



Transportation Utility Creation Analysis

City of Appleton

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Overview

- Transportation Utility Overview and Authority to Create
 - Global Rate Setting Principals & Differentiating Between a Fee and a Tax
 - Why Consider?
 - ✓ Fairness
 - ✓ Levy limits and possible operations referendum
 - ✓ Borrowing and sustainability
 - High Level Overview
 - ✓ Budget scenarios
 - ✓ User rates
 - ✓ Sample properties impact analysis
 - Next Steps
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Transportation Utility Overview

Equates the municipality's transportation network to a utility like a water, sewer or stormwater utility

User rates collected to fund the operations of the transportation system including:

- Operations costs
- Capital

Generally based on TRIP Generation (measure of system usage)

Institute of Transportation Engineer's *TRIP Generation Manual*

What is a TRIP = any time a car enters or leaves a driveway

Different land use types have different TRIP generation rates



Authority to Create a Transportation Utility

No direct Statute to establish a Transportation Utility in Wisconsin

Creation of a Transportation Utility linked to Home Rule Authority, whereby municipalities have the authority to act:

- For the good order of the City
- For a municipality's commercial benefit
- For the health, safety and welfare of the municipality
- Have the ability to carry out its power by appropriation, or by other necessary and convenient means

Formally the means by which municipalities relied on to create stormwater utilities... This has not YET been tested in Wisconsin

Issues to Consider with User Charges...Global Rate Setting Principals



Global principals around which rates must (should) be set

- Rate should be cost-based and equitable and set at such a level that they meet the full revenue requirements of the utility
 - Rates should be easy to understand and administer
 - Rates and the process of allocation costs should follow the principles of cost-causation (those who cause the costs pay the costs)
 - Rates should be stable in both their ability to provide adequate revenues to meet the utility's financial, operating and regulatory requirements and in the customer's perception of the rates from year to year
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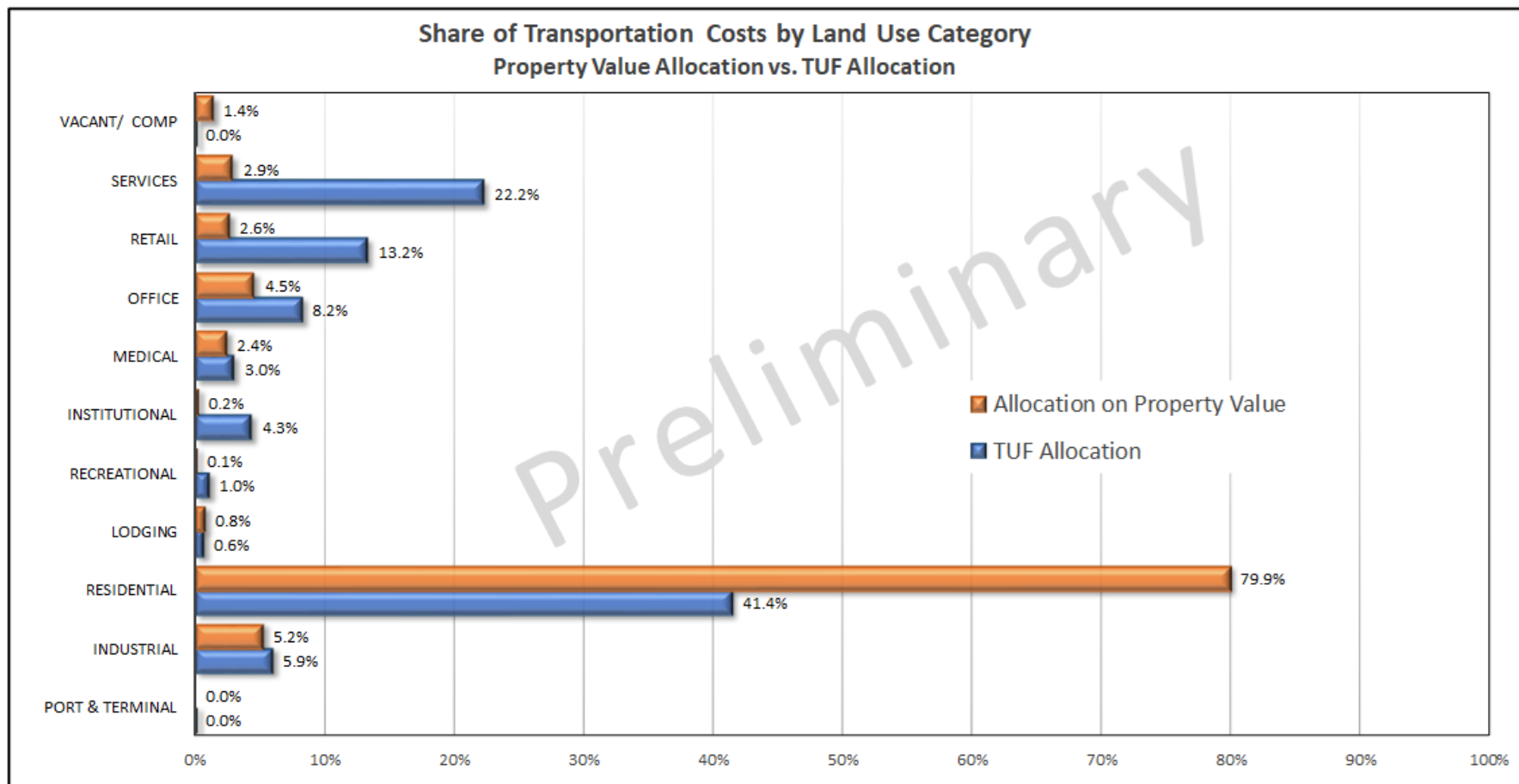
Differentiating Between a Fee & a Tax

WI League of Municipalities June 2020 Opinion on Transportation Utility Creation:

1. Place fees collected in a separate fund, used only for street maintenance transportation projects.
 2. Collect fees in same manner as other utility charges.
 3. Ensure formula for calculating fees is as accurate as possible.
 4. Any credit policy should avoid exempting tax-exempt properties. (gives appearance of a tax).
 5. To the extent possible, have a process for allowing properties that demonstrate reduced use of street system to qualify for lower fee.
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Why Consider a Transportation Utility - Fairness





Why Consider a Transportation Utility – Levy Limits

Municipalities are only allowed to increase their levy by the increase in net new construction

- City would likely not be able to increase the operations levy for roads without an operating referendum or a reduction in service within the tax levy

Many municipalities rely on the issuance of debt to fund street rehabilitation projects

- Limited to borrowing no more than 5% of total equalized value through General Obligation Debt
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Transportation Funding Scenarios Summary

Scenario	Funding Source				Total
	Tax Levy	Wheel Tax	Transportation Utility	GO Notes	Revenue Requirement
1-Status Quo	\$2,685,000	\$1,200,000		\$4,000,000	\$7,885,000
2-Eliminate Wheel Tax	\$2,685,000		\$1,200,000	\$4,000,000	\$7,885,000
3-In Addition To ...	\$2,685,000		\$4,200,000	\$4,000,000	\$10,885,000

Scenarios 1 & 2

- Replaces an average of 1.81 miles of roadway per year (0.52% of transportation system)

Scenario 3

- Replaces an average of 3.52 miles of roadway per year (1.02% of transportation system)



Summary of Draft User Rate Calculations

Scenario 2

Calculation of Fixed Charge

Costs Allocated to Fixed Charge	\$125,000
Customers	32,402
Annual Fixed Charge	\$3.86

Calculation of Trip Charge

Costs Allocated to Trip Charge	\$1,125,000
Trips (Daily)	760,000
Cost per Trip (Annual)	\$1.48

Scenario 3

Calculation of Fixed Charge

Costs Allocated to Fixed Charge	\$425,000
Customers	32,402
Annual Fixed Charge	\$13.12

Calculation of Trip Charge

Costs Allocated to Trip Charge	\$3,825,000
Trips (Daily)	760,000
Cost per Trip (Annual)	\$5.03



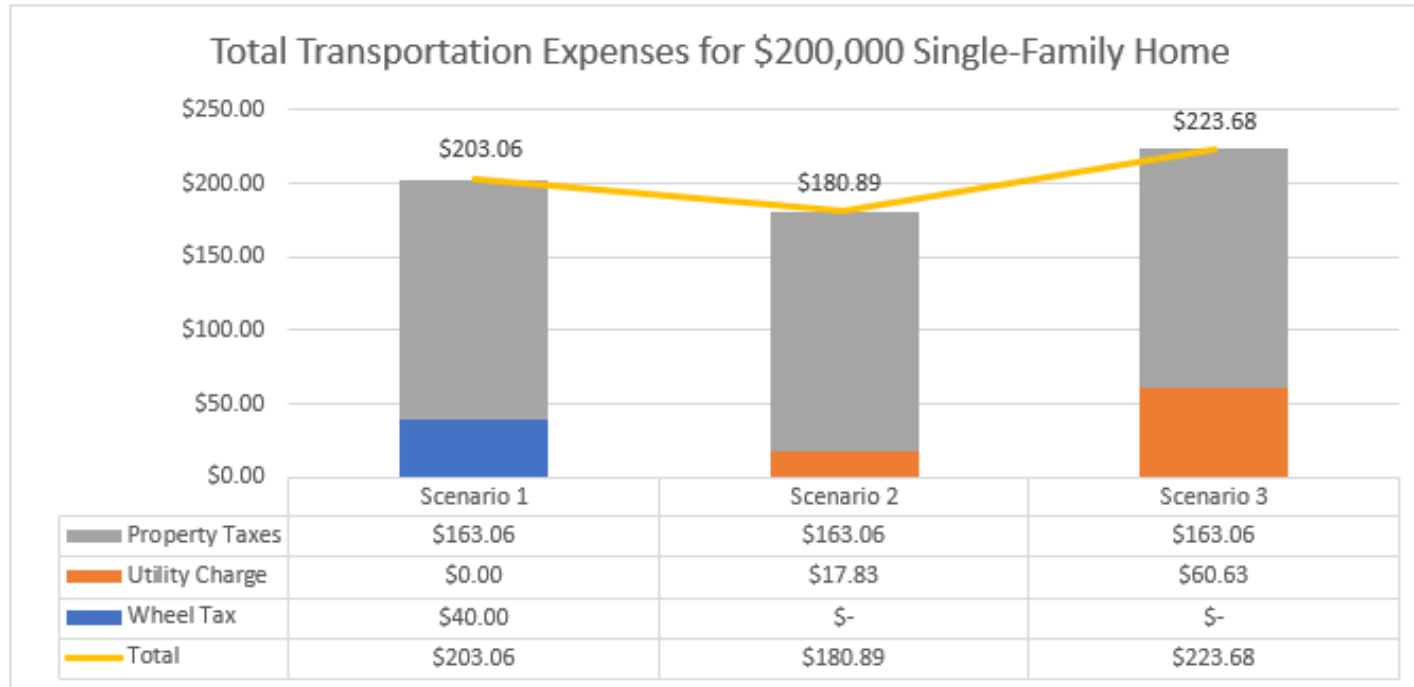
Transportation Utility Charges for a Single-Family Home

Proposed Charges by Scenario for a Single-Family Home

	Annual Fixed Charge	Annual Trip Rate	Trips/Day	Annual Utility Charge	Monthly Utility Charge
Scenario 2	\$3.86	\$1.48	9.44	\$17.83	\$1.49
Scenario 3	\$13.12	\$5.03	9.44	\$60.63	\$5.05



Scenario Comparison

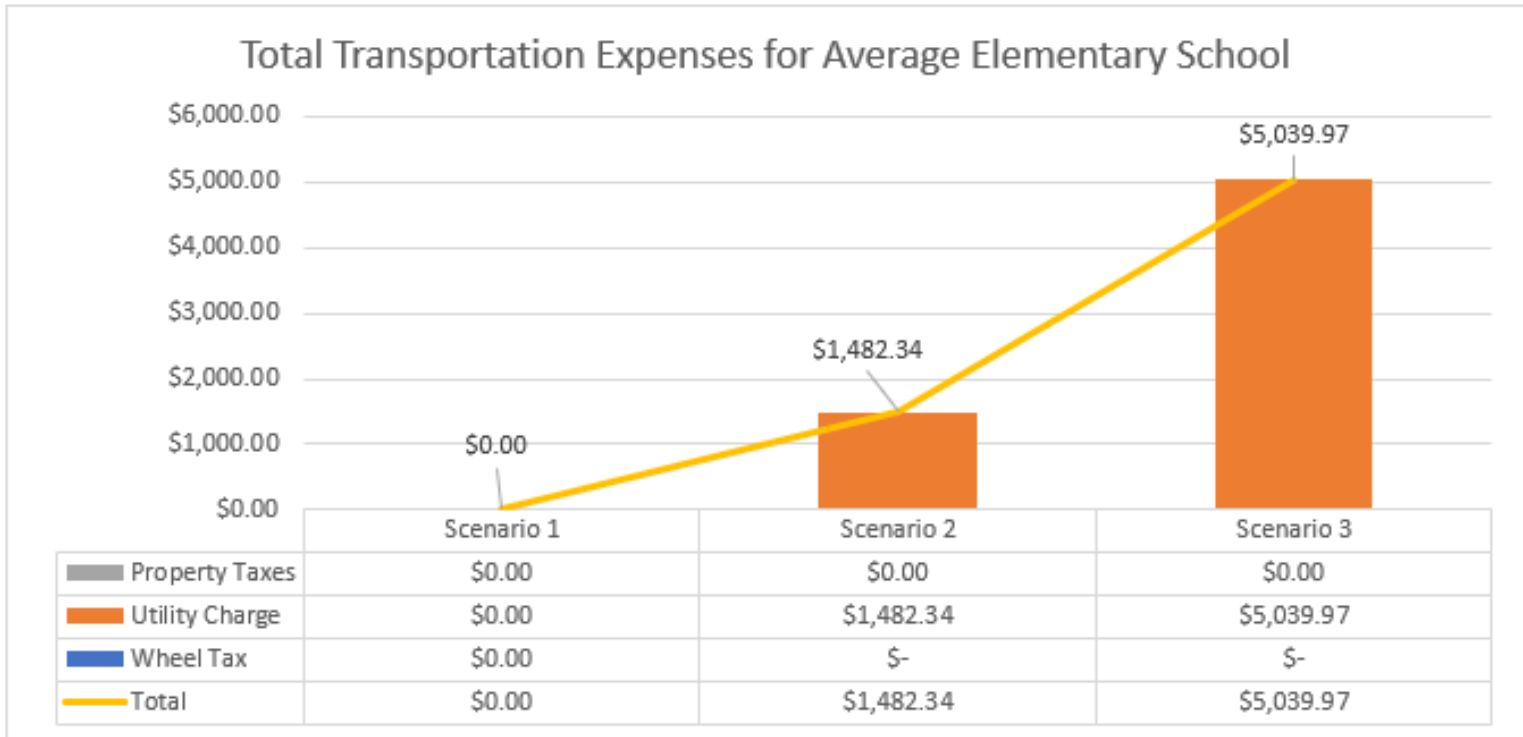


Notes:

- 1) Wheel Tax: Single family homes are assumed to have two vehicles
- 2) Property Taxes: Based on \$200,000 assessed value home and at the highest rate for the borrowing scenario.



Scenario Comparison

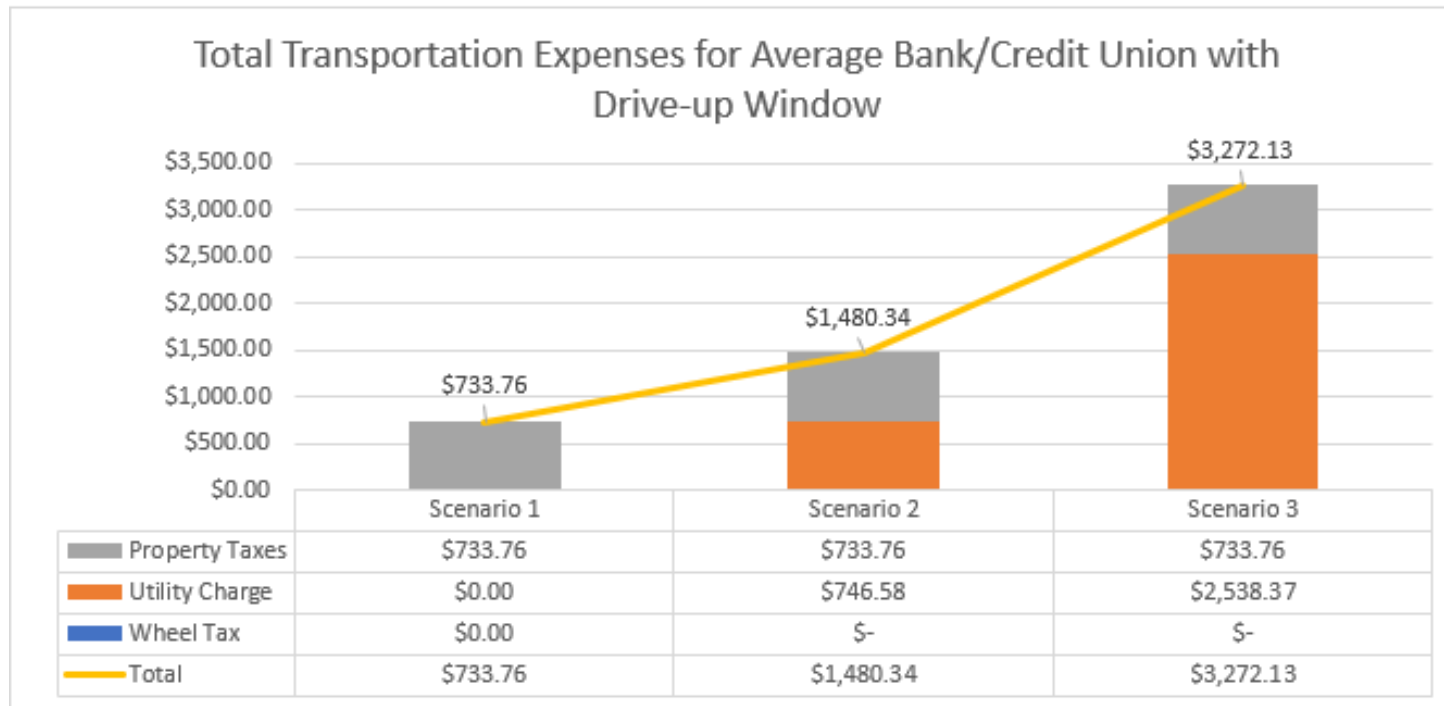


Notes:

1) Average elementary school is estimated to have 440 students, and 2.27 avg. weekday trips/student.



Scenario Comparison

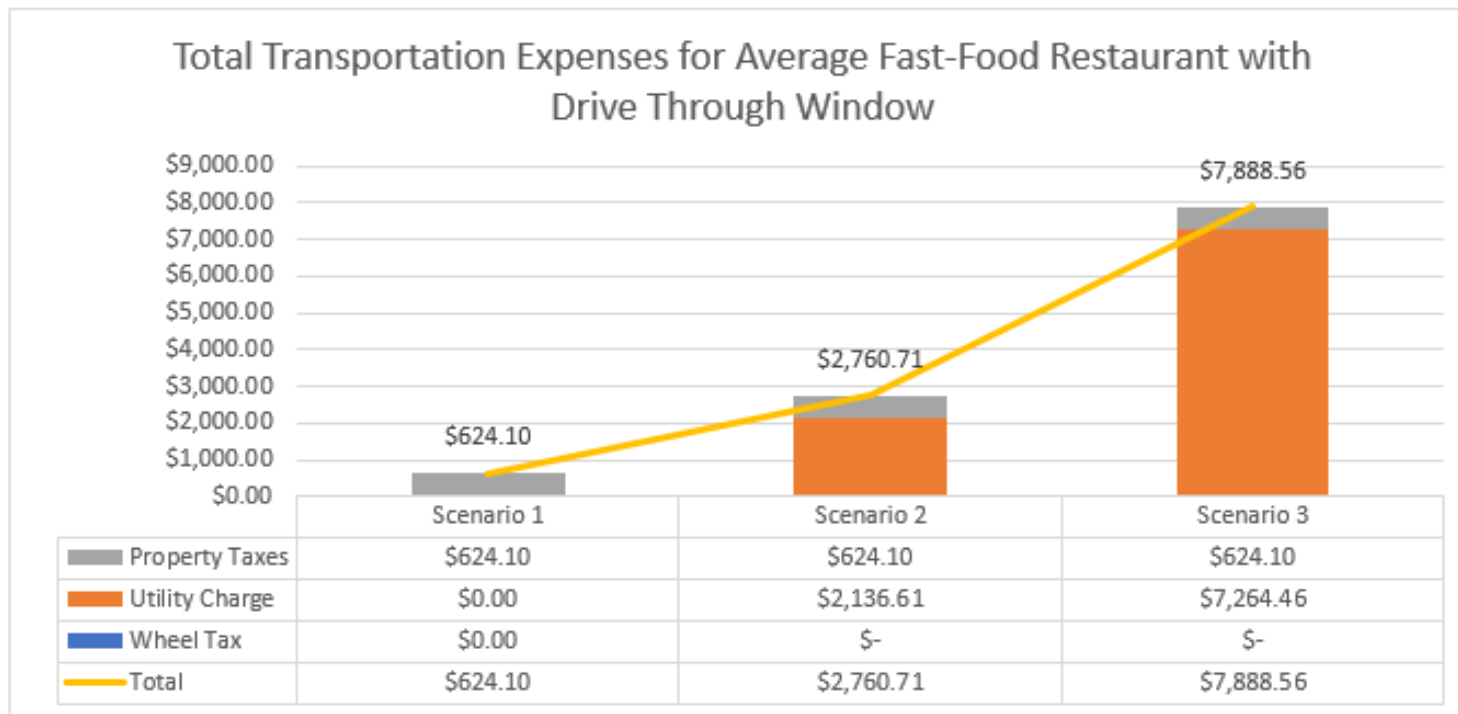


Notes:

- 1) Assumed to have an equalized value of \$900,000.
- 2) Trip generation rate is based on 100.35 average weekday trips per 1,000 square feet and an average size of 5,000 sq. feet.



Scenario Comparison

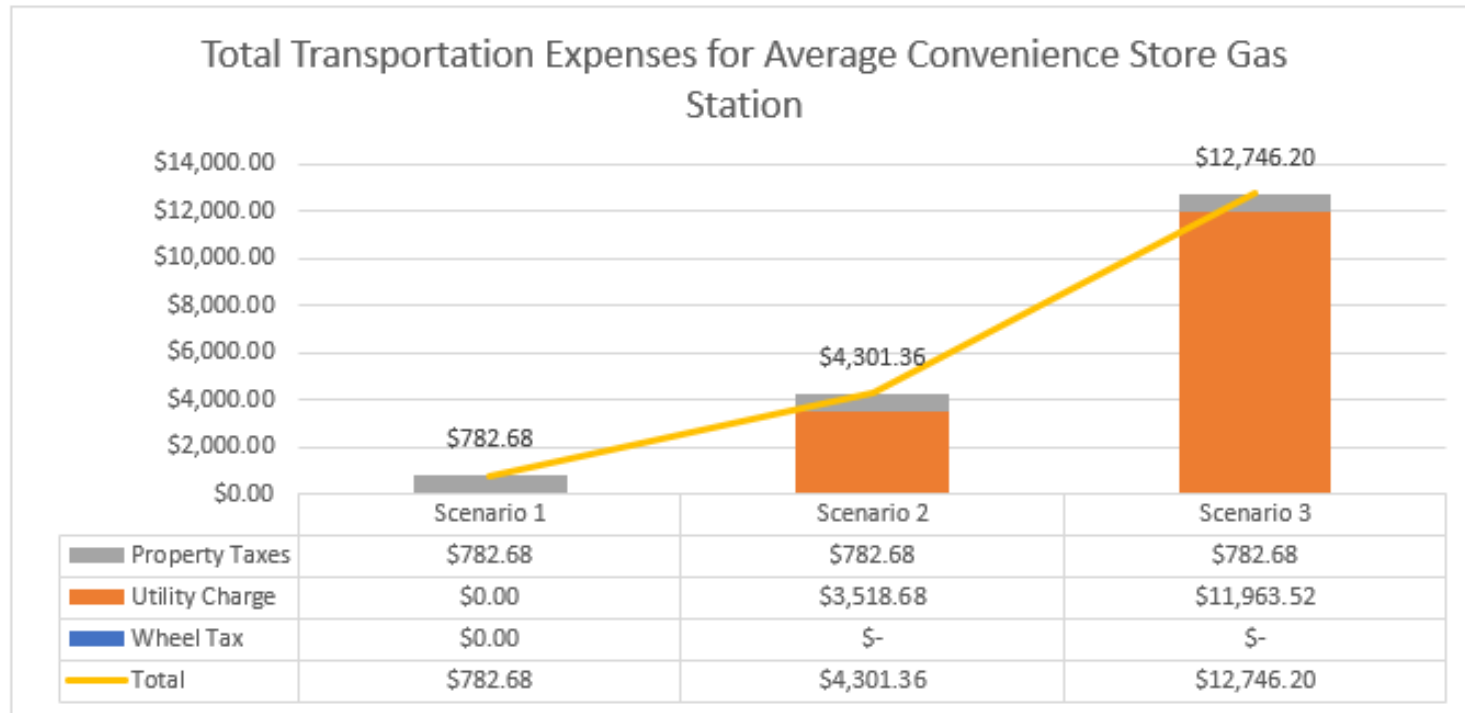


Notes:

- 1) Assumed to have an equalized value of \$765,500.
- 2) Trip generation rate is based on 467.48 average weekday trips per 1,000 square feet and an average size of 3,000 sq. feet.



Scenario Comparison



Notes:

- 1) Assumed to have an equalized value of \$960,000.
- 2) Trip generation rate is based on 700.43 average weekday trips per 1,000 square feet and an average size of 3,390 sq, feet.



Questions and Possible Next Steps

- **Questions??**

Next Steps if Directed to Move Forward:

- Completion of written Transportation Utility Creation Study
 - Development of Transportation Utility Ordinance & any applicable policies and procedures
 - Refinement of utility billing database and incorporation of database into utility billing system
 - Further community outreach
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