

**WS 1. 4/3/24
Presentation**

Fee Schedule Discussion and Forecast Update

April 2, 2024



Presentation Contents

- **Part 1:** Fee schedule edits
 - focus on sections with changes
 - Anything not discussed will stay the same (e.g., Business Registration)
- **Part 2:** Forecast update and ROW fee recommendation
- Next steps

Objectives and asks for Council:

- No decisions expected tonight
- Please ask questions throughout
- Seeking feedback to inform forecast refinement and BN 25-26 development
- Fee schedule due to be adopted by Council June 6



Consolidated Fee Schedule: Overview

- Would go into effect on July 1, 2024 (unless otherwise specified)
- Reviewed at least annually
- Can be updated throughout the year as needed
- Goal is to accurately recover costs incurred by the city



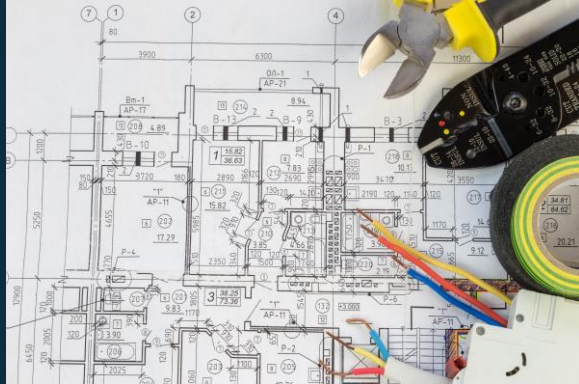
Changes to building fees (Section 2)



- Hold all fees level with 2024 rates
- Eliminate separate fee table for structural permits for single-family houses and new accessory dwelling units



Changes to engineering fees (Section 3)



- Clean up: Remove duplicate parklet fees
- Updated erosion control fees to more accurately capture costs



Changes to planning fees (Section 10)



- Add final plat and lot consolidation charges into other land use applications table
- Eliminate replats as a land division type
- Add a new fee for Type II property line adjustments
- Add fines currently listed in Title 14, 17 and 19 into fee schedule and remove from code
- Increase pre-application meeting fees for major applications



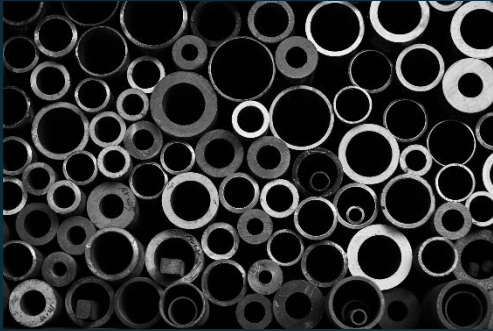
Minor edits to library and tree fees (Section 7 and 11)



- Consolidate library fees into one table
- Remove inapplicable old fees
- Language adjustments to improve clarity



SDC and Construction Excise Taxes (Section 11)



- Adjust SDC rates for water based on updated methodology
- Adjust stormwater and transportation SDCs based on Seattle's Construction Cost Index (5.64% five-year average)
- Increase administration percentage charge for Bancroft Financing for commercial SDCs from 2% to 5%



Utilities (Section 14)



- Rate adjustments recommended by the CUAB:
 - Average monthly residential water service increase of 1.02%; overall increasing water revenues by 3%
 - Revenue neutral adjustment for wastewater (results in 1% decrease in average residential service)
 - No increase in stormwater rates
 - Increase in street maintenance fee consistent with Seattle CCI (5.64% five-year average)



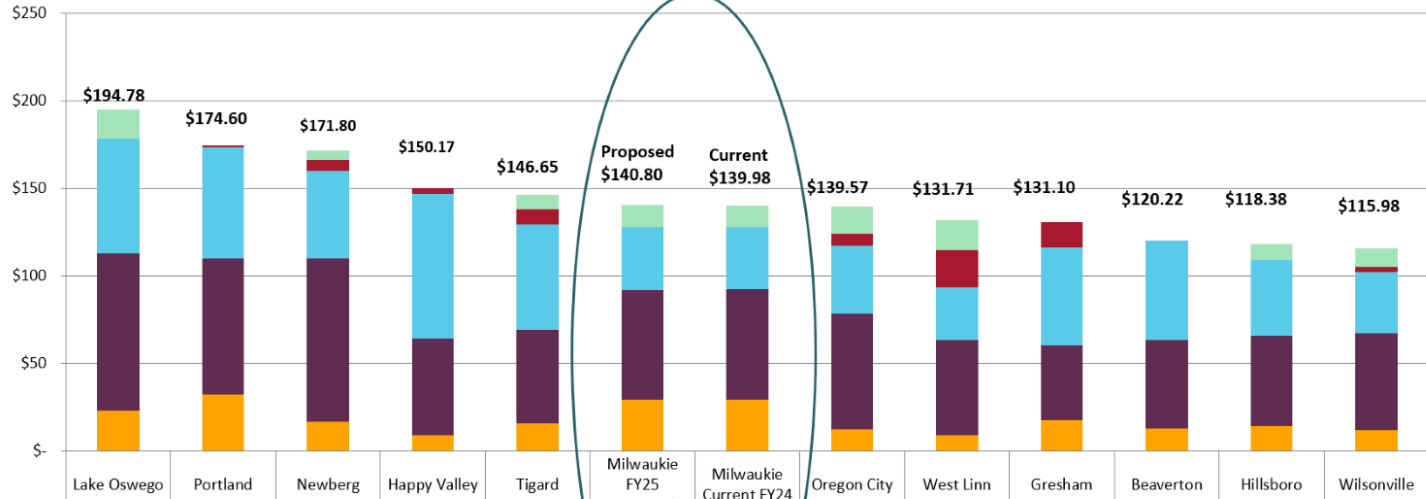
Utilities (Section 14) - Comparison Tables

	July 1 2023			July 1 2024			July 1 2025		
	Increased		avg. bill	Increased		avg. bill	Increased		avg. bill
Water Service Fee									
Base	1.87%	0.17	\$ 9.25	1.08%	0.10	\$ 9.35	1.93%	0.18	\$ 9.53
Plus per 6ccf	2.50%	0.63	25.86	2.55%	0.66	26.52	2.71%	0.72	27.24
<i>Avg water per house (6ccfs)</i>			35.11			35.87			36.77
Sewer Service Fee									
Base fee	2.51%	0.84	34.36	0.00%	-	34.36	0.00%	-	34.36
Plus per 6ccf	2.23%	0.63	28.91	-2.14%	(0.62)	28.29	0.00%	-	28.29
<i>Avg sewer per house</i>			63.27			62.65			62.65
Storm Water Management Fee	0.00%	-	29.47	0.00%	-	29.47	0.00%	-	29.47
Street Maintenance Fee									
SSMP	4.55%	0.25	5.74	5.57%	0.32	6.06	5.61%	0.34	6.40
SAFE	4.58%	0.28	6.39	5.63%	0.36	6.75	5.63%	0.38	7.13
<i>Avg street per house</i>			12.13			12.81			13.53
<i>Average bill per residence</i>	2.04%	\$ 2.80	\$ 139.98	0.59%	\$ 0.82	\$ 140.80	1.15%	\$ 1.62	\$ 142.42
Maximum SSMP	0.046	16.48	374.68	0.0564	21.13	395.81	0.0564	22.32	418.14
Maximum SAFE	0.046	21.66	492.43	0.0564	27.77	520.21	0.0564	29.34	549.54



Utilities (Section 14) - Comparison Tables

Comparison Graph of Average Utility Bills of Neighboring Cities (on a monthly basis)
Neighboring Cities proposed for July 1, 2024



	Lake Oswego	Portland	Newberg	Happy Valley	Tigard	Milwaukie FY25 Proposed	Milwaukie Current FY24	Oregon City	West Linn	Gresham	Beaverton	Hillsboro	Wilsonville
Street Fee	16.47	-	5.40	-	8.52	12.81	12.13	15.53	16.81	-	-	9.11	10.90
Other	-	1.17	6.36	3.11	8.63	-	-	6.50	21.23	15.00	-	-	2.89
Water	65.48	63.22	50.11	82.49	60.49	35.87	35.11	38.96	30.20	55.52	56.90	43.24	35.05
Sewer	89.72	77.76	93.13	55.49	52.95	62.65	63.27	65.92	54.39	42.78	50.24	51.61	55.24
Surface Water	23.11	32.45	16.80	9.08	16.06	29.47	29.47	12.66	9.08	17.80	13.08	14.42	11.90



Payment card charges – FY 2023 data

	ALL transactions	Utility Billing	Court Fees	Permits	Library Fines	Other
Total # of transactions	88,121	69,620	3,071	7,267	4,020	4,143
Total # of transactions made by payment card	47,026	39,482	1,699	2,030	1,313	2,502
% of total transactions of that type made by payment card	53%	57%	55%	28%	33%	60%
% of payment card transactions over \$1,000	737 1.5%	505 1.2%	5 Less than 1%	222 11%	0 0%	5 Less than 1%
% of payment card transactions over \$3,000	246 .5%	192 .4%	0%	54 2%	0%	0%



Payment card charges – FY 2023 data

	ALL transactions	Utility Billing	Court Fees	Permits	Library Fines	Other
Total # of transactions made by payment card	47,026	39,482	1,699	2,030	1,313	2,502
Bank charges generated	\$231,223	\$158,980	\$5,953	\$47,296	\$2,183	\$16,811
Software transaction fees generated	\$32,170	\$29,623	\$2,547	\$0	\$0	\$0



Payment card charges: Recommended next steps

- No changes to the fee schedule at this time
 - Don't believe lowering limit from \$10,000 would have a meaningful impact or be enforceable
- Proceed with education campaign
- Revisit convenience charge discussion after budget is adopted



Solid Waste Rates

- Return in summer/fall with analysis from contractor





Part 2: Forecast and ROW fees

BN 25-26 Budget "North Stars"

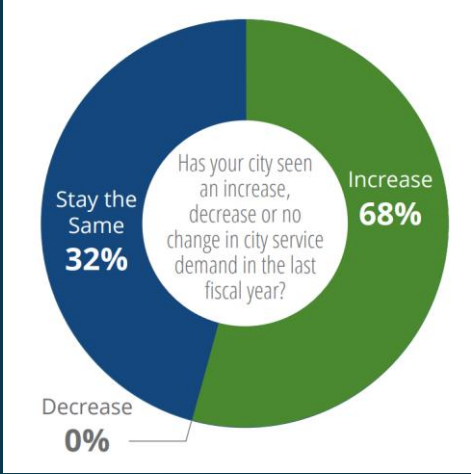
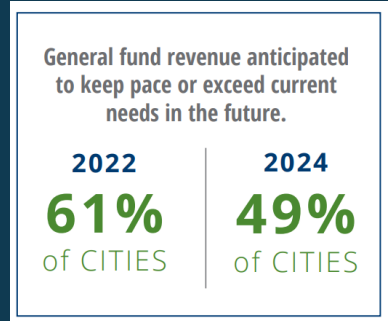
- **Stability** – Now and into the future
- **Fiscal responsibility** – Tighten wherever possible and plan realistically
- **Vision** – Advance adopted goals and strategic plan priorities



Milwaukie – like most Oregon cities – is feeling the squeeze

- Inflation and rising costs
- Property tax limits
- Pandemic recovery
- New and increasing demands

Snapshots from the League of Oregon Cities “2024 State of the Cities” report



2024 STATE OF THE CITIES

“The addition of ARPA dollars to the city’s general fund reserve balance has helped keep the city afloat. However, as these get spent, the city will once again be scraping by, and we will have to return to looking for other sources of revenue for the General Fund.” – *City of Canby*



Our five-year forecast shows challenges ahead

(Amounts in Thousands: \$100 = \$100,000)

	Current Fiscal Year					Current Budget		Forecast			
	FY 2021	FY 2022	FY 2023	Estimated FY 2024	FY 23-24 Biennium	1 FY 2025	2 FY 2026	FY 25-26 Biennium	3 FY 2027	4 FY 2028	5 FY 2029
RESOURCES											
BEGINNING FUND BALANCE	\$11,122	\$12,062	\$14,820	\$13,657		\$12,987	\$8,420		\$4,775	\$672	(\$3,610)
TOTAL REVENUES	20,115	22,613	23,978	24,179	47,698	24,473	25,386	49,173	26,084	26,824	26,999
TOTAL RESOURCES	\$31,237	\$34,675	\$38,798	\$37,836		\$37,460	\$33,806		\$30,859	\$27,496	\$23,389
REQUIREMENTS											
TOTAL EXPENDITURES	19,175	19,855	25,141	24,849	49,990	29,040	29,032	59,071	30,187	31,106	32,035
TOTAL ENDING FUND BALANCE	12,062	14,820	13,657	12,987		8,420	4,775		\$672	(\$3,610)	(\$8,646)

Without new general fund revenues, we will have to cut services starting in FY 2027

Why?

- Future costs are going up faster than revenues are increasing
- Expending 90+% of M&S—more than historic trends



Without new revenues, we will see cuts to service

- Public safety
- Progress on goals (climate, equity, parks, economic development, future planning)
- Response and turn-around times
- Facilities maintenance, repair, and accessibility improvements
- Community engagement, events, and programming



We crafted a responsible, realistic budget to help us prepare for those challenges



- Departments “held the line” or cut materials and services wherever possible
- No net FTE increases
- Capital Improvement Plan reflects our capacity to deliver



We can help stabilize with action in this biennium

Staff recommendation:
Increase right-of-way fee
on energy providers to 8%

- Helps limit cuts to police, facilities, and other general fund funded departments in next biennium
- Provides ongoing funding to help institutionalize existing goal work and set foundation for new goals



With this revenue increase, we help stabilize our forecast

(Amounts in Thousands: \$100 = \$100,000)

	Current Fiscal Year				Current Budget		Forecast				
	FY 2021	FY 2022	FY 2023	Estimated FY 2024	FY 23-24 Biennium	1 FY 2025	2 FY 2026	FY 25-26 Biennium	3 FY 2027	4 FY 2028	5 FY 2029
RESOURCES											
BEGINNING FUND BALANCE	\$11,122	\$12,062	\$14,820	\$13,657		\$12,529	\$9,208		\$6,462	\$3,539	\$705
TOTAL REVENUES	20,115	22,613	23,978	23,721	47,699	25,718	26,286	52,004	27,264	28,273	29,315
TOTAL RESOURCES	\$31,237	\$34,675	\$38,798	\$37,378		\$38,248	\$35,494		\$33,726	\$31,811	\$30,020
REQUIREMENTS											
TOTAL EXPENDITURES	19,175	19,855	25,141	24,849	49,990	29,040	29,032	59,071	30,187	31,106	32,035
TOTAL ENDING FUND BALANCE	12,062	14,820	13,657	12,529		9,208	6,462		\$3,539	\$705	(\$2,014)

- Current projections indicate implementing the ROW fee in this biennium **keeps us in the black longer into the five-year forecast**
- This strategy also **helps capture some costs of increased service demands of new development**



Projected impacts on average consumers

Right of Way Fee Impact - Residential Customer					
Electric					
Monthly Avg KWh	Current Fee	Adjusted Fee	Monthly Impact		
400	\$1.22	\$3.67	\$2.45		
500	\$1.47	\$4.42	\$2.95		
600	\$1.72	\$5.17	\$3.45		
700	\$1.97	\$5.92	\$3.95		
800	\$2.22	\$6.67	\$4.45		Average Residential Utility Customer
900	\$2.47	\$7.42	\$4.95		
1000	\$2.72	\$8.17	\$5.45		
1100	\$2.97	\$8.92	\$5.95		
1200	\$3.22	\$9.67	\$6.45		
Natural Gas					
Therms per month	Current Fee	Adjusted Fee	Monthly Impact		
30	\$1.33	\$3.31	\$1.98		
40	\$1.58	\$3.96	\$2.38		
50	\$1.84	\$4.61	\$2.77		Average Residential Utility Customer
60	\$2.10	\$5.26	\$3.15		
70	\$2.36	\$5.91	\$3.54		
80	\$2.62	\$6.55	\$3.93		
90	\$2.88	\$7.20	\$4.32		
100	\$3.14	\$7.85	\$4.71		



What this ROW increase delivers

- Helps preserve financial stability over the 5-year forecast
- Helps institutionalize our progress on climate and equity throughout the next budget
- Set a foundation for future goal work



Next steps

- Finalize forecast for April 27 budget meeting based on feedback provided today
- Adopt fee schedule on June 6
- Work with contractor to analyze and set solid waste rates later in 2024



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