

EUGENE CITY COUNCIL

AGENDA ITEM SUMMARY



Work Session: Review of 2013 Implementation of Bond Measure to Fix Streets

Meeting Date: February 19, 2014
Department: Public Works
www.eugene-or.gov

Agenda Item Number: A
Staff Contact: Kurt Corey
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ISSUE STATEMENT

This work session is an opportunity for the Eugene City Council to review the fifth year of the implementation of Measure 20-145, the 2008 bond measure to fix streets. To facilitate this review, two documents were prepared: the Citizen Street Repair Review Panel 2013 Report and the independent accountant's report prepared by Isler CPA. These reports are provided as informational items in compliance with the City Council resolution placing the bond measure on the ballot.

BACKGROUND

Council Action History

Following considerable study and discussion, including forming a Council Committee on Transportation Funding and convening an ad hoc citizen Street Maintenance Task Force, the council on July 28, 2008, approved Resolution 4953, calling a city election on a measure authorizing the issuance of \$35.9 million of general obligation bonds to fund street preservation projects. Eugene voters on November 4, 2008, approved the measure.

In the City Council resolution and the information provided to voters, there were specific requirements related to accountability:

- In order to promote accountability in the use of bond proceeds, the City Manager will contract with an outside auditor to prepare a written report on the use of the bond proceeds on a regular basis. The auditor will ascertain and report on whether the bond proceeds were used for the authorized purposes and in compliance with the restrictions set forth above. The City Manager will provide the report to the council and make the report publicly available. (Resolution 4953, Section H)
- To further promote accountability and citizen involvement in street preservation projects, the City Manager has advised that he intends to create a street repair review panel. The street repair review panel will prepare a report, separate and distinct from the report prepared by the outside auditor, documenting the City's use of the bond proceeds and noting whether the bond proceeds were used in compliance with the terms of this resolution. The City Manager will provide the street repair review panel's report to the

council and make the report publicly available. (Resolution 4953, Section I)

On April 14, 2010, the City Council held a work session to receive the first annual report from the Street Repair Review Panel (SRRP) and the independent accountant's report. On January 19, 2011, the City Council received the year-two report from the SRRP regarding the implementation of the 2008 bond measure to fix streets. On May 11, 2011 and October 26, 2011, the City Council approved 22 additional streets to be repaired with the projected remaining bond funds, bringing the total streets to be repaired to 54 streets. On February 29, 2012, and February 4, 2013, the City Council received the year-three and year-four report, respectively, from the Citizen Street Repair Review Panel.

Street Repair Review Panel

In October 2009, a citizen group was formed to evaluate the City's use of the first year of bond proceeds and report whether the bond funds were used in compliance with the council resolution. The 11 community members serving on the 2013 Street Repair Review Panel (SRRP) were: John Barofsky, Howard Bonnett, Janet Calvert, Mel Damewood, Paul Holbo, Steve Lee, Dave Perez, Ollie Snowden, Clayton Walker, Gary Wildish and Sue Wolling. During the past year, the 11-member panel met three times over a three-month period in preparation of the report, which included a physical inspection of the projects completed in 2013.

On January 15, 2014, the Street Repair Review Panel unanimously approved its fifth annual report (Attachment A), which included the following conclusion:

Based on this limited review and all materials presented to us, we unanimously conclude that the bond proceeds were used for the authorized purposes and in compliance with the limitations and restrictions outlined in Council Resolution 4953. (SRRP 2013 Report, Page 1).

The report from the SRRP highlighted the City of Eugene's effort to maximize work efficiencies, increase collaboration with internal and external utilities, and actively engage stakeholders to inform them of the impacts of construction. Bond projects use warm mix asphalt pavement, in-place road recycling and increased use of reclaimed asphalt cement binder in pavements to realize environmental, economic, social, and health benefits to the community. The positive economic impacts include the funding of more than 151 full-time equivalent jobs during the period of construction.

The 2013 SRRP report recognized that over the last five years, the bond proceeds have allowed the City to spend \$35.9 million to repair 85.4 lane miles of improved streets and reconstruct five miles of off-street, shared-used paths.

A website tracking the bond measure implementation has been established at www.eugene-or.gov/gobonds. The panel's 2013 report has been placed on the internet, and links to the online report will be sent to the Neighborhood Leaders Council and other community and business organizations. Upon completion of the 2014 construction season and in preparation of the 2014 report, the Street Repair Review Panel is scheduled to reconvene early next year.

Independent Accountant's Report

The accounting firm of Isler CPA, who also performed the annual audit of the city's FY13 financial statements, was contracted to perform sufficient agreed-upon procedures in order to determine whether the expenditure of general obligation bonds were made in accordance with the purposes and limitations outlined in the street repair bond resolution – namely, that expenditures were:

1. Used only for costs related to street preservation projects, off-street bicycle and pedestrian path preservation projects and payment of bond issuance costs, and not to expand the capacity of the street system; and also,
2. Limited to projects included in Exhibit A to the resolution, unless upon completion of all of the projects listed in Exhibit A, the council adds other street preservation projects to the list in order to utilize unspent bond proceeds.

The accountant's procedures were performed for the period December 1, 2012, through November 30, 2013, and were conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The independent accountant expenditure testing concluded:

All tested expenditures were recorded in the proper account, fund and period and were spent on street projects included in Exhibit A of City Council Resolution No. 4953 or other street preservation projects approved by City Council, as permitted under Resolution 4953. No exceptions were noted.

Further, it was the summary conclusion of the independent accountant that, "Based on our limited testing, we noted that the City followed the purpose and limitation of the City Council Resolution #4953." The Isler CPA report is included as Appendix C to the SRRP 2013 Report.

The Isler CPA 2013 report has been placed on the internet along with the report of the citizen panel at www.eugene-or.gov/gobonds.

Pavement Management Report

The annual Pavement Management Report is produced to update information and data regarding the City of Eugene's transportation system including improved streets, unimproved streets and off-street, shared-use paths. The report provides surface descriptions and associated mileage, reviews current treatment programs and costs, and projects future treatment needs based on several funding scenarios. The report includes a breakdown of the street transportation system in terms of pavement type, level of improvement, and functional classification.

The Pavement Management Report is compiled by the Public Works Maintenance Division's Surface Technical Team to provide updated information on the condition of asphalt paving in Eugene using rating and inventory data. The report includes an inventory of streets by improvement status and functional classification, details how a pavement management system is used to inspect and rate pavement surfaces, explains Eugene's pavement preservation program, and includes updated information about treatment types and costs. Electronic copies of the 2014

Pavement Management Report will soon be available at www.eugene-or.gov/pw.

RELATED CITY POLICIES

Council's goals include "Transportation Initiative: Develop mechanisms to adequately fund our transportation system for cars, trucks, bikes and pedestrians including maintenance and preservation and capital reconstruction."

COUNCIL OPTIONS

This work session is informational; no action is requested.

CITY MANAGER'S RECOMMENDATION

This work session is informational; no action is requested.

SUGGESTED MOTION

This work session is informational; no motion is requested.

ATTACHMENTS

A. Citizen Street Repair Review Panel 2013 Report, including Auditor's Report

FOR MORE INFORMATION

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