



# Transportation Utility Fees: The Mission Experience

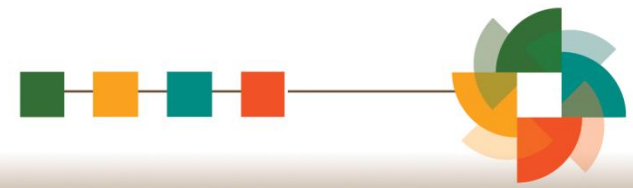
(Or: It's not a freaking Driveway Tax!)

Mike Scanlon, City of Mission  
Bruce Kimmel, Ehlers

Kansas GFOA: October 15, 2010



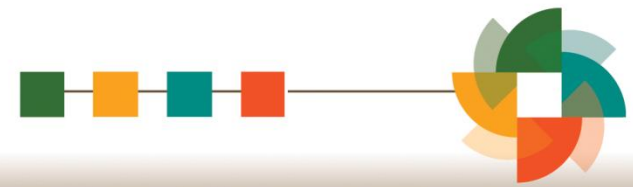
# Presentation Overview



- TUF Background
- Mission's reasons to consider TUF
- Mission's TUF proposal: the details
- Public input and other discussions leading to Council approval of TUF system
- The aftermath and what's next



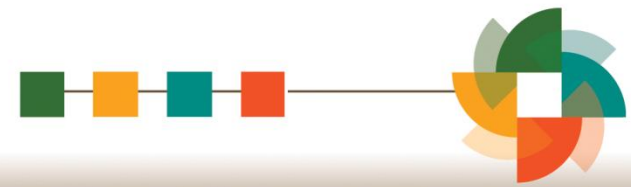
# TUF Background



- TUF = User / Consumption Fee: The more traffic a property generates, the more that property will contribute toward transportation system maintenance and upgrades
- Most TUFs are assessed based on estimated vehicle trips generated per day/week/year
- Paid by all developed property: Base includes tax-exempt churches, schools, governments



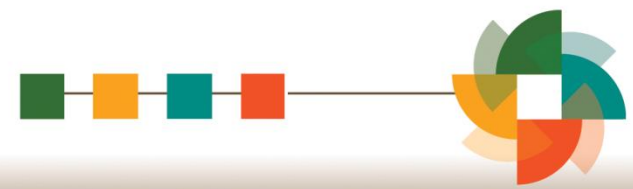
# TUF Background



- TUFs have been established in Oregon, Texas and Colorado – more under consideration
- Key to legal validity is TUF status as user fee – equitably assessed in exchange for particular benefit and not used to raise general revenue
- No TUF implemented to date covers entire cost of providing transportation services (unlike with most municipal water or sewer utilities)



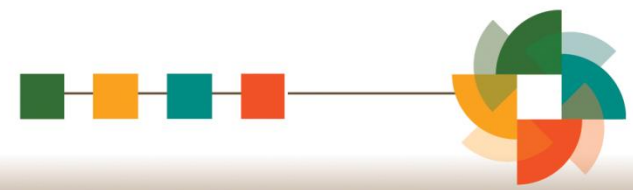
# TUF Background



- The TUF assessed to a particular property is decided by four factors:
  - Estimated trip generation over set period of time
  - Whether TUF is factored 100% on trip generation (variable rate) or also includes fixed charge
  - Community's annual transportation budget
  - % of transportation budget to be met with TUF



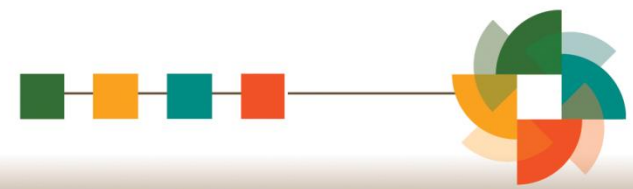
# Mission's TUF Rationale



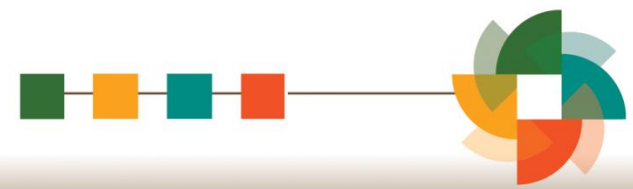
- 2007 DirectionFinder survey ranking street maintenance as #2 City service area needing additional emphasis
- 2008 – 2010: TranSystems pavement condition inventories: 110 lane miles divided into 452 sections – each with PCI score and repair class
  - Minor / Major Maintenance (Green / Blue)
  - Minor / Major Rehabilitation (Yellow / Red)



# Current Street Conditions



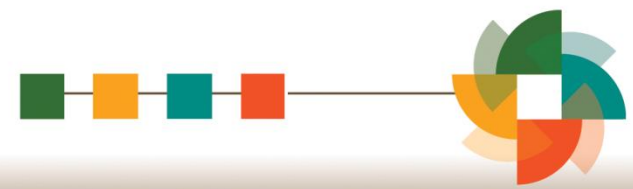
# Mission's TUF Rationale



- Estimated 10-year Transportation Plan costs of \$38.5 million – with current City resources nowhere close to these levels
- State and County are unlikely to increase assistance, and may reduce current funding
- Traditional revenues – property taxes, sales taxes, and assessments – have become problematic sources of new transportation funds



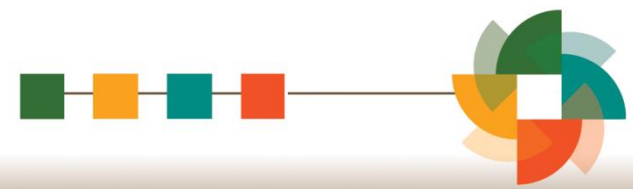
# Mission's TUF Rationale



- City interest in new transportation funding source:
  - Authorized by State Law (direct or under charter)
  - Dedicated to transportation and allocated based on user's direct / indirect consumption of City's capacity
  - Does not disadvantage City relative to neighbors (when all tax rates and utility fees are compared)
  - Cost-effective and straight-forward to administer



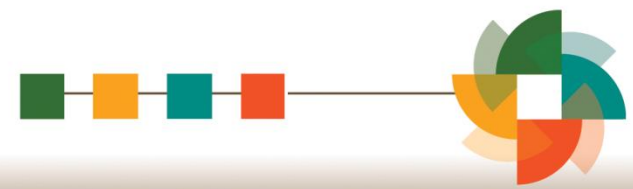
# Mission's TUF Proposal



- City estimated weekly trip generation for 3,254 developed parcels in City
- Institute of Transportation Engineers data by property use, for Weekdays / Saturday / Sunday
  - Multiplied by applicable unit(s), for example:
    - Single unit for detached single-family residence
    - Number of apartments in multi-family complex
    - Square feet in a big box discount retail store
    - Number of students in an elementary school



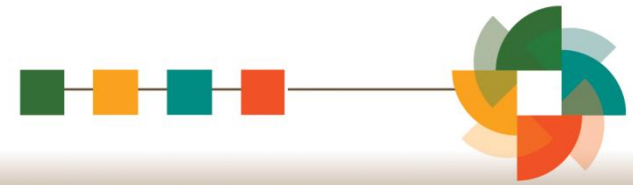
# Mission's TUF Proposal



- TUF calculation has no linkage to driveways, parking lots, or vehicle registrations
- Trip Rates
  - Base Rate for all land uses = \$0.01
  - Secondary Residential Rate = \$0.01076 (0.02076 total)
  - Secondary Commercial Rate = \$0.0049 (0.0149 total)
- Sample Calculation
  - 22,000 annual trips x \$0.0149 rate = \$327.80 per year



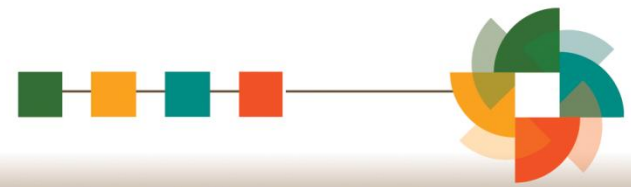
# Mission's TUF Proposal



- These trip rates, spread across 3,254 properties, are estimated to generate \$830,000 in FY 2011
- Impacts
  - \$72 / year for single family residences (\$6 / month was widely publicized amount)
  - 60% of C-I properties will pay less than \$1,000
  - See handout for more examples of trip counts by use



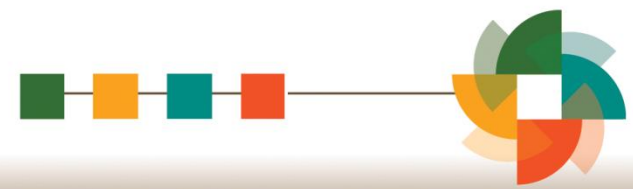
# City Process



- July 2009 – April 2010: Three separate Council resolutions of intent to explore TUF and develop Mission-specific TUF plan
- April 2010: PCI and Transportation Plan Updates
- April – July 2010: Council committee meetings to discuss proposed TUF system



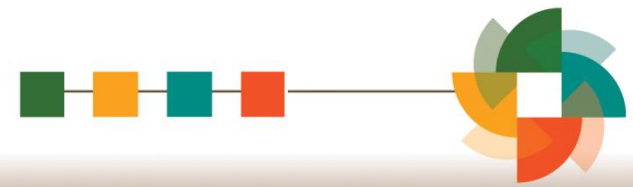
# City Process



- June 2010: Two transportation needs forums
- August 2010: Two transportation funding forums, exploring TUF and other revenue options as slices of transportation funding “pie”
- August 2010: Council approves TUF resolution
- August 2010: Parcel-specific TUFs filed with Johnson County for collection in FY 2011



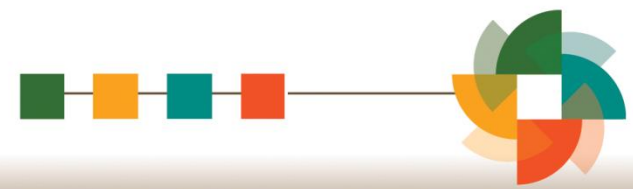
# The Aftermath



- Day after Approval: Many calls to City Hall saying this is the first people have heard of TUF
- Dozens (hundreds?) of media / blog reports, of varying accuracy: TUF = “the driveway tax”
- August – Sept. 2010: “Beat the S@#% out of the City Administrator and Mayor” forums – lots of anti-City venting



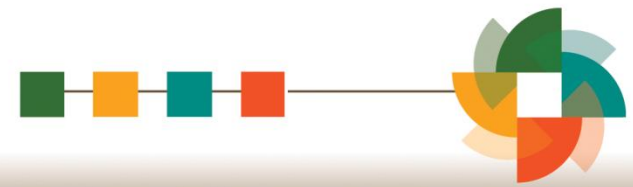
# The Aftermath



- August – Sept. 2010: New round of educational materials, explaining what TUF is and isn't
- August – Sept. 2010: Many City Staff 1-on-1 meetings with concerned residents / businesses
- Lawsuit?
- City will seek renewal of current  $\frac{1}{4}$  cent sales tax, dedicate to transportation



# Thank You



- TUF is the future, but not for the faint of heart...
- Contact us with questions:
  - Mike Scanlon: [mscanlon@missionks.org](mailto:mscanlon@missionks.org)  
(913) 676-8352
  - Bruce Kimmel: [bkimmel@ehlers-inc.com](mailto:bkimmel@ehlers-inc.com)  
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