

# Issue Paper #8

**Date:** February 22, 2008

**To:** City of Hillsboro Ad-Hoc Transportation Finance Committee

**cc:** Tom Arnold, Public Works

**From:** DJ Heffernan, Project Manager, and Shayna Rehberg, Planner

**Re:** Transportation Utility Fee (TUF) Program Discounts and Exemptions

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Transportation utility fee (TUF) programs in Oregon and elsewhere offer discounts and/or exemptions. These discounts and exemptions advance policy objectives such as:

- Fiscal equity – properties or uses that generate few or no trips (based on trip counts, traffic studies, or no vehicle registration) should pay a lower fee.
- Social equity – those less able to pay (including low-income or some elderly residents or tenants) should pay a reduced fee.
- Conservation – ratepayers that promote use of alternative transportation modes, which results in less wear and tear on roads, should be rewarded with lower fees.
- Public interest – government and special-district property and facilities that serve the public, like parks and open spaces, schools, and other uses that provide access to public services, should be subject to lower fees than properties serving private interests.

This paper discusses the discounts and exemptions offered by TUF programs in Oregon and other states. Most program examples in this memorandum hail from Oregon because programs in this state have not undergone the kinds of legal challenges as elsewhere in the country, and Oregon TUF program ordinances are easily found on-line. New programs continue to be developed and adopted in Oregon.

## Discounts to Transportation Utility Fees (TUFs)

### *Discounts in Adopted Programs*

The League of Oregon Cities (LOC) published *Transportation Utility Fee Ordinances; Policy Considerations and Examples from Oregon Cities* in August 2001. The LOC website provides information updated since the publication of the 2001 research report. The website includes links to the TUF ordinances of 16 cities; two other cities – Clatskanie and Dufur – are reported to have ordinances but they are not available on-line. The research report generally

identifies conditions for discounts as those for elderly and low-income ratepayers and whoever else qualifies for reductions in other utility fees. Discounts may also be granted for properties that are vacant and have water service but the service is unused.

The University of Wisconsin also published a comprehensive report on TUF programs, including a brief survey of TUF program elements nationwide, entitled *Transportation Utility Fees: Possibilities for the City of Milwaukee* (2007). The report adds the following qualifying conditions to the list of discounts identified by the LOC report:

- Disabled persons
- Households without vehicles
- Properties with atypical (low) traffic volumes; and
- Properties lacking water service.

Table 1 summarizes the conditions that the cities in Oregon, Colorado, and Texas have established for discounts.

**Table 1. Conditions for Discounts of City Transportation Utility Fees**

Jurisdiction	Monthly TUF Rate	Conditions for Discount
<b>Oregon</b>		
Ashland	\$5.71-\$7.49 for residential uses \$1.02/100 sq ft for retail store \$2.68 per required parking space for institutional uses	<ul style="list-style-type: none"> <li>• Means-based: discounts offered to low-income elderly ratepayers (same discount as for other utilities)</li> </ul>
Grants Pass	Unknown (City's rate table was not on-line)	<ul style="list-style-type: none"> <li>• Discount for vacant properties, defined as unoccupied for 30 days (<i>amount of discount not specified</i>)</li> <li>• 50% discount for residences with no registered vehicles</li> </ul>
Hubbard	\$4.25 per dwelling unit	<ul style="list-style-type: none"> <li>• Means-based: discounts offered to low-income elderly ratepayers (same discount as for other utilities)</li> </ul>
Klamath Falls (street lighting fee)	\$2.00	<ul style="list-style-type: none"> <li>• 50% discount (reduced to \$1) for residences that have no registered vehicles</li> </ul>
North Plains	2.51 - 9.57 trips per day for residential uses 28.7 -191.4 trips per day for commercial uses Trip rate times base cost rate determines the fee (cost rate not on-line)	<ul style="list-style-type: none"> <li>• 50% discount for parcels where there are no cars or drivers</li> </ul>

Jurisdiction	Monthly TUF Rate	Conditions for Discount
Phoenix	\$.08-\$.39 per unit for residential uses \$1.07-\$3.53 per 1,000 sq ft for commercial uses \$0.03-\$0.04 per student for schools	<ul style="list-style-type: none"> <li>Means-based: discounts offered to low-income elderly ratepayers (same discount as for other utilities)</li> <li>Residences without registered vehicles discounted to senior housing rates (\$0.08 per unit per month)</li> </ul>
<b>Colorado</b>		
Fort Collins	Fee based on property frontage length and trip generation. (rates not available on-line)	<ul style="list-style-type: none"> <li>Means-based: discounts offered to low-income and all elderly ratepayers but % not specified</li> </ul>
<b>Texas</b>		
Austin	Monthly per acre cost rate multiplied by daily trips per acre (16 to 200) or, for residential uses, by density. 200 daily trips per acre maximum; 40 daily trips per acre for colleges.  Different residential and non-residential cost rates.  (Rate ordinance/resolution not available on-line)	<ul style="list-style-type: none"> <li>Discount for uses with measured traffic below assigned traffic level; measured trip rate is used in the formula for that customer.</li> </ul>
Beaumont	Flat fee for different uses; non-residential uses pay higher fee than residential.  (Rate ordinance/resolution not available on-line)	<ul style="list-style-type: none"> <li>Elderly residents</li> </ul>

Source: League of Oregon Cities website; Cities of Ashland, Grants Pass, Hubbard, Klamath Falls, North Plains, and Phoenix websites; and Transportation Utility Fees: Possibilities for the City of Milwaukee (2007).

Some jurisdictions, such as Bay City, Oregon, explicitly state there are no discounts to the TUF.

Most ordinances allow adjustments to TUFs through an appeals process. Administrative appeal procedures are available to contest the assigned land use category trip rates, or size coefficients used in the fee formula.

### *Discounts in Emerging TUF Programs*

The City of Portland is developing a new fee program similar to a TUF called the Street Maintenance and Safety Fee (SMSF). The current SMSF proposal calls for a \$4.54 monthly fee for a single-family home and \$3.32 monthly per unit for a multi-family home. Non-residential fees are calculated based on the type of use and building size (there is a web-based

calculator that customers can use to develop an estimate of their fee). For example, a 30,000 square foot retail complex has an estimated fee of \$392 per month.

Two types of discounts are proposed: low-income discounts and “green” discounts. “Green” discounts are modeled after the Clean River Rewards program, which reduces stormwater utility fees for customers that manage stormwater on-site. Similarly, customer behavior that reduces trips can earn SMSF discounts. “Green” discounts would range from 10%-30% and ratepayers would have to apply for them. The current proposal would allow residential ratepayers the following fee reductions, capping the potential reduction at 30%.

- 20% for having no cars registered at your residence;
- 10% for having a TriMet monthly or annual pass; or
- 10% for owning of one of the Environmental Protection Agency’s top 10 highest-rated vehicles for fuel economy.

Non-residential ratepayers could apply for the following fee reductions, also capping the discount at 30%.

- 10% on the first 10,000 trips per month for businesses located within 300 feet of a transit route;
- 10% if the company provides a reimbursement of at least \$30/month per employee for transit use, bicycling, carpooling or walking; or
- 20% if the company provides a reimbursement of at least \$60/month per employee for transit use, bicycling, carpooling or walking.

*(Source: Portland Office of Transportation website.)*

The proposed SMSF program also offers means-based discounts to low-income residences that already qualify for discounts on their water and sewer bill. The maximum total discount of the fee is 30%. . The SMSF program has not yet been adopted by Portland City Council.

## Exemptions in Transportation Utility Fees (TUFs)

### *Exemptions in Adopted Programs*

The LOC research report reviews the following general exemptions from TUFs:

- Properties that are of public interest
- Undeveloped properties
- Vacant properties
- Properties without water or sewer service.

These and other conditions are found in TUF programs across the country. An overview of conditions used for granting exemptions is provided in Table 2.

**Table 2. Conditions for Exemptions of City Transportation Utility Fees**

Jurisdiction	Conditions for Exemption
<b>Oregon</b>	
Ashland	<ul style="list-style-type: none"> <li>• Request for city council determination of a “necessary public interest” or “insignificant traffic contribution”</li> </ul>
Bay City	<ul style="list-style-type: none"> <li>• City-owned property</li> <li>• City council determination of necessary public interest</li> </ul>
Corvallis	<ul style="list-style-type: none"> <li>• City-owned parking lots</li> <li>• Public parks, open spaces, and greenways without off-street parking</li> <li>• Railroads and public rights-of-way</li> <li>• Undeveloped property</li> <li>• Vacant property (unoccupied for 30 days)</li> </ul>
Grants Pass	<ul style="list-style-type: none"> <li>• City council determination of necessary public interest or insignificant contribution</li> <li>• School district, County government, City government, and special district facilities used for public/government purposes</li> </ul>
Hubbard	<ul style="list-style-type: none"> <li>• Property that is vacant, unoccupied, unused, and with discontinued water service</li> <li>• City council determination of necessary public interest or insignificant contribution</li> </ul>
Lake Oswego	<ul style="list-style-type: none"> <li>• City-owned parking lots</li> <li>• TriMet-owned parking lots (park-and-ride)</li> <li>• Public parks, open spaces, and greenways without off-street parking</li> <li>• Railroad and public rights-of-way</li> </ul>
Milwaukie	<ul style="list-style-type: none"> <li>• Property that is vacant (unoccupied for 30 days) and water service is discontinued</li> <li>• Ratepayers/residents enrolled in low-income utility program</li> <li>• City-owned parking lots</li> <li>• Public parks, open spaces, and greenways without off-street parking</li> <li>• Railroad and public rights-of-way</li> </ul>
North Plains	<ul style="list-style-type: none"> <li>• Undeveloped property that generates no trips</li> </ul>
Phoenix	<ul style="list-style-type: none"> <li>• City council determination of necessary public interest or insignificant contribution</li> </ul>
Tigard	<ul style="list-style-type: none"> <li>• Vacant property (unoccupied for 30 days)</li> <li>• Public parks, open spaces, and greenways without off-street parking</li> <li>• Railroad and public rights-of-way</li> </ul>

Jurisdiction	Conditions for Exemption
Tualatin	<ul style="list-style-type: none"> <li>• Property that is vacant, unoccupied (for 30 days), unused, and water service is discontinued</li> <li>• City-owned parking lots</li> <li>• TriMet-owned parking lots (park-and-ride)</li> <li>• Public parks, open spaces, and greenways without off-street parking</li> <li>• Railroad and public rights-of-way</li> </ul>
<b>Colorado</b>	
Fort Collins	<ul style="list-style-type: none"> <li>• Undeveloped property</li> </ul>
<b>Texas</b>	
Austin	<ul style="list-style-type: none"> <li>• Undeveloped property</li> <li>• Public property</li> <li>• Vacant residences</li> <li>• Residences without registered vehicles</li> <li>• Elderly</li> </ul>
Beaumont	<ul style="list-style-type: none"> <li>• Undeveloped property</li> <li>• Disabled ratepayers</li> <li>• Low-income renter</li> </ul>

*Source: League of Oregon Cities website; Cities of Ashland, Bay City, Corvallis, Grants Pass, Hubbard, Klamath Falls, Lake Oswego, Milwaukie North Plains, Phoenix, Tigard, and Tualatin websites; and Transportation Utility Fees: Possibilities for the City of Milwaukee (2007).*

### Conclusion

Discounts and exemptions in TUF programs tend to support policy objectives related to fairness and sustainability. Criteria that some jurisdictions use for discounts are used for exemptions in other jurisdictions. The TUF programs surveyed impose fees that are relatively low for residential customers and uses when compared to non-residential customers. Therefore, discounts and exemptions may not be as important for residential ratepayers as for non-residential ratepayers.

Table 3 presents a summary of the criteria and conditions used in jurisdictions researched for this memorandum.

**Table 3. Summary of Surveyed Customer Discounts and Exemptions for Transportation Utility Fees**

Criterion/Condition	Discounts	Exemptions
Low-income	✓	✓
Elderly	✓	✓
Disabled persons		✓

<b>Criterion/Condition</b>	<b>Discounts</b>	<b>Exemptions</b>
Properties or residences without vehicles or registered drivers	✓	✓
Low trip generation (or lower than assigned)	✓	
Single-family (Beaumont)	✓	
Transit passes and access	✓	
Workplaces that offer reimbursements for carpooling, walking, biking, and taking transit	✓	
Residences where fuel efficient vehicles are registered	✓	
Vacant or undeveloped properties	✓	✓
Property of public interest		✓
Property with little or no trip generation		✓
Local government or special district facilities		✓
City or transit parking lots		✓
Parks and open spaces without off-street parking		✓
Rights-of-way		✓

**Discussion Summary:**

- Members felt it important to offer discounts and credits out of fairness and to provide incentives.
- Discounts should not be complicated to obtain but since they are based on certain conditions, there needs to be some demonstration of performance in order to receive the credit or waiver.
- Offer fee waiver when water is turned off provided the utility account for the customer is up to date.
- Offer credits similar to those proposed by Portland for people that do not drive (e.g. no motor vehicle registered). Offer transit credit to residential customers that also work in Hillsboro.
- Offer credit to businesses that provide transit passes to their employees;
- Offer credit to residential care facilities whose residents impose few demands on street network (e.g. end of life care, Alzheimer’s care).
- Offer exemptions to parking facilities and city parks but not schools or governmental offices/employment facilities.

**Decision Summary:**

Recommend limited use of credits and waivers per discussion above.