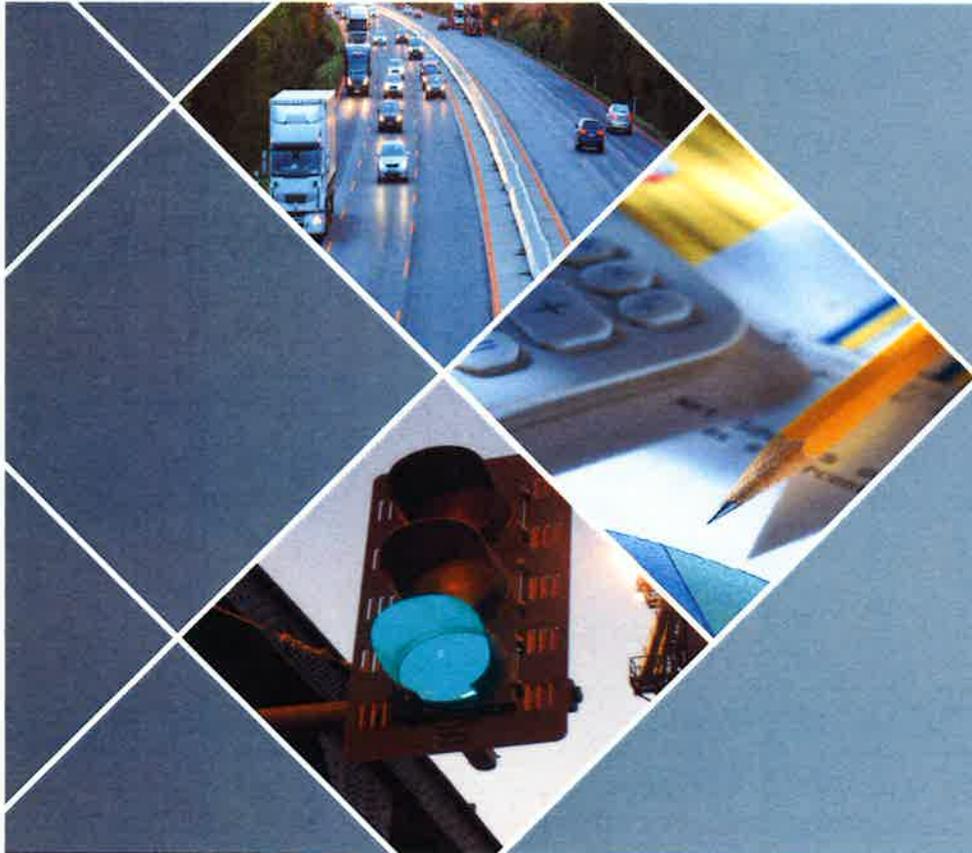


City of Sherwood



Transportation Utility Fees

John Ghilarducci

October 17, 2017

 **FCS GROUP**
Solutions-Oriented Consulting

Oct 17, 2017
Date

City Council
Gov. Body

Work Session
Agenda Item

A
Exhibit #



Agenda

- ◆ **Background**
- ◆ **Fund History**
- ◆ **Common Assumptions**
- ◆ **Street maintenance fee**
- ◆ **Streetlight fee**
- ◆ **Sidewalk repair fee**
- ◆ **Measure 34-244 limitations**



Current Utility Fees

- ◆ **Street Maintenance Fee**

- Currently \$2.03 per billable unit, charged to residential and non-residential.
- Provides street maintenance for the city.

- ◆ **Streetlight Fee**

- Currently \$2.36/\$0.68 per billable unit charged to residential/non-residential, respectively.
- Replaces and repairs street lights, also replaces old bulbs.

- ◆ **Sidewalk Repair Fee**

- Currently \$0.53/\$0.17 per billable unit, charged to residential/non-residential, respectively.
- Repairs sidewalks, 50/50 charge for services split with residents.

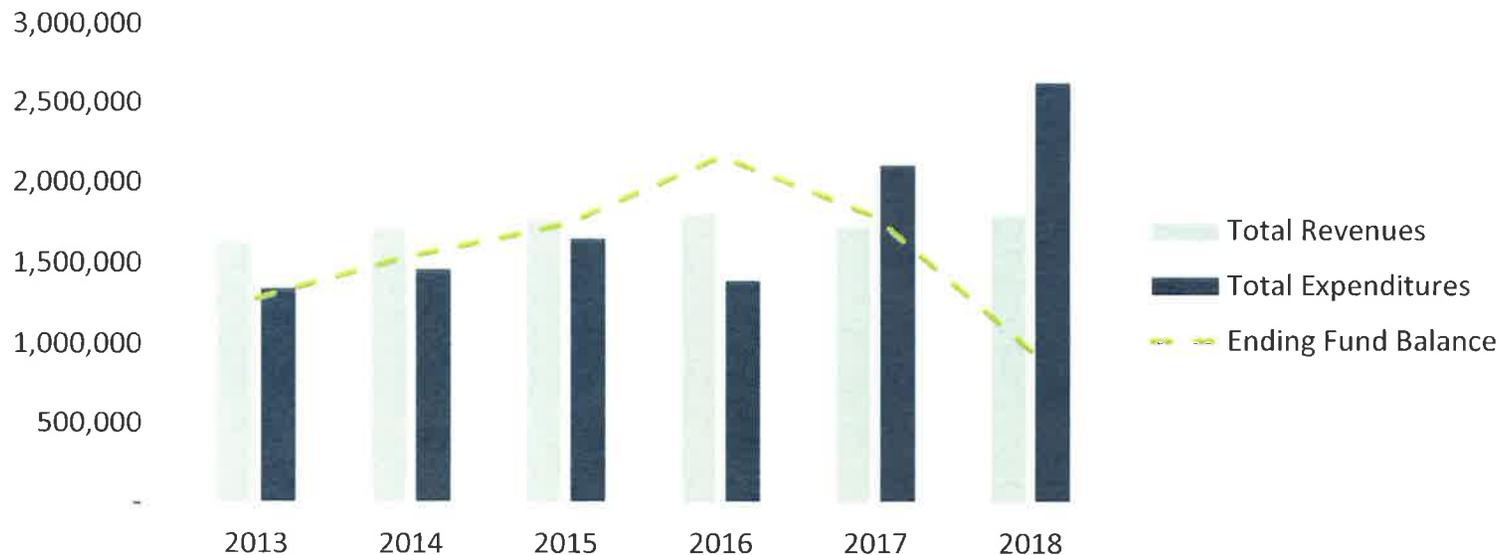
- ◆ **Safe/New Sidewalks**

- Currently \$0.70 per billable unit, charged to residential only.
- Provides sidewalk access to schools and connections.



Fund Financial Position

Street Operations Fund Financial Performance



- ◆ **All fees (except safe/new sidewalks) go to street operations fund; account for ~34% of total fund revenues**
- ◆ **Safe/new sidewalks fee goes to capital fund**
- ◆ **Financial position does not consider current deferred street maintenance costs (~\$2.6M in FY 2017-18)**



Assumptions

- ◆ **Costs escalate annually by 2.25%**
 - Based on 5-year average of CPI-U.
- ◆ **Amount of costs borne by residential and non-residential customers for all fees are the same as the current fee structure**
- ◆ **Each fee is set to recover a specific set of costs**
 - Health of the street operations fund and other offsetting revenue is not factored into initial rate setting.
- ◆ **Revenue requirements shown do not consider measure 34-244 rate increase restrictions**
 - This will be discussed at end of presentation.



Street Maintenance Fee

- ◆ **Costs based on 82 PCI**
 - Smoothed average of total maintenance expenditures over 10-year period.
 - Deferred expenditures in certain years addressed in other years to decrease rate variability.
- ◆ **Same fee for all customers**
- ◆ **Monthly rate, based on revenue requirement, increases from \$2.03 to \$5.99**

Fiscal Year Ending 6/30:	Inflated Revenue Requirement	Smoothed Revenue Requirement	Monthly Rate Revenue per Billing Unit
2018		\$295,437*	\$2.03
2019	\$1,591	\$890,625	\$5.99
2020	\$468,134	\$926,250	\$6.11
2021	\$693,936	\$963,300	\$6.22
2022	\$807,344	\$1,001,832	\$6.33
2023	\$1,249,313	\$1,041,905	\$6.45
2024	\$1,239,631	\$1,083,581	\$6.57
2025	\$1,626,275	\$1,126,925	\$6.69
2026	\$2,180,407	\$1,172,002	\$6.82
2027	\$1,259,409	\$1,218,882	\$6.95
2028	\$1,166,896	\$1,267,637	\$7.08
Total	\$10,692,938	\$10,692,938	

*FY 2017-18 estimated revenue



Street Maintenance Fee Net of Gas Tax

- ◆ **Costs based on 82 PCI**
 - Smoothed average of total maintenance expenditures over 10-year period.
 - Gas tax offsets a portion of total revenue requirement
- ◆ **Same fee for all customers**
- ◆ **Monthly rate, based on revenue requirement, increases from \$2.03 to \$2.07**

Fiscal Year Ending 6/30:	Smoothed Revenue Requirement	Gas Tax Offset	Smoothed Revenue Requirement Net of Gas Tax	Monthly Rate Revenue per Billing Unit
2018			\$295,437*	\$2.03
2019	\$890,625	-\$550,000	\$306,909	\$2.07
2020	\$926,250	-\$550,000	\$319,186	\$2.10
2021	\$963,300	-\$550,000	\$331,953	\$2.14
2022	\$1,001,832	-\$550,000	\$345,231	\$2.18
2023	\$1,041,905	-\$550,000	\$359,040	\$2.22
2024	\$1,083,581	-\$650,000	\$373,402	\$2.26
2025	\$1,126,925	-\$650,000	\$388,338	\$2.31
2026	\$1,172,002	-\$675,000	\$403,872	\$2.35
2027	\$1,218,882	-\$750,000	\$420,027	\$2.39
2028	\$1,267,637	-\$800,000	\$436,828	\$2.44
Total	\$10,692,938	(\$6,275,000)	\$3,684,786	

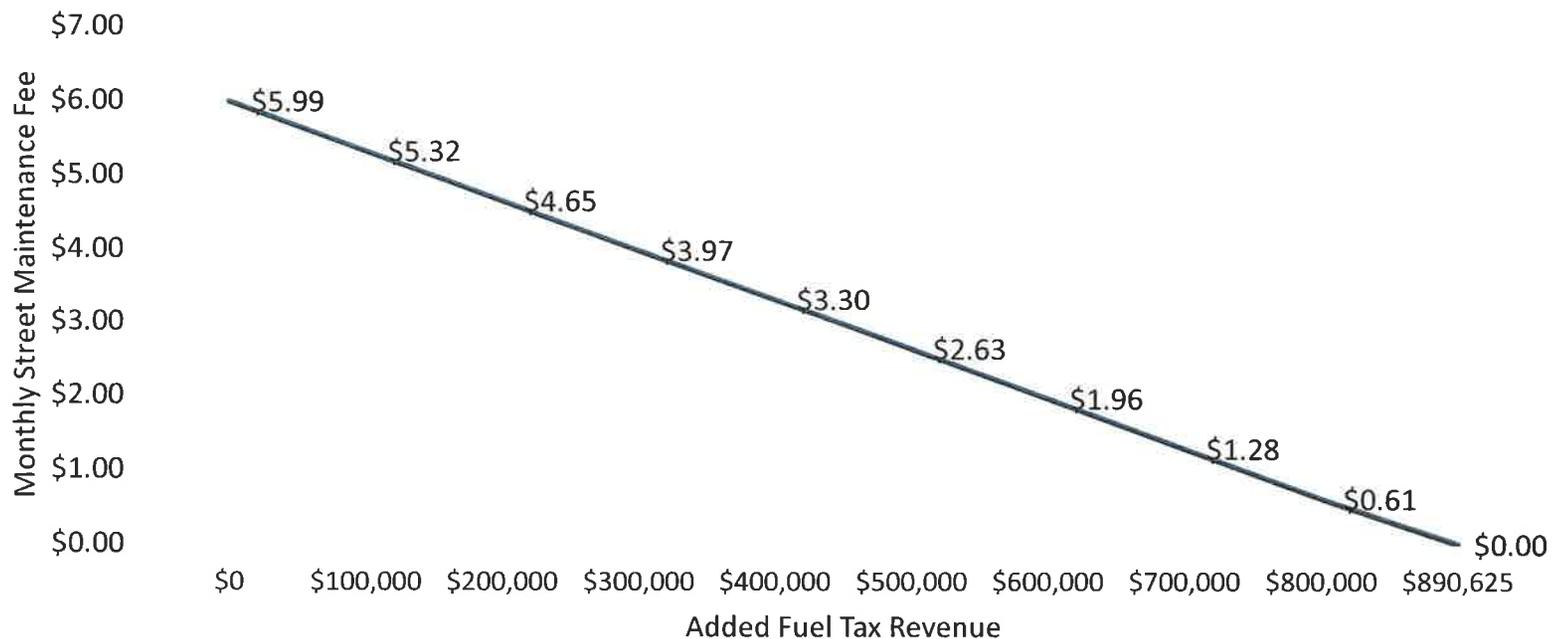
*FY 2017-18 estimated revenue



Gas Tax Use Effect on Street Maintenance Fee

- ◆ **State fuel tax allocation may be used for street maintenance**
- ◆ **\$588,000 fuel tax or other revenue required to keep street maintenance fee constant next year**

2019 Street Maintenance Fee with Added Fuel Tax Revenue





Streetlight Fee

- ◆ **Expenses based on historical street light costs and expected city-owned light replacements**
 - \$225k and \$50k respectively in first year
 - City-owned light replacement real costs decrease in FY 2020-21 (\$50k to \$25k)
- ◆ **Residential customers allocated 81.6%, non-residential 18.4% of cost recovery**
- ◆ **Monthly rate, based on revenue requirement, increases from \$2.36/\$0.68 to \$2.69/\$0.78 for res/non-res**

Fiscal Year Ending 6/30:	Revenue Requirement	Allocation to Residential	Residential Monthly Rate per Unit	Allocation to Non-Residential	Non-Residential Monthly Rate per Unit
2018	\$236,090*	81.59%	\$2.36	18.41%	\$0.68
2019	\$275,000	81.59%	\$2.69	18.41%	\$0.78
2020	\$281,188	81.59%	\$2.70	18.41%	\$0.78
2021	\$256,149	81.59%	\$2.41	18.41%	\$0.69
2022	\$261,912	81.59%	\$2.41	18.41%	\$0.69
2023	\$267,805	81.59%	\$2.41	18.41%	\$0.70
2024	\$273,831	81.59%	\$2.42	18.41%	\$0.70
2025	\$279,992	81.59%	\$2.42	18.41%	\$0.70
2026	\$286,292	81.59%	\$2.42	18.41%	\$0.70
2027	\$292,734	81.59%	\$2.43	18.41%	\$0.70
2028	\$299,320	81.59%	\$2.43	18.41%	\$0.70

*FY 2017-18 estimated revenue



Streetlight Fee Net of Gas Tax

- ◆ **Expenses based on historical street light costs and expected city-owned light replacements**
 - \$225k and \$50k respectively in first year
 - City-owned light replacement real costs decrease in FY 2020-21 (\$50k to \$25k)
 - Gas tax offsets first two years of higher light replacement costs
- ◆ **Residential/non-residential cost recovery is the same**
- ◆ **Monthly rate, based on revenue requirement, increases from \$2.36/\$0.68 to \$2.40/\$0.69 for res/non-res**

Fiscal Year Ending 6/30:	Revenue Requirement	Gas Tax Offset	Revenue Requirement	Residential Monthly Rate per Unit	Non-Residential Monthly Rate per Unit
2018			\$236,090*	\$2.36	\$0.68
2019	\$275,000	-\$30,000	\$245,000	\$2.40	\$0.69
2020	\$281,188	-\$30,000	\$250,513	\$2.40	\$0.69
2021	\$256,149	\$0	\$256,149	\$2.41	\$0.69
2022	\$261,912	\$0	\$261,912	\$2.41	\$0.69
2023	\$267,805	\$0	\$267,805	\$2.41	\$0.70
2024	\$273,831	\$0	\$273,831	\$2.42	\$0.70
2025	\$279,992	\$0	\$279,992	\$2.42	\$0.70
2026	\$286,292	\$0	\$286,292	\$2.42	\$0.70
2027	\$292,734	\$0	\$292,734	\$2.43	\$0.70
2028	\$299,320	\$0	\$299,320	\$2.43	\$0.70

*FY 2017-18 estimated revenue



Sidewalk Repair Fee

- ◆ **Expenses based on current City sidewalk repair program and ADA sidewalk repair**
 - \$25k and \$20k respectively in first year
- ◆ **Residential customers allocated 79.9%, non-residential 20.1% of cost recovery**
- ◆ **Monthly rate, based on revenue requirement, decreases from \$0.53/\$0.17 to \$0.43/\$0.14 for res/non-res**

Fiscal Year Ending 6/30:	Revenue Requirement	Allocation to Residential	Residential Monthly Rate per Unit	Allocation to Non-Residential	Non-Residential Monthly Rate per Unit
2018	\$54,125*	79.93%	\$0.53	20.07%	\$0.17
2019	\$45,000	79.93%	\$0.43	20.07%	\$0.14
2020	\$46,013	79.93%	\$0.43	20.07%	\$0.14
2021	\$47,048	79.93%	\$0.43	20.07%	\$0.14
2022	\$48,106	79.93%	\$0.43	20.07%	\$0.14
2023	\$49,189	79.93%	\$0.43	20.07%	\$0.14
2024	\$50,295	79.93%	\$0.43	20.07%	\$0.14
2025	\$51,427	79.93%	\$0.44	20.07%	\$0.14
2026	\$52,584	79.93%	\$0.44	20.07%	\$0.14
2027	\$53,767	79.93%	\$0.44	20.07%	\$0.14
2028	\$54,977	79.93%	\$0.44	20.07%	\$0.14

*FY 2017-18 estimated revenue



Safe/New Sidewalk Fee

- ◆ **Estimated annual expenditures of \$50k in first year, escalated annually**
- ◆ **Charged only to residential customers**
- ◆ **Monthly rate, based on revenue requirement, decreases from \$0.70 to \$0.60**

Fiscal Year Ending 6/30:	Revenue Requirement	Residential Monthly Rate per Unit
2018	\$57,136*	\$0.70
2019	\$50,000	\$0.60
2020	\$51,125	\$0.60
2021	\$52,275	\$0.60
2022	\$53,452	\$0.60
2023	\$54,654	\$0.60
2024	\$55,884	\$0.60
2025	\$57,141	\$0.61
2026	\$58,427	\$0.61
2027	\$59,742	\$0.61
2028	\$61,086	\$0.61



Ballot Measure 34-244 Restrictions

- ◆ Sherwood voters recently passed measure 34-244, requiring all residential rate increases above 2% go to a public vote
- ◆ Revenue required fee results shown before offsetting gas tax revenue

Fiscal Year Ending 6/30:	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Total Revenue
Revenue Required Fee												
Street Maintenance (Smoothed)	\$2.03	\$5.99	\$6.11	\$6.22	\$6.33	\$6.45	\$6.57	\$6.69	\$6.82	\$6.95	\$7.08	\$10,692,938
Street Light - Residential	2.36	2.69	2.70	2.41	2.41	2.41	2.42	2.42	2.42	2.43	2.43	\$2,774,223
Street Light - Non-Residential	0.68	0.78	0.78	0.69	0.69	0.70	0.70	0.70	0.70	0.70	0.70	
Sidewalk Repair - Residential	0.53	0.43	0.43	0.43	0.43	0.43	0.43	0.44	0.44	0.44	0.44	\$498,407
Sidewalk Repair - Non-Residential	0.17	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	0.14	
Safe/New Sidewalks	0.70	0.60	0.60	0.60	0.60	0.60	0.60	0.61	0.61	0.61	0.61	\$553,785
Total - Residential	\$5.62	\$9.72	\$9.83	\$9.66	\$9.78	\$9.90	\$10.03	\$10.16	\$10.29	\$10.42	\$10.55	\$14,519,354
Total - Non-Residential	\$3.58	\$7.51	\$7.62	\$7.65	\$7.77	\$7.89	\$8.01	\$8.14	\$8.26	\$8.39	\$8.52	
Fee with 2% Maximum Increase												
Street Maintenance	\$2.03	\$2.07	\$2.11	\$2.15	\$2.20	\$2.24	\$2.29	\$2.33	\$2.38	\$2.43	\$2.47	\$3,718,378
Street Light - Residential	2.36	2.41	2.46	2.50	2.55	2.61	2.66	2.71	2.77	2.82	2.88	\$2,971,435
Street Light - Non-Residential	0.68	0.69	0.71	0.72	0.74	0.75	0.77	0.78	0.80	0.81	0.83	
Sidewalk Repair - Residential	0.53	0.54	0.55	0.56	0.57	0.59	0.60	0.61	0.62	0.63	0.65	\$681,221
Sidewalk Repair - Non-Residential	0.17	0.17	0.18	0.18	0.18	0.19	0.19	0.20	0.20	0.20	0.21	
Safe/New Sidewalks	0.70	0.71	0.73	0.74	0.76	0.77	0.79	0.80	0.82	0.84	0.85	\$719,113
Total - Residential	\$5.62	\$5.73	\$5.85	\$5.96	\$6.08	\$6.20	\$6.33	\$6.46	\$6.58	\$6.72	\$6.85	\$8,090,147
Total - Non-Residential	\$3.58	\$3.65	\$3.72	\$3.80	\$3.88	\$3.95	\$4.03	\$4.11	\$4.19	\$4.28	\$4.36	

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