



Date: January 9, 2017
To: City Council
Through: Kari Kent, Assistant City Manager
From: Elizabeth Huning, City Engineer
RJ Zeder, Transportation Department Director
Subject: Authorization to amend the currently adopted Schedule of Fees to include pavement restoration fees

Purpose and Recommendation

The purpose of this report is to introduce a new pavement restoration fee and authorization to amend the currently adopted Schedule of Fees to include the new pavement restoration fee.

Background & Discussion

The City of Mesa has been looking at options to better utilize public funds in the face of rising street maintenance costs. In addition, the City would like to decrease negative traffic impacts for both private businesses and the driving public. City staff reviewed other municipal right-of-way programs in neighboring communities, and utilized similar, and in most cases, the exact same language from their City Codes, in Mesa's draft proposal.

Utility companies need to cut pavement and trench existing City streets to install underground infrastructure. These actions, while with the best of intentions to help facilitate development or improve existing services, has the unintended consequence of degrading the pavement condition, resulting in higher maintenance costs and causing more traffic disturbances.

In order to determine the full impact of these pavement cuts, the Transportation and Engineering Departments have reviewed multiple pavement life cycle analyses which concluded that utility cuts reduce City of Mesa pavement life, on average, between 15% and 23%.

To balance the need to install infrastructure in City right-of-way, with the need to preserve taxpayer funded streets, City staff recommends a two-year pavement cut restriction in newly paved streets, with exceptions only for emergencies, interruption of essential utility service, and service for buildings where no other means to provide service exists. The two-year restriction would replace the City's current five-year pavement cut restriction policy.

Mesa City Code currently requires all pavement cut activity to have an approved permit and be restored in accordance with City standards and specifications. The proposed amendment to Title 9, Chapter 1 of the City Code will establish a requirement to pay

pavement restoration fees for cutting pavement that is newer than five years old. A four-tier rate structure is based on pavement age and size of cut.

Pavement Age < 12 months (0-1 years)		
Cut Size	< 200 SY	> 200 SY
Fee	\$1,800 + \$20/SY	\$1,800 + \$18/SY
For cuts within the first year, the fee is in addition to the mill and overlay		
Pavement Age 12 months - 24 months (1-2 years)		
Cut Size	< 200 SY	> 200 SY
Fee	\$1,600 + \$20/SY	\$1,600 + \$18/SY
Pavement Age 24 months - 36 months (2-3 years)		
Cut Size	< 200 SY	> 200 SY
Fee	\$1,300 + \$15/SY	\$1,300 + \$14/SY
Pavement Age 36 months - 60 months (3-5 years)		
Cut Size	< 200 SY	> 200 SY
Fee	\$1,000 + \$10/SY	\$1,000 + \$8/SY

In addition to the pavement restoration fees, pavement cuts within the first year will be subject to a mill and overlay requirement for a minimum width of all lanes impacted by the pavement cuts. The minimum length will be 50 feet for arterial streets and 25 feet for collections and residential streets. The proposed pavement restoration fees have been advertised on the City's website.

City staff presented the two-year restriction and proposed pavement restoration fees to a number of industry groups at various venues, including the Development Advisory Forum, the non-City utility company quarterly meeting, and in one-on-one meetings with various private utility companies. Based on industry feedback, the following modifications were incorporated:

- The option to cut pavement within the first year after construction of City streets
- The option to mill and overlay in the event an alternative route to avoid pavement cut is substantially more expensive than the cost to mill and overlay
- The option to pothole and not mill and overlay within the first year of pavement life

The Cities of Phoenix, Tempe, Peoria, Chandler, Scottsdale, and Buckeye have implemented pavement restoration fees similar to this proposal.

During the process of incorporating pavement cut restrictions into Mesa City Code, it was recommended that the existing City code language be updated and an appeals process be incorporated for the right-of-way user. The recommended City code changes are outlined below:

- Construction work in City right-of-way shall conform to City standards.
- Right-of-way users must provide proof of permit, license, or franchise while working in the City right-of-way.
- A right-of-way permit can be revoked by the City Engineer under certain circumstances.
- Right-of-way users shall prepare and maintain accurate record drawings and

furnish record drawings to the City upon request. In the event accurate record drawings of are not provided and the City incurs costs when locating these installed facilities, the right-of-way user shall reimburse the City for actual costs associated with locating facilities.

- The City Engineer is authorized to issue a stop work order for work that is being performed in a manner either contrary to the provisions of this chapter or unsafe.
- Include an expedited appeal decision.

The proposed City code changes were discussed with a number of industry groups. Based on industry feedback, the following modifications were not incorporated:

- At the Sustainability and Transportation Committee meeting held March 2015, industry's overriding concern was the requirement to relocate facilities out of public utility easements for a City's capital improvement projects. Section 9-1-5 (A) of the current City code obligates the City to pay for relocations out of the public utility easements unless an agreement with the right-of-way user dictates otherwise. In most cases, the requirement to relocate out of a public utility easement is negotiated in a franchise or license agreement as part of the approval to use the City's rights of way, City easements, and public utility easements. The issue of relocations in a public utility easement was completely removed from the current proposal.

On December 12, 2016, this item was considered by the City Council, who approved it to be forwarded to the January 9, 2017 City Council for consideration.

Alternatives

City Council could consider different language; or recommend denial; or approval of the recommended City code changes.

Fiscal Impact

The pavement restoration fees collected will be used for street maintenance, rehabilitation, and reconstruction. Adopting the proposed pavement restoration fee will have an overall revenue increase of approximately \$40,000 per year.

Coordinated With

City Manager's Office

City Attorney's Office

Transportation Department

Exhibit A
Department: Engineering
Proposed Changes to Fees & Charges
January 2017

Document of Change: Resolution					
Description of Services:	Current Fee/Charge	Unit	Proposed Fee/Charge	Date Last Revised	FY 16/17 Fiscal Impact
PAVEMENT RESTORATION FEE				NEW	\$40,000/YR
PAVEMENT AGE <12 months (0-1 years)					
Cut Size <200 SY	\$-		\$1,800 + \$20/SY		
Cut Size >200 SY	\$-		\$1,800 + \$18/SY		
For cuts within the first year, the fee is in addition to the mill and overlay					
PAVEMENT AGE 12 months – 24 months (1-2 years)					
Cut Size <200 SY	\$-		\$1,600 + \$20/SY		
Cut Size >200 SY	\$-		\$1,600 + \$18/SY		
PAVEMENT AGE 24 months – 36 months (2-3 years)					
Cut Size <200 SY	\$-		\$1,300 + \$15/SY		
Cut Size >200 SY	\$-		\$1,300 + \$14/SY		
PAVEMENT AGE 36 months – 60 months (3-5 years)					
Cut Size <200 SY	\$-		\$1,000 + \$10/SY		
Cut Size >200 SY	\$-		\$1,000 + \$8/SY		
NOTE:					
In addition to the pavement restoration fee, pavement cuts					
Within the first year will be subject to a mill and overlay					
Requirement for a minimum width of all lanes impacted by					
The pavement cuts. The minimum length will be 50 feet					
For arterial streets and 25 feet for collections and					
Residential streets.					