

EUGENE CITY COUNCIL

AGENDA ITEM SUMMARY



Work Session: Review of 2015 Implementation of Bond Measure to Fix Streets and 2016 Pavement Management Report

Meeting Date: February 17, 2016
Department: Public Works
www.eugene-or.gov

Agenda Item Number: B
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ISSUE STATEMENT

This work session is an opportunity for the Eugene City Council to review the implementation of Measure 20-197, the 2012 bond measure to fix streets. To facilitate this review, two documents were prepared: the Citizen Street Repair Review Panel 2015 Report, and the independent accountant's report by Isler CPA. These reports are provided as informational items in compliance with the City Council resolution placing the bond measure on the ballot. This work session will also review the 2016 Pavement Management Report.

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 Measure 20-145, the 2008 bond measure to fix streets. Beginning in April 2010 and continuing through February 2014, the council received annual reports from the Street Repair Review Panel and the independent accountant regarding implementation of the 2008 bond measure.

On July 9, 2012, the council approved Resolution 5063, calling a city election on a measure authorizing the issuance of \$43 million of general obligation bonds to fund street preservation projects, and bicycle and pedestrian projects. In November 2012, Eugene voters overwhelmingly approved Measure 20-197 that continues the City's road repair program for another five years. The new bond measure promises to fix 76 more streets and provide an average of \$516,000 per year for bicycle and pedestrian projects. The bond measure took effect in 2014 and continues the bond-funded pavement preservation program that was first approved by local voters in 2008.

The 2012 bond measure to fix streets continued the requirements related to accountability. The City Council resolution and the information provided to voters specified:

- In order to promote accountability in the use of bond proceeds, the City Manager will

contract with an outside auditor to prepare an annual written report on the use of the bond proceeds. 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 5063, Section H)

- To further promote accountability and citizen involvement in street preservation projects, the City Manager will convene the Citizen Street Repair Review Panel. The panel will prepare an annual 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 5063, Section I)

Street Repair Review Panel

In October 2009, a citizen group was initially formed to review the implementation of the 2008 road bond measure and report whether the bond funds were used in compliance with the council resolution. The citizen member Street Repair Review Panel, including five founding members, reconvened in December 2015 to review the ongoing implementation of Measure 20-197. The 11 community members serving on the 2015 SRRP were: John Barofsky, Janet Calvert, Allison Camp, Mel Damewood, Paul Holbo, Dave Perez, John Quilter, Ollie Snowden (chair), Clayton Walker, Gary Wildish and Sue Wolling. During the past year, the committee met three times over a three-month period in preparation of the report, which included a physical inspection of the projects completed in 2015.

On February 3, 2016, the Street Repair Review Panel unanimously approved its annual report (Attachment A), focusing on the second year of implementing the 2012 bond measure to fix streets, 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 5063. (SRRP 2015 Report, Page i).

The 2015 SRRP report recognized the progress made on fixing Eugene's streets. The projects funded in 2015 resulted in the reconstruction or resurfacing of 17 streets totaling more than 13.2 lane miles. The 2012 bond also allocated funding for bicycle and pedestrian projects guided by the Pedestrian and Bicycle Master Plan, City staff and the Bicycle and Pedestrian Advisory Committee. In 2015, significant safety improvements for people who walk and bike include installing sidewalk ramps, adding new pedestrian crossing beacons, increasing buffer zones and adding shared lane markings. The positive economic impacts include the funding of more than 91 full-time equivalent jobs during the period of construction.

The report from the SRRP highlighted the City's sustainability achievements. Eugene was recognized for its use of recycled asphalt pavement, allowing for less asphalt waste in landfills. The continued use of warm mix asphalt also saves on energy and emissions (as detailed in the attached report), and offers an excellent example of the department's commitment to

sustainability efforts, especially following the approval of the Climate Recovery Ordinance. In addition to helping achieve sustainability goals, the bond measure projects are designed to improve safety and result in complete streets that are safe for people of all ages and abilities, balance the needs of different modes, and support local land uses, economies, cultures, and natural environments. This ties into the council's strategy of "Vision Zero," a resolution which calls for eliminating traffic-related deaths or serious injuries on city streets. The improvements funded through the bond enhance safety for all road users, including those who drive, walk or bike.

A web site tracking the bond measure implementation has been established at www.eugene-or.gov/gobonds. The panel's 2015 report has been placed on the internet, and links to the online report will be included in the weekly community bulletin and provided to other community and business organizations. The Street Repair Review Panel is scheduled to reconvene following completion of the 2016 construction season.

Independent Accountant's Report

The accounting firm of Isler CPA, who also performed the annual audit of the City's FY15 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, bicycle and pedestrian projects and payment of bond issuance costs, and not to expand the motor 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 expenditures incurred from January 1, 2015, through December 31, 2015, 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. 5063 or other street preservation projects approved by City Council, as permitted under Resolution 5063. 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 #5063." The Isler CPA report is included as Appendix C to the SRRP 2015 Report and has been placed on the internet 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. Currently, Public Works manages 1,355 lane miles (542 centerline

miles) of streets, and approximately 45 miles of off-street shared-use paths within the city limits. The report includes a breakdown of the street transportation system in terms of pavement type, level of improvement, and functional classification.

The 2016 Pavement Management Report (Attachment B) reviews current treatment programs and costs and projects future treatment needs using 2015 rating and inventory data. The 2016 Pavement Management Report shows progress has been made on the condition of Eugene's streets, but more work is needed to further reduce the backlog of needed repairs of city streets. Specifically, based on the 2014 ratings and reported in the 2015 report, the calculated backlog of repairs on improved asphalt streets was \$84 million. As of the end of 2015, the current backlog has been calculated to be \$79 million. Overall, even though the backlog figure declined in 2015, the projected level of funding beyond the 2012 bond measure is insufficient to stabilize the backlog over the long term. A significant impact to the unstable backlog is the declining condition to residential streets. Annually, a number of residential streets are falling into a more costly treatment category due to lack of funding to repair them.

The report also details how the 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 2016 Pavement Management Report are available at www.eugene-or.gov/DocumentCenter/View/25694.

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 2015 Report, including Auditor's Report
- B. 2016 Pavement Management Report

FOR MORE INFORMATION

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