

MEMORANDUM

TO: Mayor and City Council

FROM: Faye Stewart, Public Works Director

SUBJECT: APPROVAL OF A RESOLUTION CALLING A MEASURE
ELECTION FOR GENERAL OBLIGATION BONDS;
DECLARING INTENT TO REIMBURSE EXPENDITURES;
AND RELATED MATTERS

DATE: August 7, 2024

Background

On May 8, 2023 the City Council approved Resolution No. 2095 forming the Ad-Hoc Street Improvement and Funding Committee. The committee was charged to make a recommendation to the Council on how to improve the City streets to address the \$35,000,000 backlog of street repairs and maintenance. On April 2, 2024 Chair, Amber Bahler presented to the Council the Committee's recommendations to improve streets and increase revenue to fund the improvements.

The City Council reviewed, discussed, and adopted the recommendations. Council then directed staff to draft a resolution for Council's consideration that refers a general obligation bond for street improvements to the November 5, 2024 General Election. If approved the City would issue bonds raising approximately \$2,500,000. The general obligation bond debt would be paid back by levying a \$.50 per thousand of assessed value on all properties within the City limits for five years.

The revenue would be dedicated to repair Row River Road from Thornton Lane to Currin Connector, Taylor Avenue form Gateway Blvd to 6th Street, and Harrison Avenue from Hwy 99 to R Street.

Staff has worked with Bond Counsel to draft the resolution and Pelroy & Associates to create a factual information brochure to distribute to registered voters within the City limits. Both the draft resolution and informational brochure are attached for your review.

To meet the filing deadline for the November 5, 2024 election, the last day for a governing body to file referral text or prepared ballot title in order to complete challenge period by deadline to file notice of measure is August 16, 2024. If Council approves the resolution referring the measure to the ballot the City must publish a notice in the Register Guard in the next available publication following approval.


If the ballot measure is approved a Citizen Oversight Committee will be established to ensure proceeds are used for the purposes indicated and audits will be required.

Recommendation

The City Council approve the resolution calling a measure election for general obligation bonds; declaring intent to reimburse expenditures; and related matters.

Cost

No cost to place measure on the November 5th election ballot.



Mike Sauerwein, City Manager



Faye Stewart, Public Works Director

RESOLUTION NO. _____

**A RESOLUTION CALLING A MEASURE ELECTION FOR
GENERAL OBLIGATION BONDS; DECLARING INTENT TO REIMBURSE
EXPENDITURES; AND RELATED MATTERS**

WHEREAS, the City Council of the Cottage Grove, Oregon finds and recites the following:

- A. The City of Cottage Grove (the “City”) determines that it will benefit the City to obtain the authority to issue up to \$2,500,000 of general obligation bonds to finance street projects, as more fully described in the form of ballot title attached as Exhibit A (the “Project”); and
- B. The Oregon Constitution, City Charter and ORS Chapter 287A allow the voters of the City to authorize the City to issue general obligation bonds for the Project; and
- C. ORS 287A.050 limits the amount of general obligation bonds in certain cases to three percent of the real market value of taxable property in the City, and issuing the bonds described in this resolution (the “Bonds”) will not cause the City to exceed this limit; and
- D. The City anticipates incurring expenditures (the “Expenditures”) to finance the costs of the Project and wishes to declare its official intent to reimburse itself for any Expenditures it may make on the Project from the proceeds of Bonds which may be issued as tax-exempt obligations in multiple series;

NOW, THEREFORE, THE CITY OF COTTAGE GROVE RESOLVES as follows:

Section 1: A measure election is hereby called for the purpose of submitting to the electors of the City the question of issuing up to \$2,500,000 in principal amount of general obligation bonds to finance capital costs related to the Project.

Section 2: The City authorizes the City Manager, Finance Director, or the designee of either of those officials (each a “City Official”), to act on behalf of the City and to take such other action as is necessary or appropriate to carry out the purposes and intent of this Resolution in compliance with the applicable provisions of law.

Section 3: Pursuant to ORS 250.285, the City Council approves the ballot title in substantially the form attached as Exhibit A with such changes as the City Official may approve.

Section 4: Pursuant to ORS 250.275(5) and 250.285 the City Elections Officer shall publish in the next available edition of the *Register Guard*, or in another newspaper of general distribution within the City, a notice of receipt of the ballot title including notice that an elector may file a petition for review of the ballot title pursuant to ORS 250.296. The notice shall be in substantially the form attached to this resolution as Exhibit B with such changes as the City Official may approve.

Section 5: The City directs the City Elections Officer to submit to the County Clerk for Lane County a copy of this Resolution, ballot title, explanatory statement and all other necessary information so that the general obligation bond measure may appear on the ballot for the November 5, 2024 election.

Section 6: The City hereby declares its official intent pursuant to Treasury Regulation Section 1.150-2 to reimburse itself with the proceeds of the Bonds, which may be issued in one or more series, for any of the Expenditures incurred by it prior to the issuance of the Bonds.

BE IT FURTHER RESOLVED that this Resolution is effective immediately upon adoption.

PASSED BY THE COUNCIL AND SIGNED BY ME IN AUTHENTICATION OF ITS PASSAGE THIS 12TH DAY OF AUGUST, 2024.

Candace Solesbee, Mayor
Dated: _____

ATTEST:

Mindy Roberts, City Recorder
Dated: _____

EXHIBIT A
NOTICE OF CITY MEASURE ELECTION
CITY OF COTTAGE GROVE
LANE COUNTY, OREGON

NOTICE IS HEREBY GIVEN that on November 5, 2024, an election will be held within the boundaries of the City of Cottage Grove, Lane County, Oregon. The following question will be submitted to the qualified voters thereof:

CAPTION

General Obligation Bonds to Fix Streets

QUESTION

Shall the City of Cottage Grove issue general obligation bonds to fix streets?

If the bonds are approved, they will be payable from taxes on property or property ownership that are not subject to the limits of sections 11 and 11b, Article XI of the Oregon Constitution.

SUMMARY

Approval of this measure authorizes the City to issue up to a principal amount of \$2.5 million of general obligation bonds.

Proceeds of the bonds would be used for capital costs of street projects and related ADA improvements. If the measure passes, the City expects to fix the following streets with bond proceeds:

- Row River Road from Thornton to Currin Connector
- Taylor Ave from Gateway to 6th Street
- Harrison Ave from Hwy 99 to R Street

The City will establish a citizen oversight committee to ensure proceeds are used for purposes indicated and audits will be required.

If the measure passes, the City would levy taxes to repay the bonds for five years. The estimated annual tax rate would be \$0.50 per \$1,000 of assessed value. Actual levy rate may differ due to final interest rates and changes in assessed value.

Exhibit B

NOTICE OF RECEIPT OF BALLOT TITLE

Notice is hereby given that a ballot title for a measure referred by the City of Cottage Grove has been filed with the City Elections Officer on August 12, 2024. The ballot title caption is General Obligation Bonds to Fix Streets. A copy of the ballot title is available from the City's Elections Officer. An elector may file a petition for review of this ballot title in the Lane County Circuit Court no later than 5:00 pm August 21, 2024 under ORS 250.296.

Signature of City Elections Officer

Date signed

Printed name of City Elections Officer

Title

This legal notice is to be published by the City Elections Officer in the *Register Guard*, or in another newspaper of general distribution within the City.

COTTAGE GROVE STREET REPAIR

OVERVIEW

The City of Cottage Grove is responsible for building, maintaining, preserving, and repairing the street system within city limits.

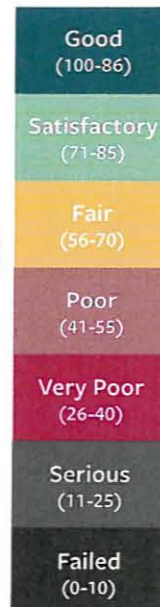
Current funding provides \$400,000-\$450,000 each year to go toward these efforts. Current revenue is not enough to pay for all street preservation and repair projects that would cost approximately \$35 million.

Preservation and repair work restores or improves the overall condition of a street, and includes crack or slurry sealing, filling potholes, and pavement overlays among other preservation projects. Street preservation and repairs extend the usable life of a street and cost 4 to 10 times less than complete reconstruction of a street.

Annual revenue has declined and maintenance costs have increased 23 to 36%. The longer we continue to ignore this issue, the worse road maintenance will be and the cost will increase. A recent study determined that our streets are rated fair at 54.7.

Average Pavement Condition Index (PCI) of City of Cottage Grove Streets is 54.7

During the late winter and spring of 2022, Emerio Design conducted a walking inspection of not less than 25% of the surface area of every City Street under the jurisdiction of the City of Cottage Grove. The PCI numerical scale ranges from zero to 100, where zero represents a pavement in the worst possible condition with no remaining functional life and 100 represents a pavement in the best possible condition with no defects. The PCI survey found that the overall average PCI of the roadway pavements in the City of Cottage Grove is 54.7, falling slightly into the "Poor" category. The standard PCI rating scale given in ASTM D6433 was used, which is shown graphically on the right.



City of Cottage Grove

Public Works Dept.

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COTTAGE GROVE STREET REPAIR

History of Funding for Street Preservation and Repairs

- 1987 - 2006 – The City received funds from Lane County provided by the Federal government from timber revenue for street preservation and repair efforts.
- 2007 – Federal funding ends for the City’s street preservation and repair program.
- 2023 Ad Hoc Street Improvement and Funding Committee formed



Proposed Solutions

Bond Measure - Property Tax

- Bond Measure is going to be 5 years at \$.50 per thousand generating approximately \$2.5 million in property tax revenue.
- The 3 projects identified from bond funding;
 - Row River Road from Thornton to Currin Connector
 - Taylor Ave from Gateway to 6th Street
 - Harrison Ave from Hwy 99 to R Street

Gas Tax

- An increase of an additional .06 to the gas tax
 - The gas tax will generate approx. \$700,000 per year of new revenue
- ✓ A Citizen Review Board that will release an annual report
 - ✓ Creates funds to for Street Improvement projects



Gas Tax will be collected from users outside the city

More Information

Additional information is available at cottagegrove.org under the “Street Repair” link.

Cottage Grove Ad-Hoc Street Improvement and Funding Committee

To: Cottage Grove City Council, Cottage Grove, Oregon
From: Ad-Hoc Street Improvement and Funding Committee
Date: April 2, 2024
Re: Street Funding Recommendations

Dear Cottage Grove City Council,

On May 8, 2023 the City Council approved Resolution # 2095 creating the Ad-Hoc Street Improvement and Funding Committee. The Committee, comprised of City Councilors, the Mayor and local citizens, with support from City staff, reviewed the current street improvement needs, reviewed the available funding in the City's approved budget, reviewed the available funding mechanisms to generate street funding, gathered input from the public, and are now making recommendations to the Council. Our last update to the Council was on August 14th, 2023 at which time we asked for additional time to formulate the recommendations to the Council.

Since May 2023, we've had 9 committee meetings, 7 presentations to local organizations, 2 Beeper Shows, a Town Hall and a few local news articles. We identified the funding gap between our current PCI of 55.4 (Low Fair) to our ideal PCI level of 72 (Good), which not accounting for inflation is a \$35M backlog or \$3.5M per year over a 10-year period. The committee's Vision and Objectives were:

- **Vision:** Improve the quality of our streets through a fair and equitable use of funding means that improves and maintains the City streets to a PCI rating of 72 (good quality rating), with a priority on arterials and collectors, for the long-term improvement of property values and livability in Cottage Grove.
- **Objective:** To research and recommend an acceptable source of funding to the community and stakeholders that will supply the funds for the necessary street improvements. The goal is to support a level quality of 70 in the street Pavement Condition Index (PCI) for the arterial and collector roads.

On behalf of the Ad-Hoc Street Improvement and Funding Committee, we propose the following recommendations in alignment with our Vision and Objectives as stated above:

- Submit to the voters a \$.06 City gas tax increase to fund street improvements; this would take our \$.03 City gas tax up to \$.09.
- Submit to the voters a \$.50 per \$1,000 of assessed property value via a 5-year bond measure dedicated to street repairs.
- Promote and support Limited Improvement Districts for local residential street improvements.
- Enact, upon guidance from Legal Counsel, via Council a limited Transportation Utility Fee specifically for repairs on roads such as Gateway, where heavy truck traffic is a significant factor in road wear.
- Collaborate with State Legislative Representatives to sponsor a bill enabling the formation of Transportation Improvement Districts. These districts would charge a yearly use fee collected at the

time of vehicle registration or tag renewal, providing a sustainable revenue stream for ongoing street maintenance.

- Continue pursuit of grants that would improve Cottage Grove roads.
- Partner with LTD to find ways to coordinate efforts to improve roads or offset wear from LTD buses.
- Investigate a provision requiring developers to contribute to the cost of repairing damage to the road system caused by heavy hauling associated with City development projects.
- Create an oversight committee tasked with reviewing revenue and expenditures of the street fund, reporting at a minimum of annually to City/District residents to ensure transparency and accountability.
- Commit to significant outreach and education efforts before presenting these measures to voters in the November 2024 election, ensuring residents are informed and engaged in the decision-making process.

These measures aim to address the urgent need for street improvements in our community and ensure the long-term sustainability of our City's road infrastructure.

Sincerely,
Ad-Hoc Street Improvement and Funding Committee