presentation

- Updated Transportation Needs in Madras
 - o Pavement Management
 - o Unimproved Streets
- Service Level Options

2. Discussion on Optimal Service Level and Funding Mix

3. Scheduling / Next Steps



THE CITY OF **MADRAS**

Task Force Committee

March 2, 2015

5:30 p.m.

Members Present

Jeff Hurd, Public Works Director
Gus Burrell, City Administrator
Michele Quinn, Public Works Administrative Assistant
John Ghilarducci, FCS Group
Doug Gabbard, FCS Group
Tim Wuest
Stan Nowakowski
Louise Muir
Chris Wolfe
Rob Hastings
Maura Schwartz
Cliff Reynolds

Agenda Meeting #1

1. Continued discussion on Issue Paper # 1: Local Transportation Funding Options

John Ghilarducci went through Issue Paper # 1 and talked about the different options for revenue

Utility Fee: Like a water or sewer utility, a transportation utility recovers a specific set of operating and/or capital costs by charging a fee to users. Since the same set of residences and businesses typically use the water, sewer, and transportation systems, the transportation utility fee is usually added to an existing utility bill.

A transportation utility can be formed by the City Council without voter approval. Fees generated by the utility can finance operating and capital costs directly, as well as secure revenue bond debt that is used to finance capital costs. To date, more than 20 Oregon cities have created utility to provide dedicated revenue for transportation needs.

Franchise Fee: The City currently collects franchise fees from specific non-City owned services and distributes incoming revenue evenly between the police department and transportation operating fund. In order to increase transportation funding for needs under current franchise fee charges, the City can raise franchise fees, which would be passed on to customers, or raise the allocation of fee revenue toward the transportation operating fund.

In addition to raising current franchise fees, the City can also extend franchise fees to its own utilities. The City could impose a franchise fee on those revenues, effectively increasing water and sewer rates to fund transportation needs. Note that franchise fees can only be applied to utility revenue generated from in-City customers.

Gas Tax: A local gas tax can be particularly advantageous to cities on highways with significant pass-through traffic. Such a tax is an effective way of recovering costs from those who use the City's infrastructure but do not reside within the city limits.

2. Discussion on Issue Paper #4: Local Gas Tax

The City Council must draft an ordinance establishing a local gas tax at a specific tax rate and then refer that ordinance to the voters. If voters approve the ordinance, the City Council may then enact it. Any change in tax rate—even a downward change—must be submitted to the voters.

The Fuels Tax Group at ODOT offers cities the ability to use its existing tax collection infrastructure for the collection of their own fuel taxes. In return, cities agree to have a fee withheld from their remittances that represents the time spent by ODOT.

Revenue from a local gas tax shall be used exclusively for the construction, reconstruction, improvement, repair, maintenance, operation and use of public highways, roads, streets and roadside rest areas in this state.

Question: If the city wants can they opt out of working with or having ODOT collect the fees?

Committee discussion: If we tax diesel how would it affect the truck drivers? Could it cause the drivers not to stop and fuel in Madras?

Question: Can we get fuel usage for some of the other counties to see how their summer usage compares to the winter usage. We may consider raising the gas tax during the summer months.

3. Preliminary Revenue Capacity

Based on this estimated yield, a local fuel tax imposed at the statewide average rate of three cents per gallon would yield \$ 194,974 in fiscal year 2015-16 after deduction of ODOT's administrative fee.

We recommend that the City consider a local gas tax as one additional revenue source because of its ability to capture revenue from those non-residents who use the City's infrastructure but would not be subject to a utility fee. However, because (1) a local gas tax is a declining (rather than by a vote of electors, we further recommend that the City also pursue a transportation utility fee as an additional revenue source.

Question: How do we sell the gas tax to the citizens of Madras?

Question: What are the surrounding communities charging for a franchise fee or utility fee.

4. Scheduling/Next Steps

Next meeting will be on April 6, at 5:30 in the Council work room.