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DEPARTMENT OF TRANSPORTATION AND DEVELOPMENT
DEVELOPMENT SERVICES BUILDING
150 BEAVERCREEK ROAD OREGON CITY, OR 97045

February 7, 2019

Board of County Commissioners
Clackamas County

Members of the Board:

**First Reading of Ordinance No. _____ Adding Chapter 7.07,
Vehicle Registration Fee, to the Clackamas County Code**

Purpose/Outcomes	To add a new section to County Code implementing a countywide vehicle registration fee as authorized by ORS 801.040, 801.041 and 803.445.
Dollar Amount and Fiscal Impact	Approximately \$11 million per year with 50% distributed to the County, 40% distributed to cities located in the County and 10% allocated to a strategic investment fund for road transfers and multi-jurisdictional projects.
Funding Source	Newly implemented countywide vehicle registration fee
Duration	Indefinite
Previous Board Action	December 18, 2018. Board directed staff to draft an ordinance adopting a vehicle registration fee for public hearing and discussion at two separate business meetings.
Strategic Plan Alignment	Build a strong infrastructure. Build public trust through good government.
Contact Person	Mike Bezner– 503-742-4651
Contract No.	N/A

BACKGROUND:

Transportation Maintenance Needs

In response to a continuing need for a steady, local source of funds to maintain and improve our transportation system, officials from both Clackamas County and cities in the county have concluded that a countywide vehicle registration fee (VRF) is needed.

Even with the additional funds coming in from HB 2017, without a stable local source of funds the county will not be able to provide all of the services that its residents value and desire. With a local funding source the county could provide enhanced services, including annual paving projects on local/residential roads, a wider variety of capital construction projects to relieve congestion in urban and rural areas, and additional improvements to increase safety.

After years of analysis and discussion in the community, along with conversations with business representatives this past spring, County and city officials agreed to consider a \$30/year/vehicle local, countywide VRF.

State law provides a default distribution of VRF funds with 60% of the revenue going to the county and 40% of the revenue going to the cities. However, Clackamas County and city officials agreed to the following distribution of VRF revenue:

- 40% would continue to go to the cities, based on population;
- 50% would come to the County; and
- The remaining 10% that would normally be County funding would be allocated into a strategic investment fund for road transfers and multi-jurisdictional projects to be jointly determined by the county and cities.

This distribution of VRF revenue has been generally supported by people who attended outreach sessions (more details below) and by our cities, many of which have expressed their official support for this proposed VRF.

Outreach

During fall 2018, leadership from the Department of Transportation & Development shared information with community and business groups about the need for a countywide VRF to raise additional transportation funds for local projects. The meetings were publicized by the organizations that hosted the meetings, and by the county through emails, social media, flyers and the county website.

There were 11 presentations with a total of approximately 200 participants:

- a. 7 to community groups (hosted by the Clackamas County Committee for Community Involvement [CCI] and/or a Community Planning Organization [CPO])
- b. 3 to business groups (hosted by a chamber or business alliance)
- c. 1 to a city council (invited by the city)

Meetings were held in locations throughout the county:

- a. Unincorporated areas – Clackamas, Oak Grove, Redland, Welches
- b. Incorporated areas – Estacada, Milwaukie, Molalla, Oregon City

There were three general responses from participants:

- a. Questions about the specific impact of the VRF on them, e.g., which vehicles would be included, and the hardship that might entail
- b. Wondering why the County hasn't pursued a gas tax
- c. Better understanding of the need, and a belief that most people would understand the need if they attended a similar County outreach and education session

County Use of VRF Revenue

Revenue received by the county from a countywide VRF would be directed into the following three areas of need: a) congestion relief, b) safety and c) local road maintenance.

- a) **Congestion Relief:** To analyze congestion relief/capital needs for unincorporated areas of the county, staff re-evaluated the condition of our roadways and reexamined the needs prioritized in the County's Transportation System Plan (TSP). The county focused on projects that meet the following criteria:

- *Priority.* Listed in Tier 1 of our TSP, which was developed with extensive input from the public and adopted by the BCC in 2013.
 - *Geographic distribution.* At least one high priority project in each general area of the County.
 - *Congestion relief component* in response to what we heard repeatedly from the community to do something about congestion. (The only exception is near Mt. Hood where there aren't many opportunities for congestion relief projects.)
 - *Need for funds.* The likelihood that the project wouldn't be built without funding from a local VRF or something similar.
- b) **Safety:** The County has taken an active role in trying to ensure a safe travel environment for everyone traveling to or through Clackamas County, as evidenced by updating the Clackamas County Drive to Zero Transportation Safety Action Plan. Funding would be allocated for additional safety projects throughout the system as prioritized by the updated plan.
- c) **Local Road Maintenance:** Currently we direct our limited funds towards higher capacity county roadways, such as arterials and collectors, which benefit the most users. We do not have a local road paving program for neighborhood streets. Based on current funding estimates, up to \$1 million of VRF revenue could be allocated to a paving program to maintain our local road system.

The Proposed VRF Ordinance

To implement a VRF, the County must first adopt an ordinance that implements the fee authorized by ORS 801.040, 801.041 and 803.445. The proposed ordinance would impose a \$30/year registration fee on most vehicles and a \$15/year registration fee on motorcycles. Most vehicles, motorcycles and mopeds are subject to biennial registration periods, which means that upon registration or renewal, an applicant would be charged for two years' worth of registration fees at one time.

Per ORS 801.041(3), certain vehicles are exempt from the registration fee. The ordinance specifically exempts the following from the VRF:

- a. Snowmobiles and Class I all-terrain vehicles;
- b. Fixed-load vehicles;
- c. Vehicles registered under ORS 805.100 to disabled veterans;
- d. Vehicles registered as antique vehicles under ORS 805.010;
- e. Vehicles registered as vehicles of special interest under ORS 805.020;
- f. Government-owned or operated vehicles registered under ORS 805.040 or 805.045;
- g. School buses or school activity vehicles registered under ORS 805.050;
- h. Law enforcement undercover vehicles registered under ORS 805.060;
- i. Vehicles registered on a proportional basis for interstate operation;
- j. Vehicles with a registration weight of 26,001 pounds or more described in ORS 803.420(14) (a) or (b);
- k. Vehicles registered as farm vehicles under the provisions of ORS 805.300;
- l. Travel trailers, campers and motor homes;
- m. Vehicles registered under ORS 805.110 to former prisoners of war.

The ordinance adopts the distribution formula noted above that was agreed to by the County and cities. The Oregon Department of Transportation (ODOT), through Driver & Motor Vehicle

Services (DMV), will collect the revenue from the fee and make disbursements based on the modified formula.

Section 7.07.060(C) of the proposed ordinance restricts the potential use of these funds. Notably, the ordinance would create a special allocation for the strategic investment fund, discussed above, which is only to be used for multi-jurisdictional projects that affect new or existing roads or streets within the limits of a city, or on county roads or local access roads that are located within or adjacent to the limits of an incorporated city, or on payments to transfer roads between jurisdictions.

Adoption of this ordinance follows the county's usual ordinance adoption procedures, with two separate readings by the Board at least 13 days apart and an effective date no sooner than 90 days after adoption (unless an emergency is declared).

If this ordinance is adopted, state law requires that the County enter into an intergovernmental agreement (IGA) with ODOT to address collection and distribution of the registration fees. Staff anticipates that if this ordinance is adopted, the County would begin receiving revenue in early 2020, which accounts for time to adopt the IGA, and for ODOT to set up its system to collect the new registration fee. Due to the biennial registration periods applicable to most vehicles, the County and cities would receive the full stream of revenue by early 2022, based on the previously assumed timeline.

RECOMMENDATION:

Staff respectfully requests that the Board hold this public hearing and schedule a second reading and public hearing of this ordinance on February 21, 2019, at 6 p.m.

Respectfully submitted,

Dan Johnson
Director – Department of Transportation and Development

Attachments:

- A. ORDINANCE NO. _____, An Ordinance Adding Chapter 7.07, Vehicle Registration Fee, to the Clackamas County Code
- B. The Road Ahead: Continuing the Conversation (presentation)

ORDINANCE NO. _____

**An Ordinance Adding Chapter 7.07, Vehicle Registration Fee, to the
Clackamas County Code**

WHEREAS, an ordinance establishing the imposition of a County vehicle registration fee is authorized by ORS 801.040, 801.041 and 803.445; and

WHEREAS, a well-maintained road system is essential to sustaining the local economy and the livability of Clackamas County by supporting the safe and efficient transportation of people and goods; and

WHEREAS, current county road fund revenues are insufficient to meet current and future road capacity, safety, and maintenance needs due to the increasing needs of a growing and aging road system; and

WHEREAS, the county road network has experienced an ever increasing volume of traffic congestion, and additional congestion is expected without additional capital improvement funding; and

WHEREAS, the County has adopted a Transportation System Plan with the goal of providing sufficient roadway improvements to support expected growth in the region, but only 15% of this plan is fundable based on current local, regional, state and federal funding assumptions; and

WHEREAS, the County has adopted a Transportation Safety Action Plan with a goal of significantly reducing serious injury and fatal crashes on all roads in Clackamas County; and

WHEREAS, the County needs an adequate local funding source to make safety improvements to help achieve the goals set forth under the Transportation Safety Action Plan; and

WHEREAS, the county local road network has experienced degradation due to insufficient maintenance funding and additional degradation is expected without additional maintenance funding; and

WHEREAS, cities within Clackamas County have also expressed the need for additional revenues for road maintenance, operation and improvement of roads under their jurisdiction; and

WHEREAS, both the County and the cities have expressed a desire to create a strategic investment fund from a portion of the County's share of the vehicle registration fee revenue to allow local public agencies to work collaboratively to fund multi-jurisdictional projects; and

WHEREAS, a vehicle registration fee is a stable form of local revenue that is generated by users of roads within the County; and

WHEREAS, revenues from a vehicle registration fee can be used for road-related purposes as defined in Section 3a of Article IX of the Oregon Constitution and such uses include capital improvements, maintenance, and operation of existing county roads; and

WHEREAS, revenues from such a fee must be shared with cities within the County; and

WHEREAS, it is in the public interest to implement a vehicle registration fee to provide additional revenue for the purposes described herein; and

WHEREAS, adequate funding for the maintenance of county and city road systems is a statewide concern; now, therefore;

The Board of Commissioners of Clackamas County ordains as follows:

Section 1: Title 7 of the Clackamas County Code is hereby amended to add Chapter 7.07, Vehicle Registration Fee, as set forth in the attached Exhibit A.

Section 2: Appendix A of the Clackamas County Code is hereby amended to add the Vehicle Registration Fee amount, as set forth in the attached Exhibit B.

Section 3: This Ordinance shall take effect ninety (90) days after adoption.

ADOPTED this _____ day of _____, 2019.

BOARD OF COUNTY COMMISSIONERS

Chair

Recording Secretary

Chapter 7.07 - VEHICLE REGISTRATION FEE

7.07.010 Authority

This chapter is adopted pursuant to the authority granted by ORS 801.040, 801.041 and 803.445.

7.07.020 Definitions

- A. MOPED shall have the meaning given in ORS 801.345.
- B. MOTORCYCLE shall have the meaning given in ORS 801.365.
- C. REGISTRATION or REGISTER shall have the meaning given in ORS 801.410.
- D. VEHICLE shall have the meaning given in ORS 801.590.

7.07.030 Fee Imposed; Exemptions

- A. Except as provided in this chapter, Clackamas County hereby imposes a vehicle registration fee on all vehicles registered with the State of Oregon Department of Transportation where the residential or business address on the application for registration or the renewal of registration is located in Clackamas County.
- B. Clackamas County shall not impose a vehicle registration fee on those vehicles identified in ORS 801.041(3) as being exempt from the registration fee. Vehicles exempt from the vehicle registration fee include the following:
 - 1. Snowmobiles and Class I all-terrain vehicles;
 - 2. Fixed load vehicles;
 - 3. Vehicles registered under ORS 805.100 to disabled veterans;
 - 4. Vehicles registered as antique vehicles under ORS 805.010;
 - 5. Vehicles registered as vehicles of special interest under ORS 805.020;
 - 6. Government-owned or operated vehicles registered under ORS 805.040 or 805.045;
 - 7. School buses or school activity vehicles registered under ORS 805.050;
 - 8. Law enforcement undercover vehicles registered under ORS 805.060;
 - 9. Vehicles registered on a proportional basis for interstate operation;

10. Vehicles with a registration weight of 26,001 pounds or more described in ORS 803.420(14) (a) or (b);
11. Vehicles registered as farm vehicles under the provisions of ORS 805.300;
12. Travel trailers, campers and motor homes, as those terms are defined in ORS 801.565, ORS 801.180, and ORS 801.350 respectively;
13. Vehicles registered under ORS 805.110 to former prisoners of war.

7.07.040 Amount and Payment of Fee

- A. Except as provided in this chapter, at the time a vehicle is first registered or at the time of registration renewal, the applicant shall pay the county vehicle registration fee for each year of the registration period.
- B. At the time a motorcycle or moped is first registered or at the time of registration renewal, the applicant shall pay the county vehicle registration fee for each year of the registration period.
- C. The county vehicle registration fee is in addition to other fees required to be paid to the State of Oregon under ORS 803.420.
- D. The fee shall be collected by the Oregon Department of Transportation on behalf of Clackamas County.

7.07.050 Distribution of Revenue

- A. The County will pay and distribute 40% of the moneys collected to those incorporated cities within the County. The distribution shall be based on each city's proportional share of the total number of Clackamas County residents residing within incorporated cities, as determined by the most recent reports of the Portland State University Population Research Center.
- B. The County will allocate 10% of the moneys collected to a strategic investment fund for purposes of funding jurisdictional road transfers or other multi-jurisdictional projects.
- C. All distributions under this provision will be made after administrative fees are collected by the Oregon Department of Transportation and the County.

7.07.060 Use of Revenue

- A. The County Department of Finance, or its designee, shall be responsible for the disposition of the revenue from the vehicle registration fee.

- B. For the purposes of this section “net revenue” means the revenue from the fee imposed by this chapter remaining after providing for the cost of collection, transfer, and administration by the Oregon Department of Transportation and the County.

- C. The net revenue of the fees collected under this chapter shall be used only for purposes allowed by state law. Except for the portion of the net revenue described in 7.07.050(B), the net revenue received by the department shall be credited to the County road fund under a different account to ensure these funds shall be used only for the maintenance of local roadways, safety related projects and capital construction focused on the reduction of congestion on county roads. The net revenue received by the cities shall be used only for road purposes as outlined in applicable state law regarding expenditure of road user fees and taxes. The net revenue described in 7.07.050(B), which is allocated to the strategic investment fund, shall be used only for payments to transfer roads between jurisdictions or for multi-jurisdictional projects which affect new or existing roads or streets within the limits of a city, or on county roads or local access roads, as those terms are defined in ORS 368, that are located within or adjacent to the limits of an incorporated city.

EXHIBIT B

Department/Division	AUTH. LEGISLATION	FEE SET BY ORS	ORS AUTH. FEE	CODE AUTH. FEE
DTD - ADMINISTRATION				x
Returned check fee	Code §1.01.090			x

Vehicle Registration Fee	Code §7.07.040	x
Motorcycles/Mopeds		x
All other vehicles not otherwise exempt		x

CURRENT FEE AMOUNT
\$25



\$15 per year
\$30 per year

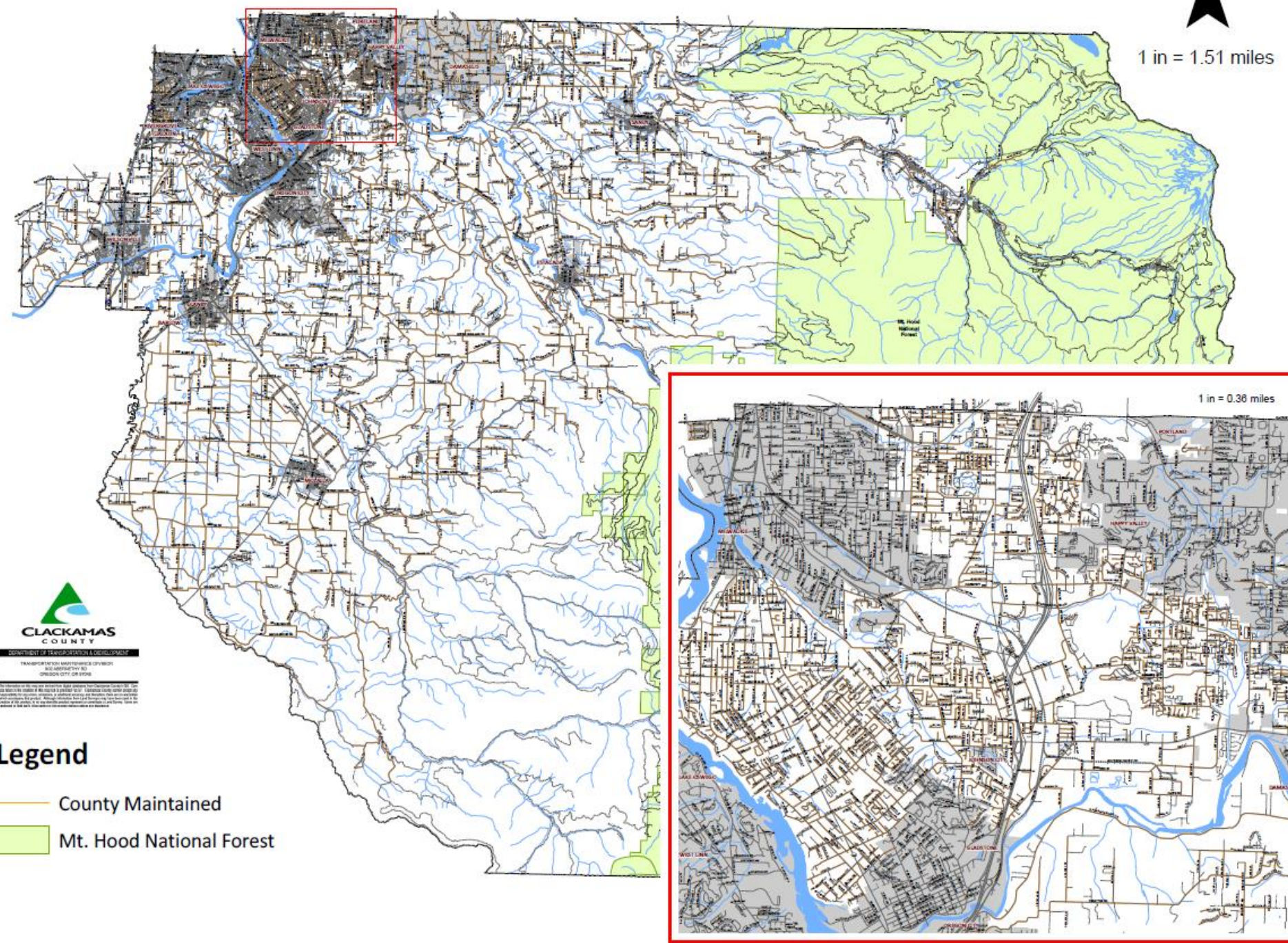


THE ROAD AHEAD: Continuing the Conversation

Public Hearings on
Vehicle Registration Fee Ordinance

February 7 and 21, 2019

- 1,400 miles of roads
 - 40 miles inside cities
 - 1,360 miles in unincorp. areas
- 180 bridges
- 27,000 signs
- 111,000 linear ft of guardrail



Clackamas County

How is road work funded?

Maintenance

- State Highway Fund (Road Fund)
- Timber Receipts/Secure Rural Schools
- **HB2017 (new)**

Capital Projects (Historic)

- Federal/State/Other
- Urban Renewal
- Transportation System Development Charges (TSDC)
- Road Fund

Even with House Bill 2017....

County needs still exist:

- Construct capital projects to relieve congestion
- Local road maintenance
- Safety improvements
- ADA/curb ramps
- Multi-use paths/bike paths/sidewalks
- Relocating Transportation Maintenance



Road Funding by County – Portland Metro Region

For years, residents in neighboring counties have voted in additional local funding to support road maintenance in their communities. These local sources supplement state and federal funds. (The year each fee was established is shown for each fee.)



We talked with business leaders...

They support:

Congestion relief projects

Maintenance program for local roads

More **safety** projects

Idea of *strategic investment fund* for local transportation needs

Idea of *vehicle registration fee*



We talked with community leaders...

- Committee for Community Involvement (CCI)
 - Advisory group to Board of Commissioners
 - Oversees CPO and Hamlet program
- Expressed support for a VRF
- Offered to host regional community meetings
 - Estacada
 - Molalla
 - Oak Grove
 - Welches

We met with the public and business community...

- 11 meetings with more than 200 participants, and letters and email
 - Questions about specific impact of the VRF, e.g., which vehicles would be included; and hardship that might entail
 - Wonder why the County hasn't pursued a gas tax
 - Questioning the need, how funds have been used before, etc.
 - Better understanding of need, and belief that more people would understand the need if they attended a similar County outreach and education session

We talked with cities ...

They need funds for:

- Capital projects
- Paving & general maintenance
- Sidewalks and/or ADA curb ramps

They support:

- A vehicle registration fee initiated through ordinance
- \$30/year/vehicle
- Using 10% of the revenue for a Strategic Investment Fund



Potential Revenue (\$30/year)

City	Population (July 1, 2017)	Annual Revenue*	City	Population (July 1, 2017)	Annual Revenue*
Lake Oswego**	34,855	\$703,222	Damascus***	10,625	\$214,364
Oregon City	34,240	\$690,807	Molalla	9,085	\$183,294
West Linn	25,615	\$516,794	Estacada	3,155	\$63,654
Wilsonville**	21,260	\$428,938	Tualatin**	2,911	\$58,741
Milwaukie	20,510	\$413,798	Portland**	766	\$15,455
Happy Valley	18,680	\$376,877	Johnson City	565	\$11,399
Canby	16,420	\$331,281	Rivergrove**	459	\$9,253
Gladstone	11,660	\$235,246	Barlow	135	\$2,724
Sandy	10,655	\$214,969	County	412,672	\$5,588,520

Strategic Investment Fund (SIF): \$1,117,704

*Based on population, per state law

**Part of this city is outside Clackamas County

***Per state law, funds that would have gone to the former city go to the county for 10 years



Clackamas County needs

- **HB 2017:** Maintain arterial and collector roads
Multi-use paths/bike paths/sidewalks
- **VRF:** Local road maintenance
Capital projects to relieve congestion
- **HB 2017 & VRF:**
Safety improvements
ADA improvements
- **Other:** Relocate Transportation Maintenance facilities



VRF Impact on Motorists

- **\$30 per vehicle per year**
 - \$60 paid every other year when motorists renew vehicle registration
 - Not applicable to one-time permanent vehicle registrations
- **Included:** motorcycles (at \$15); cars, pick-up trucks, vans and other passenger vehicles
- **Excluded (OR801.041):**
 - Unregistered farm equipment
 - Heavy trucks (they pay weight-mile tax)

Next Steps



- Feb. 7: Public hearing / 1st reading
- Feb. 21:
 - Public hearing / 2nd reading
 - BCC action – support, deny or delay





FOR MORE INFORMATION:

www.Clackamas.us/transportation/VRF