



M E M O R A N D U M

TO: *Honorable Mayor Thompson and City Council*
FROM: *John R. Williams, Community Development & Planning Director*
DATE: *November 27, 2007*
THROUGH: *Mark C. Adcock, City Administrator*
RE: *Street maintenance funding project – Ordinances 1261 & 1262*

Synopsis

After a significant amount of work by the City Council, a citizen task force, staff, and professional consultants, ordinances are proposed to create two new sources for street maintenance funding: a Street Maintenance Fee and a Motor Vehicle Fuel Tax. Net new funding of approximately \$528,000 per year is anticipated through these sources (\$350,000 from the Street Maintenance Fee and \$178,000 from the Fuel Tax).

Funds would be dedicated by ordinance to the maintenance of public rights-of-way only. All net revenues will be dedicated to engineering and paving projects. This level of funding is designed to fund the “Moderate Improvement” scenario, which results in a ten-point increase of average road system condition by 2026 on the 1-100 pavement condition index. This scenario does not repair every street in Canby – indeed many streets will still be in failed condition in 2026 – but it is recommended by the Task Force as the best mix of achievable funding with results on the ground.

Residential rates for the street maintenance fee would be between \$1.04 and \$5.00 per month, depending on the type of housing unit. Most businesses would pay between \$5.00 and \$30.00 per month, though some would pay more. The motor vehicle fuel tax would cost the average driver about \$1.50 per month.

This report summarizes the process to date and the contents of Ordinances 1261 and 1262.

Recommendation

Based on previous Council direction and the results of an extensive public outreach effort, but without the benefit of a final public hearing, staff recommends that the City Council adopt Ordinances 1261 and 1262.

Rationale

The City has been working on this issue for over two years, and the Council has adopted this work as one of its formal goals. This process included detailed data gathering and data analysis by staff and professional consultants. This work served as the basis for an extensive public involvement process. A thirteen-member Street Maintenance Funding Task Force was created in late 2005. This committee has met eight times since then, reviewing every aspect of the City’s current street system condition, current funding, funding options, and many other related issues. The Task Force met in joint session with the City Council in April 2007 to discuss their draft recommendations. Staff worked this summer to address final issues and to set up a public involvement process this fall.

In late October and November four open house public hearings were conducted, supported by the following outreach efforts:

- A large front-page story in the Canby *Herald* describing the proposals in detail and announcing public meeting dates, plus meeting reminders in the events section of other editions;
- Two articles in the *Oregonian*, including one related to a front-cover story in the weekly Clackamas County section.
- Direct mailing of almost 6,000 full-color postcards to every address in City limits.
- Presentation in front of the Planning Commission, televised on OCTS.
- Creation of a web page on the City's site dedicated to this issue (www.ci.canby.or.us/streets) . The site contains extensive background information and details on the proposals.
- Meeting announcements via email to interested parties.
- Notice to neighborhood associations.
- Notice in the HOPE Village newsletter.
- Email to all Canby Area Chamber of Commerce members plus an article in the Chamber newsletter.
- Announcements at City Council meeting, televised on OCTS.

A total of 69 individuals attended the four meetings, which featured a very detailed presentation on street maintenance funding and the Task Force's recommendations. Staff recorded comments received at the meetings, and urged those in attendance to provide comments directly to the Council. A summary of comments received at each meeting are attached to this report. There was no consistent theme to the comments, rather many questions and suggestions. Staff responses to many of the comments are included in the meeting summaries.

In addition, four written comments have been received to date and are attached. Two were very brief, one in support of the new funding, and one opposed. Two of the letters were more detailed, both submitted by individuals who attended one of the open houses. Sid and Sheila Brown had specific comments about the structure of fees for the Street Maintenance Fee. The Browns also discussed the proposed fee for churches, which was the subject of Mr. Lee Wiegand's letter. Both suggested reducing or eliminating the fee for churches. This would be a Council policy decision.

The Council will hold a public hearing on this issue on December 5 to provide an additional opportunity for public comment.

Background

The City of Canby will receive approximately \$675,000 in street funding in fiscal year 2007-2008 from the State of Oregon. This represents 88% of funds available for road maintenance in Canby. The State has not raised the fuel tax in 14 years, and revenues are not keeping pace with increased construction costs. This has led to deterioration of City streets over the past ten or more years. As no statewide solution is in sight, many communities are looking to provide increased funding locally.

Ordinances 1261 and 1262 would provide increased funding to the street maintenance program, but a variety of other recommendations have been made by the Street Maintenance Funding Task Force. A summary of the group's recommendations follows, along with staff's progress report on each:

- Adopt “moderate improvement” scenario, which brings the system's average condition up about 10 points over 20 years. Fund this with a 3¢/gallon local gas tax plus a street maintenance fee to be billed to both businesses and residents. *This scenario would be funded by the adoption of Ordinances 1261 and 1262 as drafted.*
- Strong citizen oversight:
 - Create permanent citizen oversight committee. *Included in Ordinance 1262, which creates a seven-member Street Maintenance Advisory Committee to meet annually at least and review program funding and expenditures.*
 - Place caps on administrative costs & eligible expenses. *Ordinances 1261 and 1262 each contain lists of eligible expenses and definitions of terms that make clear revenues can only be used for construction and maintenance of public roadways.*
 - Web site/direct mailings to provide ongoing information on projects. Annual report to community. *Ordinance 1262 requires staff to prepare a detailed annual report on the Street Maintenance Program which would be made available to the Advisory Committee, City Council, and public.*
- Use as many other funding sources as possible to reconstruct streets:
 - Urban Renewal
 - System Development Charges
 - Community Development Block Grant
 - Federal fund exchange
 - Development*This will be accomplished over time by prioritization and selection of projects by the City Council and Urban Renewal Agency. The Street Maintenance Program will be shared with other agencies as well to ensure capital project coordination.*
- Create street cutting moratorium after paving projects; coordinate with utilities and property owners before paving. *Under development; staff will be returning to Council with ordinance proposal.*
- Toughen street repair ordinance, review street design standards. *New Public Works Manager Dwayne Barnes is reviewing our current standards and will be reporting back with recommendations.*
- Create multi-year traffic calming plan. *Matilda Deas is working on this project.*
- Lobby for statewide solution. *This would be a Council decision.*
- Sign & enforce truck routes. *In process, including a review of truck routes as part of the City's Transportation Plan update.*
- Public involvement process prior to adoption. *Completed.*

Options

1. Amend ordinances to change technical details related to fee structure, rate, committee makeup, etc. *The ordinances as proposed are based on those adopted by other*

- communities, and have been through extensive public review. Several citizens commented on the issues noted above, and these changes could be made by the Council if desired.*
2. *Send one or both of the ordinances to the electorate for a final decision. The public outreach process did not reveal significant opposition to this program and so staff believes adoption by Council would be appropriate if desired.*

Attached

- Ordinance 1261 creating a City of Canby Motor Vehicle Fuel Tax
- Ordinance 1262 creating a Street Maintenance Program including a citizen oversight committee and a Street Maintenance Fee
- Background documents:
 - Slides from public presentation
 - Summary of proposed street maintenance fee charges
 - Street maintenance fee detailed revenue estimate
 - Motor vehicle fuel tax revenue estimate
 - List of other Oregon cities with local funding sources for street maintenance
- Summary of comments & discussion at open house public meetings
- Four citizen comments received by staff (as of 11/27)