



Proposed Transportation Utility

Transportation Affairs
Committee

March 14, 2023



AGENDA



- Why Are We Considering a Transportation Utility
- Why Can We Create One
- How Do They Work
- How Much Will It Cost Users
- What Will An Ordinance Look Like
- What's The Timeline

TRANSPORTATION UTILITY | REASONS TO CONSIDER

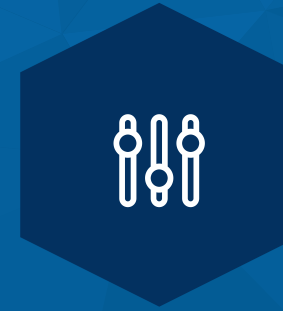
There are three main reasons the City is considering the creation of a Transportation Utility



Aging Infrastructure



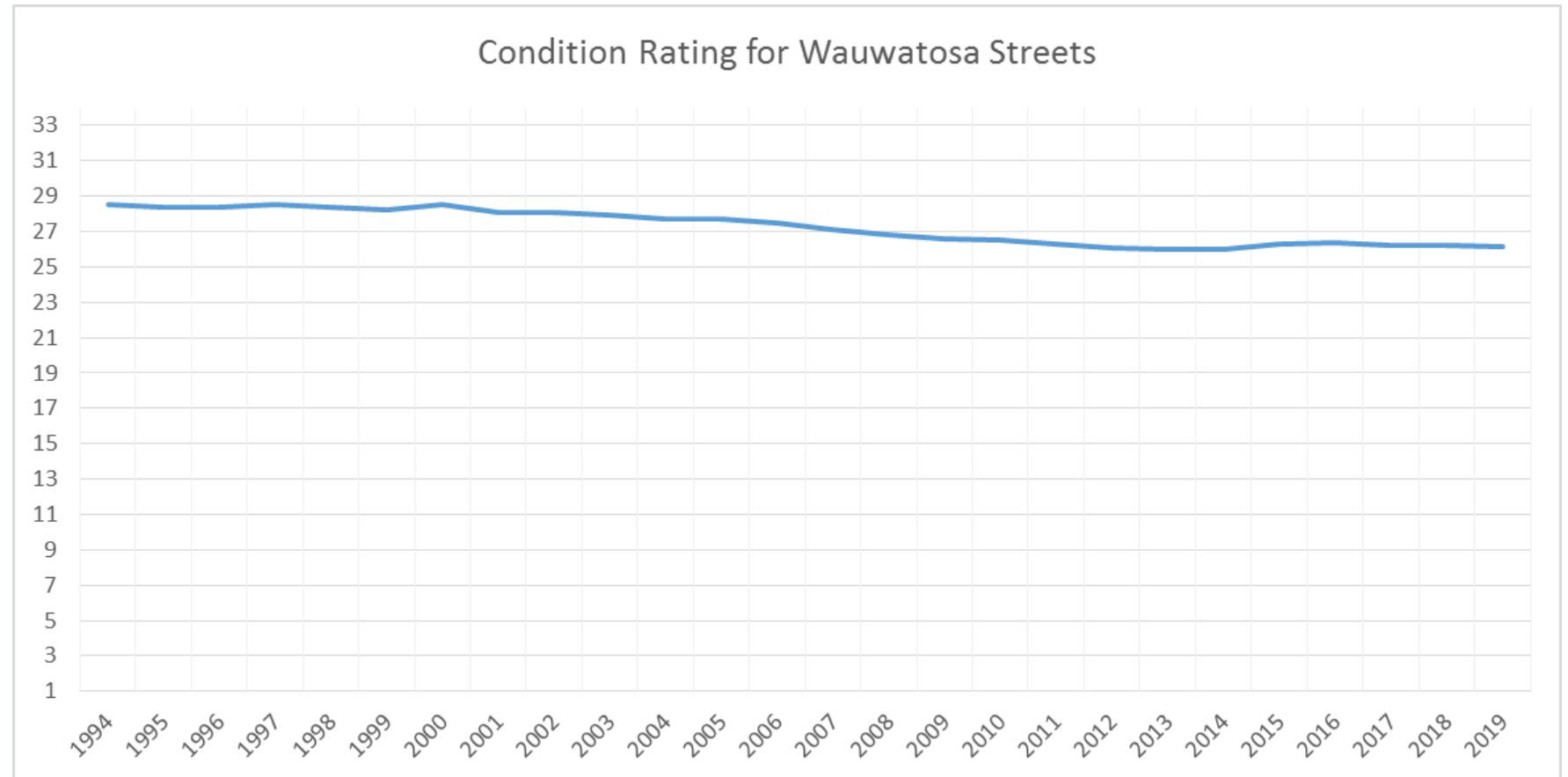
Fiscal Constraints



Equitable Cost Share

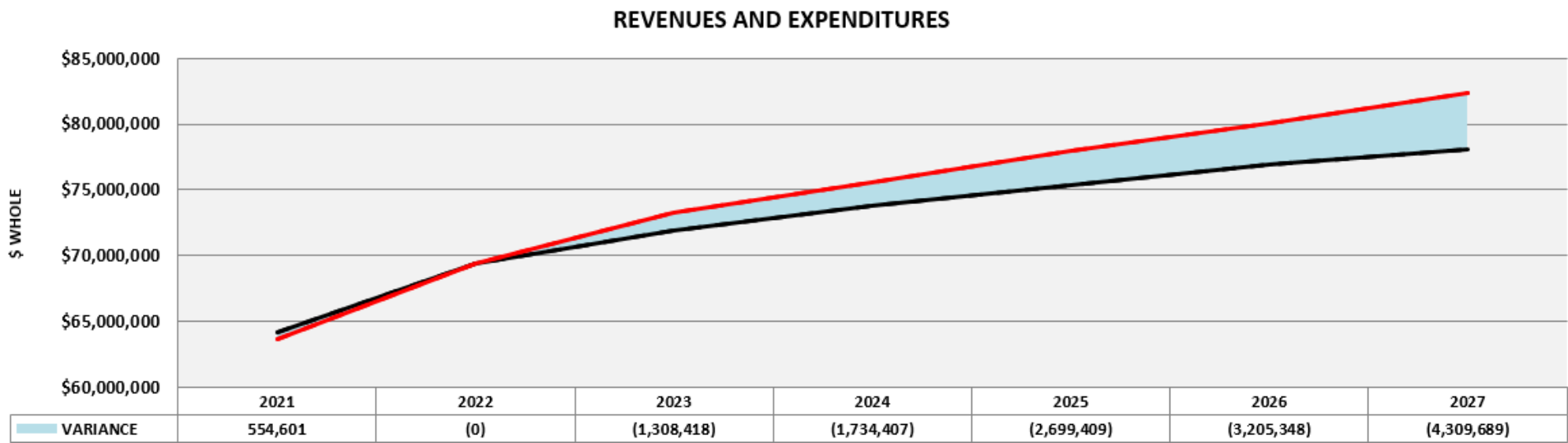
AGING INFRASTRUCTURE

- Current funding limits do not allow the City to maintain the necessary roadway replacement cycle.
- Due to this constraint our average roadway condition ratings are declining and will continue to decline if additional funding is not secured.
- This issue has existed for many decades so it won't be solved quickly.



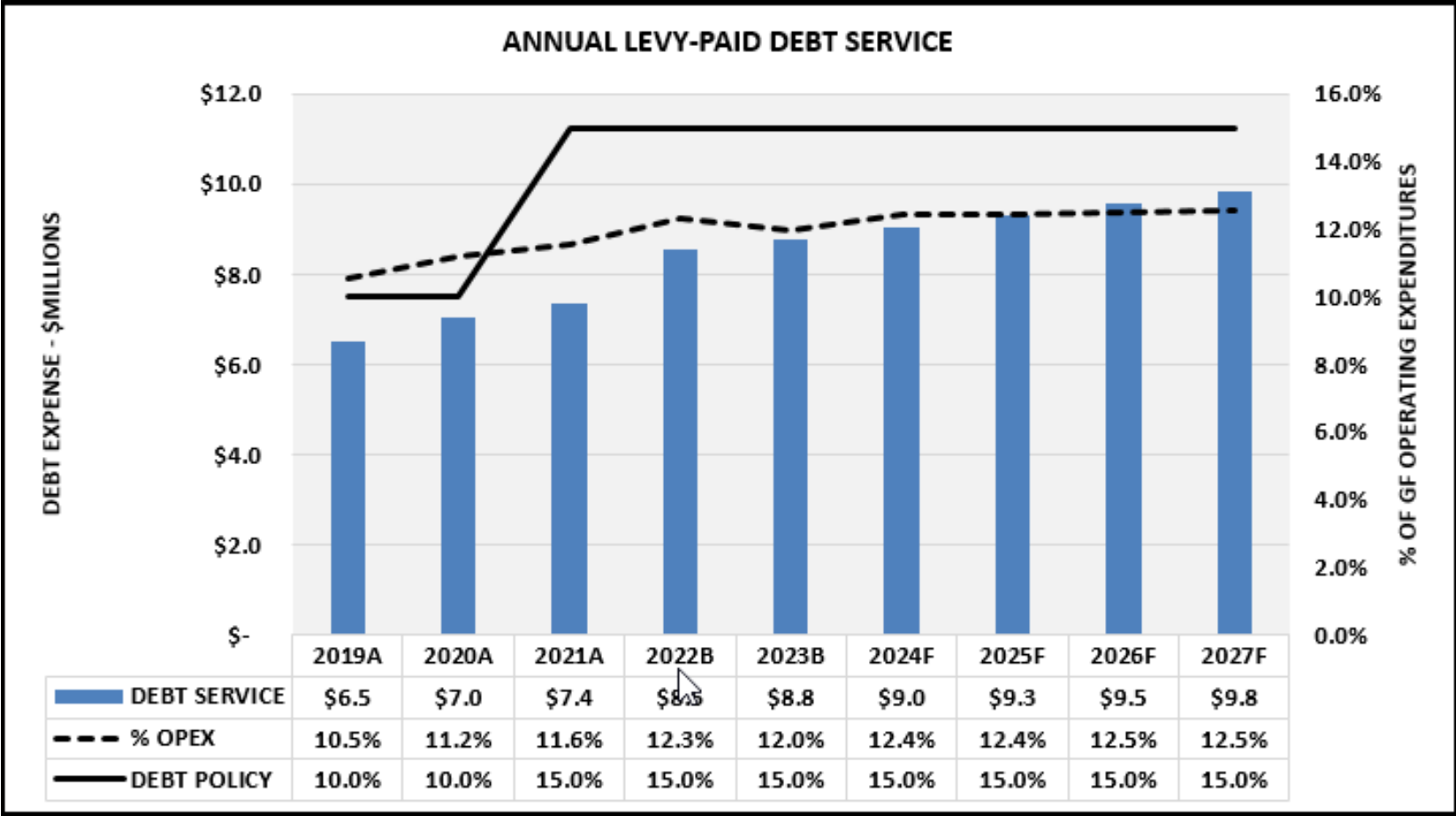
FISCAL CONSTRAINTS | BUDGET GAP & LEVY LIMITS

- Wauwatosa has a structural budget gap which is expected to worsen each year
- We need to find ways to reduce our reliance on property taxes
- It is not realistic to fund additional infrastructure through the general tax levy



FISCAL CONSTRAINTS | INCREASING DEBT BURDEN

- Wauwatosa has already increased borrowing in order to increase investment in infrastructure
- This debt is paid through property taxes
- This approach is vulnerable to interest rate changes



EQUITABLE COST SHARE | PAY FOR WHAT YOU USE

- A previously proposed Wheel Tax was disliked by many because it didn't account for how often a vehicle uses the transportation network and only applied to a limited cross section of roadway users.
- Instead, a Transportation Utility will equate our transportation network to a utility like our water, sanitary sewer and stormwater utilities
- User fees will be collected to fund the operations of the transportation system including:
 - Cost of Certain Operations
 - Capital Costs
- Users will pay for what portion of the transportation system they use based on how many vehicular trips come and go from their property based on Transportation Engineering standards instead of paying based on equalized property value:
 - Any time a vehicle enters or leaves a property is considered one trip
 - Different land use types generate different trip generation rates
 - Will utilize Institute of Transportation Engineer's TRIP Generation Statistics

TRANSPORTATION UTILITY | INTO THE DETAILS



Authority to Create



Policy Goals



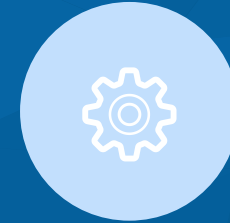
Costs by Land Use



Fee vs. Tax



Initial Budget



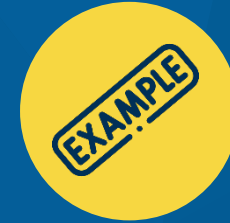
Alternate Scenarios



Calculating Trips



Preliminary User Rates



Example Fees

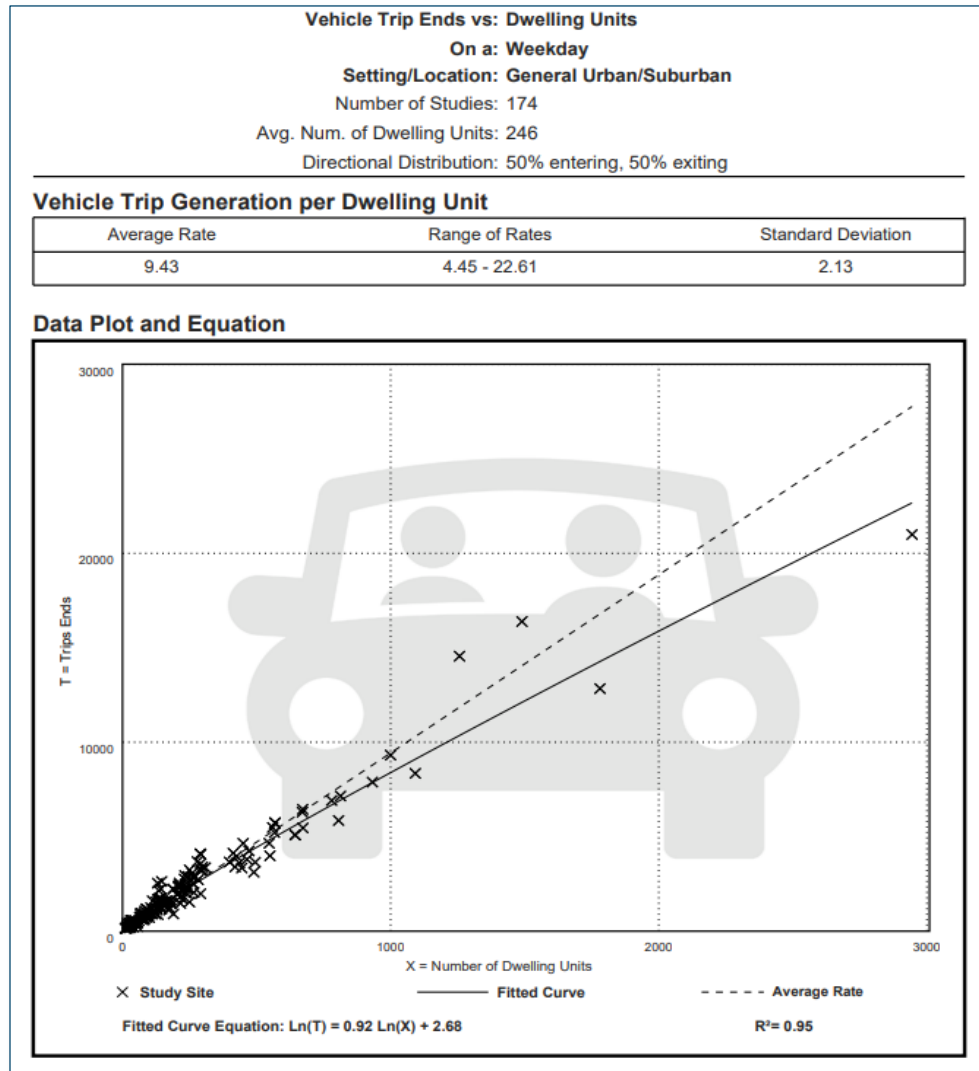
AUTHORITY TO CREATE A TRANSPORTATION UTILITY

- 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
- Initially, the means by which municipalities created stormwater utilities
- Currently being tested – WMC vs. Village of Pewaukee. Pewaukee recently prevailed.

DIFFERENCE BETWEEN A FEE AND A TAX

- User Charges should be:
 - Cost-based, equitable and set to meet the utility's revenue requirements.
 - Allocated among customers in relationship to use and benefit.
 - Easy to understand and administer.
 - Stable, in the ability to provide adequate revenues and in the customer's perception of the rates from year to year.
- WI League of Municipalities June 2020 Opinion on Transportation Utility Creation:
 - Place fees collected in a separate fund, used only for street maintenance transportation projects.
 - Collect fees in same manner as other utility charges.
 - Ensure formula for calculating fees is as accurate as possible.
 - Any credit policy should avoid exempting tax-exempt properties. (gives appearance of a tax).
 - To the extent possible, have a process for allowing properties that demonstrate reduced use of street system to qualify for lower fee.

DETERMINING TRIPS FOR PROPERTIES



- Based on dominant functional use of property
- Use Institute of Transportation Engineers trip generation stats per functional use
- Example for a single family detached home
- Only properties that do not generate trips are exempt (vacant land, parking lots, etc.)

Trip generation statistics are available for over 200 land uses and are continually updated.

POLICY GOALS

1. Increase transportation funding by 10%
2022-2026 average spend is \$10.1 million
2. Reduce borrowing to achieve 40% cash financing of capital budget
2022-2026 average is 38%. 2023-2027 average assuming Transportation Utility is 41%.
3. Reduce property owner share of paving (special assessments) from 60% to 25% by 2032
4. Shift seal coating and crack-filling costs from levy to utility
\$560,000 in 2023 but \$690,000 is estimated to be needed in 2024.
5. Provide credits to property owners who put in place trip reduction strategies
6. Provide low-income credits

PROPOSED TRANSPORTATION UTILITY BUDGET

\$1,000,000 for additional transportation capital projects (Policy Goal 1)

\$150,000 for Engineering services (Policy Goal 1)

\$500,000 for cash financing in place of borrowing (Policy Goal 2)

\$100,000 for special assessment reductions (Policy Goal 3); Note that this is the initial budget needed for the implementation year. This budget would need to increase each year as we further reduce assessments to property owners to 25% versus the current 60% and this will further vary based on the number of miles of road reconstruction each year.

\$700,000 for seal coating and roadway maintenance (Policy Goal 4)

\$50,000 for administrative overhead (Policy Goal 4)

\$300,000 for credits (Policy Goal 5 & 6)

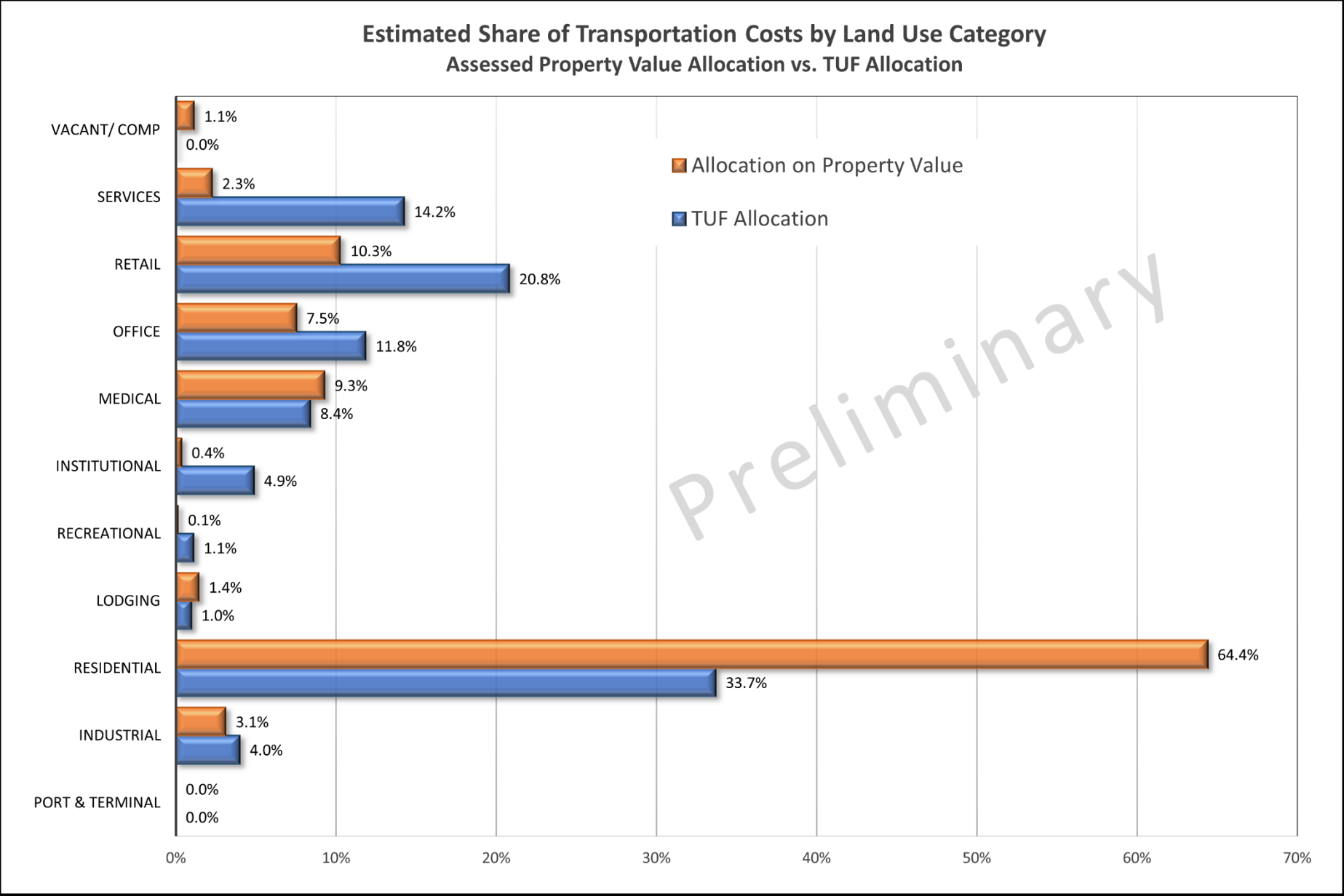
\$200,000 for contingency

= \$3,000,000 Total Annual Initial Budget

PRELIMINARY USER RATE CALCULATIONS

- Projected user charge accounts: 24,000 accounts
- Projected average weekday trips: 625,000 trips
- Costs allocated to fixed charge: \$200,000
- Costs allocated to trip-based charge: \$2,800,000
- Annual fixed charge amount per account: \$8.35
- Annual trip rate per average weekday trip: \$4.50

ASSESSED PROPERTY VALUE ALLOCATION VS. UTILITY ALLOCATION



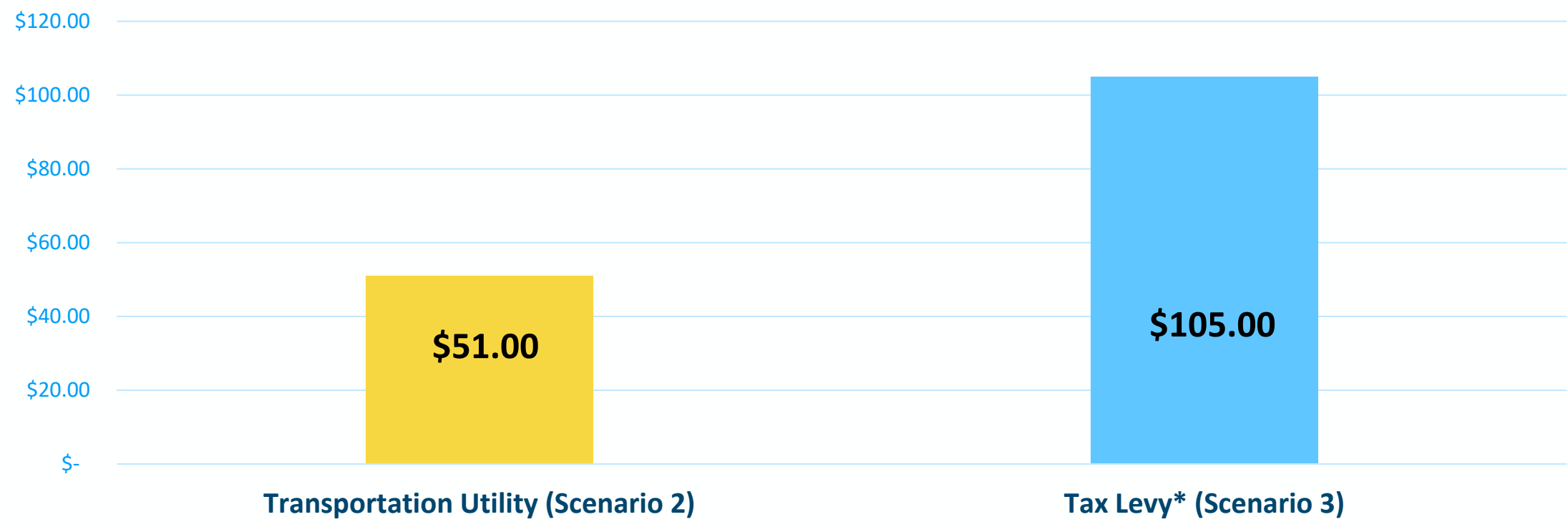
ALTERNATE FUNDING SCENARIOS

	Transportation Funding Source							Total
Scenario	Bonds	Special Assessments	Levy	Grants	Other	TIF	Trans Utility	Revenue Requirement
1 - Status Quo	6,449,683	975,314	655,738	361,612	881,000	1,148,625	-	10,471,972
2 - Transportation Utility	6,449,683	875,314	655,738	361,612	881,000	1,148,625	1,100,000	11,471,972
3- Status Quo + \$1.0 million in borrowing	7,449,683	975,314	655,738	361,612	881,000	1,148,625	-	11,471,972

- Average funding from 2022-2026 capital plan
- Transportation Utility increases total revenue by 9.5%
- Scenario 3 assumes increased borrowing to achieve same total revenue

COMPARATIVE ANNUAL COST FOR A SINGLE-FAMILY HOME

Cost Funded with Transportation Utility Trip Charge vs. Tax levy



* Assumes the relevant transportation utility costs were on the tax levy (.30/\$1,000) applied to a \$350,000 home.

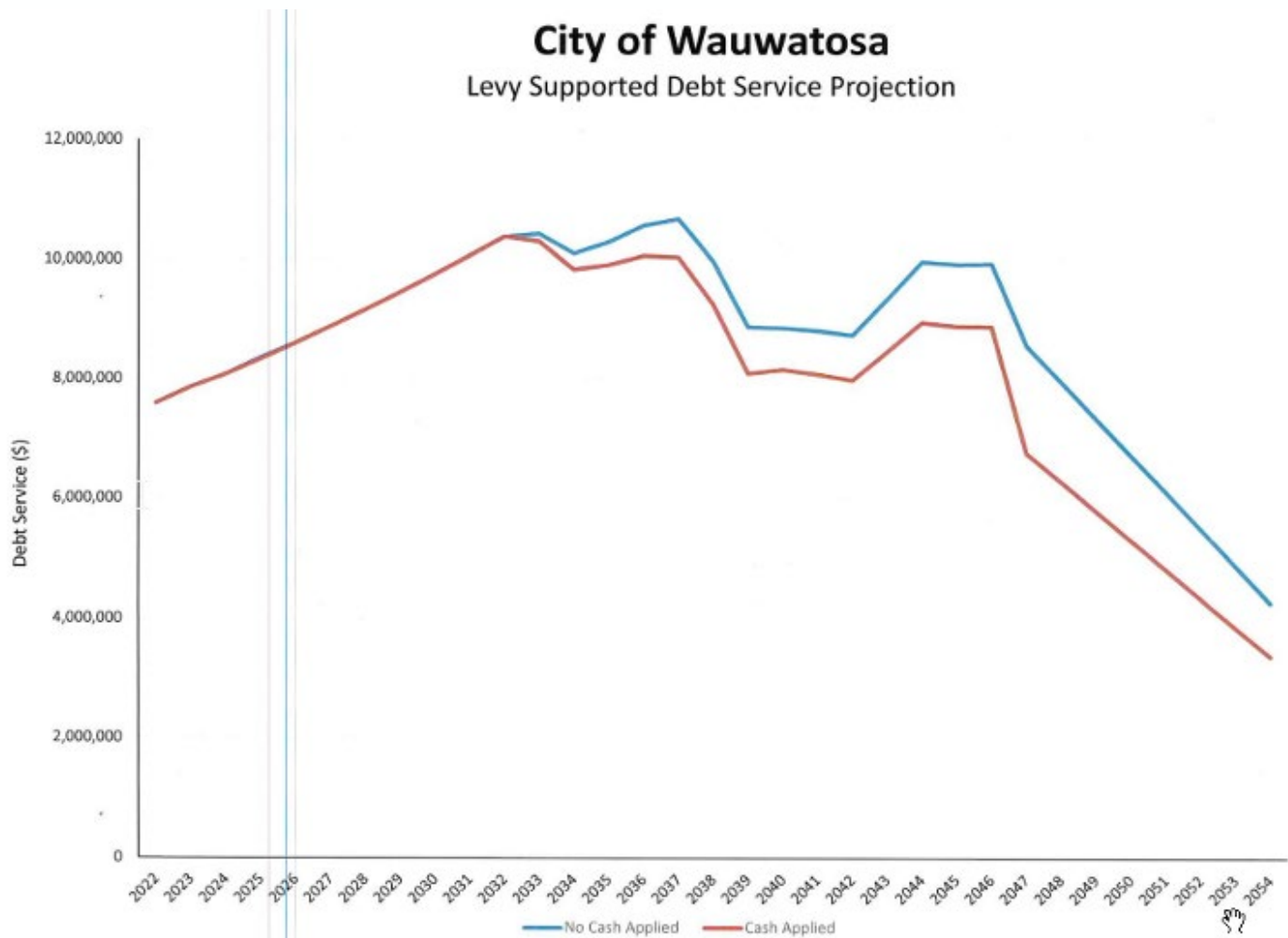
PROJECTED ANNUAL USER CHARGES FOR VARIOUS PROPERTY TYPES

Annual Charge per Average Weekday Trip: \$ 4.5000 (\$3,000,000 budget)

Annual Base Charge: \$ 8.35

ITE Code	Land Use Code Title	Avg Wkdy Trips	Per	Representative Size	Trips	Annual User Charge		
						Fixed	Trips	Total
110	General Light Industrial	4.87	1,000 sf	34,000 sf	165.58	\$ 8.35	\$ 745	\$ 753
140	Manufacturing	4.75	1,000 sf	91,000 sf	432.25	\$ 8.35	\$ 1,945	\$ 1,953
150	Warehousing	1.71	1,000 sf	241,000 sf	412.11	\$ 8.35	\$ 1,854	\$ 1,863
210	Single-Family Detached Housing	9.43	DU	1 DU	9.43	\$ 8.35	\$ 42	\$ 51
560	Church	7.60	1,000 sf	16,500 sf	125.40	\$ 8.35	\$ 564	\$ 573
712	Small Office Building (<10,000 sf)	14.39	1,000 sf	5,000 sf	71.95	\$ 8.35	\$ 324	\$ 332
850	Supermarket	93.84	1,000 sf	24,000 sf	2,252.16	\$ 8.35	\$ 10,135	\$ 10,143
862	Home Improvement Superstore	30.74	1,000 sf	136,000 sf	4,180.64	\$ 8.35	\$ 18,813	\$ 18,821
912	Drive-In Bank	100.35	1,000 sf	5,000 sf	501.75	\$ 8.35	\$ 2,258	\$ 2,266
918	Hair Salon	12.10	1,000 sf	1,900 sf	22.99	\$ 8.35	\$ 103	\$ 112
930	Fast Casual Restaurant	97.14	1,000 sf	3,000 sf	291.42	\$ 8.35	\$ 1,311	\$ 1,320
934	Fast-Food Restaurant w/ Drive-Thru Window	467.48	1,000 sf	3,000 sf	1,402.44	\$ 8.35	\$ 6,311	\$ 6,319
945	Convenience Store/ Gas Station	--	1,000 sf	1,570 sf	1,009.78	\$ 8.35	\$ 4,544	\$ 4,552

PROJECTED CHANGE IN TOTAL OUTSTANDING DEBT

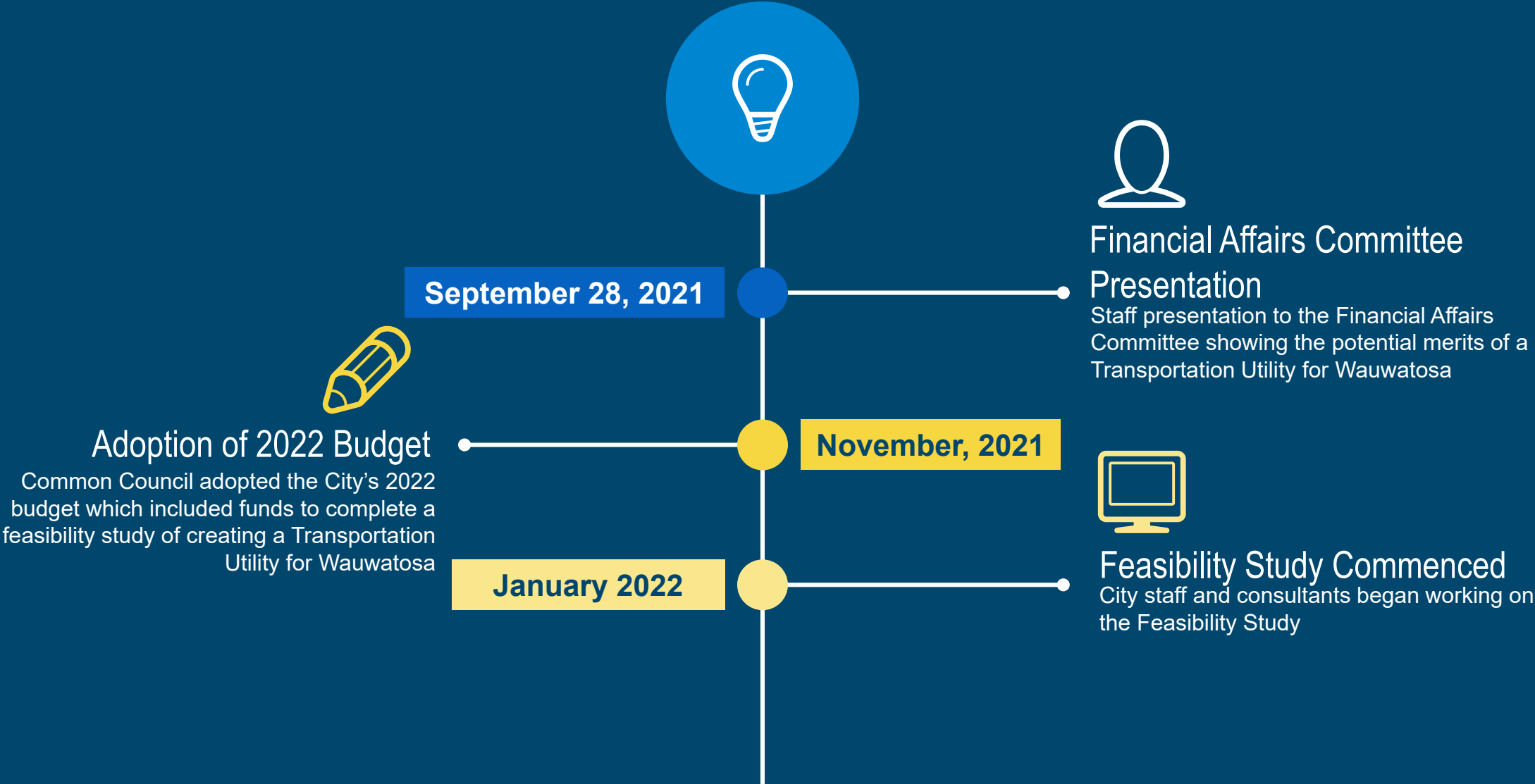


- Assumes \$500K in annual additional cash financing

PROPOSED ORDINANCE

- We are requesting initial feedback from the Committee on a draft Transportation Utility Ordinance at this time.
- Final ordinance adoption potentially considered in July of 2023 after receiving Committee and Community feedback.
- The complete draft ordinance is included in the Committee's information packets and includes all information necessary for implementation of a Transportation Utility:
 - Defines purpose, intent, and authority to create.
 - Describes what the fund can be used for.
 - Describes the transportation user fee.
 - Describes exceptions to the user fee.
 - Describes how a fee is calculated including references to credit policies.
 - Describes how billing and collections will work.
 - Outlines an appeal process for users disagreeing with the calculation of the user fee for their property.

PROJECT TIMELINE | STEPS TO IMPLEMENTATION





Transportation Affairs Committee Presentation

Presentation and discussion of the results of the Transportation Utility Feasibility Study.

September 13, 2022



Adoption of 2023 Budget

Common Council adopted the City's 2023 budget which includes fund to finalize steps necessary to create a Transportation Utility

November, 2022



Transportation Affairs Committee Presentation

Presentation and review of past work, draft ordinance language, and next steps including communications plan

March 14, 2023



Community Communication

Implement communication plan which includes digital outreach, direct communications with large customers, and a public informational meeting for community members

April-June 2023



July 2023

Common Council Vote

Presentation of community feedback and final ordinance to the Transportation Affairs Committee and Common Council for potential approval



Technical Implementation

City staff and consultant work to implement the final tracking and billing system necessary to bill for the Transportation Utility in 2024. All revenue will be reflected in the proposed operating and capital budgeted for 2024.

August-December 2023



Transportation Utility Launched

Customers will begin receiving bills in 2024. Additional revenues will be shown in the 2024 operating and capital budgets.

Communications



We recognize the impact of the Transportation Utility could have on businesses and residents. We will be purposeful in how we explain the Transportation Utility, work with customers, and offer resources.

Some of our strategies include:

- Personal communication with top affected businesses/organizations
- Letters to other businesses/organizations with specific impact
- Public information meeting for residents and businesses
- Consistent information shared through multiple communication channels
 - Webpage, FAQ, email, utility bill explanations, etc.

Questions

