

# EUGENE CITY COUNCIL

## AGENDA ITEM SUMMARY



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### Work Session: 2012 General Obligation Bonds for Street Preservation Projects

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Meeting Date: June 27, 2012  
Department: Public Works  
[www.eugene-or.gov](http://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 continue the discussion of funding capital pavement preservation projects with a General Obligation (GO) bond measure to fix streets. The council is asked to provide final direction on the draft resolution to place a GO bond measure on the ballot in November 2012.

#### **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, passed the five-year general obligation bond to fix streets, payable from property taxes beginning November 2009, and continuing through November 2013. The taxes levied from the 2008 street bond end in 2013.

The 2012 Pavement Management Report was presented to the council on February 29, 2012, and provided updated information on the condition of asphalt paving in Eugene using 2011 rating and inventory data. The report showed progress had been made on the condition of Eugene's streets in part due to the additional funds available from the GO bonds, but more work was needed to further reduce the backlog of repairs on the 1,364 lane-miles of streets in the city. Specifically, the 2012 report calculated the backlog of repairs on improved asphalt streets was \$118 million; a reduction in the estimated backlog of needed repairs of more than \$50 million since the 2008 bond was approved. Despite this short-term downward trend, the backlog is projected to continue to grow unless there is an increase in funding that is both sufficient and sustainable.

In anticipation of the expiration of the 2008 bond measure, at the October 26, 2011, council work session, the council provided direction to staff to work with the citizen Street Repair Review Panel (SRRP) to develop a recommendation on a 2012 bond measure. On April 10, 2012, the SRRP unanimously approved the recommendation to renew a five-year \$43 million bond measure to fix 76 streets and fund bicycle and pedestrian projects.

On May 23, 2012, the council directed the City Manager to bring a resolution placing a \$43 million GO bond measure to fix streets on the November 2012 ballot, including the 76 proposed streets projects listed

and an average of six percent, or \$516,000, be allocated annually for bicycle and pedestrian improvements. Attachment A includes the draft resolution referring the GO bond measure to the November 2012 ballot along with the specific list of street projects. Attachment B lists the effects of reducing the bond amount from the citizen Street Repair Review Panel recommendation of \$43 million to \$35.9 million. The attachment identifies street projects removed from the proposed list and includes the estimated effect on taxpayers from different bond amounts.

The \$43 million bond measure is expected to cost an average homeowner in Eugene \$0.65 per \$1,000 of assessed value each year for five years or about \$127 per year. This rate is also the approximate average tax rate levied over the five years of the current bond measure. The cost to the average homeowner in 2013 (the final year of the 2008 bond) is projected at \$121. The cost to the average homeowner in 2014 (the first year of the proposed new \$43 million bond) is estimated at \$120.

### **Timing**

A resolution placing the measure on the ballot should be approved no later than July 23 to comply with the election time lines for the November election. The council tentative agenda includes action on July 9 to approve the resolution and place the measure on the November ballot.

### **RELATED CITY POLICIES**

City Council 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**

The focus of this council work session is to provide final direction on the resolution placing a bond measure on the ballot to fix streets. The resolution will become part of the materials included in the voters’ pamphlet, and resolution language is the basis for the language contained in the ballot title (caption, question and summary).

- Option A: Provide final direction and proceed with the resolution and list of street projects as presented in Attachment A to place a GO bond measure to fix streets on the November 2012 ballot.
- Option B: Modify the resolution or list of street projects as presented in Attachment A to place a GO bond measure to fix streets on the November 2012 ballot.
- Option C: Take no action.

### **CITY MANAGER’S RECOMMENDATION**

The City Manager recommends that a resolution placing a GO Bond measure to fund \$43 million of street and bicycle and pedestrian projects over five years on the November 2012 ballot should be prepared for consideration at the July 9 City Council meeting. The resolution and projects included in the measure should be consistent with Attachment A and incorporate any additional language as directed by the council at this meeting.

## **SUGGESTED MOTION**

Move to direct the City Manager to bring the council a resolution placing a \$43 million GO bond measure to fix streets on the November 2012 ballot, consistent with the resolution in Attachment A.

## **ATTACHMENTS**

- A. Draft Resolution Referring the GO Bond Measure to the November 2012 Ballot
- B. Effect of Reducing Proposed Bond Amount

## **FOR MORE INFORMATION**

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**A RESOLUTION CALLING A CITY ELECTION ON NOVEMBER 6, 2012, FOR THE PURPOSE OF REFERRING TO THE LEGAL ELECTORS OF THE CITY OF EUGENE A MEASURE AUTHORIZING THE ISSUANCE OF A MAXIMUM OF \$43,000,000 OF GENERAL OBLIGATION BONDS TO FUND STREET PRESERVATION PROJECTS AND BICYCLE AND PEDESTRIAN PROJECTS**

**The City Council of the City of Eugene finds that:**

- A.** Using the City's current 5-cent per gallon local gas tax, other dedicated pavement preservation funding, and a \$35.9 million, five-year bond measure approved by voters in November 2008 to repair more than 54 streets, the City has completed nearly \$44.7 million in street preservation work since 2002, the beginning of Eugene's pavement preservation program, and the City has repaired 343 lane miles of streets through overlay, reconstruction and slurry seal treatments.
- B.** The revenues from the local gas tax and the 2008 bond measure have helped reduce the backlog of street repair projects. Currently the backlog of repairs on improved asphalt streets is \$118 million; a reduction in the estimated backlog of needed repairs of more than \$50 million since the 2008 bond was approved. Despite this short-term downward trend the backlog is projected to continue to grow unless there is funding that is both sufficient and sustainable. The taxes levied from the 2008 street bond end in 2013. Streets that have failed to the point of reconstruction create safety problems and cause vehicle repair problems, make walking, biking or driving on the streets uncomfortable, interfere with economic activity and diminish the quality of life.
- C.** In order to address the funding shortfalls with the City's street maintenance and preservation program, the City Council determined that a General Obligation Bond measure generating approximately \$8 million in net revenues annually should be referred to voters. Of that amount, the Council determined that an annual average of \$516,000 should be allocated over a period of five years to support bicycle and pedestrian projects guided by the Pedestrian and Bicycle Master Plan, City staff, and the Bicycle and Pedestrian Advisory Committee.
- D.** The bond proceeds will be used to overlay or reconstruct the driving surface of streets as well as to preserve existing integral elements of the street such as curbs, gutters, sidewalks, on-street bike lanes, traffic signals, street lights, medians, traffic calming devices, and other integral parts of a street preservation project. These preservation efforts will be undertaken only to preserve existing elements, not to expand the motor vehicle capacity of the street system. In addition, the City will allocate an annual average of \$516,000 of the bond proceeds over a period of five years to fund bicycle and pedestrian projects.
- E.** A general obligation bond measure of \$43 million would fund specific street preservation projects over a period of five years. This amount represents 76 different projects that would repair an estimated 74 lane miles of roads and fund bicycle and pedestrian projects. The \$43 million figure accounts for \$8 million per year for five years at an inflation factor of 4%.

- F. The measure is expected to cost an average of \$0.65 per 1000 of assessed value each year for five years. For an average homeowner in Eugene, this would be about \$127 per year. The taxes would first be levied in November 2014, after the 2008 bond taxes end in 2013.
- G. The criteria for choosing bond projects included: a) use of the most current engineering and cost-benefit information about needed street rehabilitation and reconstruction; b) citizen input with respect to prioritizing major streets in need of reconstruction; and c) geographic distribution throughout the community to ensure all areas of the City benefit from the bond proceeds. Bond proceeds will only be used for street preservation projects included in the list of projects attached as Exhibit A to this Resolution. If all of the projects listed in Exhibit A are completed and there are bond proceeds remaining, the Council may add other street preservation projects to the list.
- H. 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.
- I. To further promote accountability and citizen involvement in street preservation projects, the City Manager will convene the citizen street repair review panel. The citizen street repair review 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.

**NOW THEREFORE based upon the above findings,**

**BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF EUGENE, a Municipal Corporation of the State of Oregon, as follows:**

**Section 1.** A city election is called for the purpose of submitting to the qualified electors of the City a Measure authorizing the issuance of a maximum of \$43,000,000 of General Obligation bonds to fund street preservation projects and bicycle and pedestrian projects.

**Section 2.** The City Council orders this City election to be held in the City of Eugene, Oregon, concurrently with the general election on the 6th day of November, 2012, in accordance with the provisions of Chapter 254 of the Oregon Revised Statutes, and the ballots shall be counted and tabulated and the results certified as provided by law.

**Section 3.** The City Recorder is directed to give not less than ten days' notice of the City election by publication of one notice in the Register Guard, a newspaper published in the City and of general circulation within the City.

## ATTACHMENT A

**Section 4.** If approved by the electors, the proceeds from the sale of the bonds will be 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 vehicle capacity of the street system. The use of bond proceeds for street preservation projects will be limited to projects included in Exhibit A to this Resolution unless upon completion of all the projects listed in Exhibit A to this Resolution the Council adds other street preservation projects to the list in order to utilize unspent bond proceeds. An outside auditor will report on whether the bond proceeds were used in compliance with these limitations.

**Section 5.** This Resolution shall become effective immediately upon its adoption.

## Project List for 2012 Bond Measure to Fix Streets

Map #	Street Name	Limits
1	01ST AVE	WASHINGTON ST - VAN BUREN ST
2	01ST AVE	BLAIR BLVD - WEST END
3	02ND AVE	BLAIR BLVD - GARFIELD ST
4	05TH AVE	BERTELSEN RD - WEST END
5	06TH AVE	BERTELSEN RD - COMMERCIAL ST
6	07TH AVE	BERTELSEN RD - OSCAR ST
7	07TH PL	7TH AVE/HWY 99 - BAILEY HILL RD
8	13TH AVE	WASHINGTON ST - GARFIELD ST
9	13TH AVE	BERTELSEN RD - COMMERCE ST
10	15TH AVE	FAIRMOUNT BLVD - AGATE ST
11	17TH AVE	FAIRMOUNT BLVD - AGATE ST
12	19TH AVE	FILLMORE ST - CHAMBERS ST
13	22ND AVE	FRIENDLY ST - POLK ST
14	25TH AVE	HAWKINS LN - BRITTANY ST
15	27TH AVE	COLUMBIA ST - SPRING BLVD
16	30TH AVE	SPRING OVERPASS - AGATE ST
17	30TH AVE	MILL ST (WEST) - FERRY ST (EAST)
18	30TH AVE	MILL ST - WILLAMETTE ST
19	39TH AVE	WILLAMETTE ST - 100' EAST OF DENSMORE RD
20	40TH AVE	HILYARD ST - DONALD ST
21	43RD AVE	N SHASTA - DILLARD RD
22	AVALON ST	ECHO HOLLOW RD - JUHL ST
23	BEST LN	WILLAKENZIE RD - KENTWOOD DR
24	BRAE BURN DR	39TH AVE - WILLAMETTE ST
25	BROADWAY	MILL ST - PEARL ST
26	BUFF WAY	WOODSIDE DR - FORRESTER WAY
27	CALVIN ST	WESTERN DR - HARLOW RD
28	CAPITAL DR	SPRING BLVD - 50' N OF CRESTA DE RUTA ST
29	CARMEL AVE	MINDA DR - 400' SOUTH OF MINDA DR
30	CASCADE DR	AVALON ST - JUHL ST
31	CENTENNIAL LP	MLK, JR BLVD (EAST) - MLK, JR BLVD/CLUB RD
32	CITY VIEW ST	28TH AVE - 29TH AVE
33	COBURG RD	SS FERRY ST BRIDGE - 50' S OF EWEB ON/OFF RAMP
34	COMMERCIAL ST	5TH AVE - SOUTH END
35	CORYDON ST	FORRESTER WAY - TANDY TURN
36	EAST AMAZON DR	HILYARD ST - DILLARD RD
37	ELIZABETH ST	KNOOP AVE - ROYAL AVE
38	FAIRFIELD AVE	WS HWY 99 - ROYAL AVE
39	FILLMORE ST	19TH AVE - 24TH AVE
40	FIRLAND BLVD	SPRING BLVD - AGATE ST
41	FORRESTER WAY	COBURG RD - WS DRWY 1033
42	GARFIELD ST	ROOSEVELT - 6TH AVE
43	GOODPASTURE LOOP	GOODPASTURE IS RD (EAST INTERSECTION) - GOODPASTURE IS RD (WEST INTERSECTION)
44	INTERIOR ST	NORTH END OF CUL DE SAC - SOUTH END OF IMPROVED SECTION

## Exhibit A

Map #	Street Name	Limits
45	IONE AVE	BEST LN - ADKINS ST
46	JACOBS DR	HWY 99N - FAIRFIELD AVE
47	JEFFERSON ST	8TH AVE - 18TH AVE
48	JUHL ST	NS ADDR 1424 - SOUTH END
49	KNOOP AVE	ECHO HOLLOW RD - ELIZABETH ST
50	LARKSPUR AVE	NORKENZIE RD - 640 FEET WEST OF NORKENZIE RD
51	LARKSPUR LOOP	NORKENZIE RD (N) - NORKENZIE RD (S)
52	LEIGH ST	NORTH END - WESTERN DR
53	LINCOLN ST	5TH AVE - 13TH AVE
54	LYDICK WAY	TOMAHAWK LN - HARLOW RD
55	MADISON ST	1ST AVE - 8TH AVE
56	MAHLON AVE	GARDEN WAY - HONEYSUCKLE LN
57	MILL ST	30TH AVE (NORTH) - 30TH AVE (SOUTH)
58	MONROE ST	1ST AVE - BLAIR BLVD
59	NORTH SHASTA LOOP	FIRLAND - 43RD AVE
60	PIONEER CT	PIONEER PIKE - NORTH END
61	PIPER LN	CHASA ST - FIR ACRES DR (INCL CUL-DE-SAC)
62	POTTER ST	24TH AVE - 29TH AVE
63	ROLAND WAY	OAKWAY RD - CAL YOUNG RD
64	SATRE ST	BAILEY LN - WESTERN DR
65	SHARON WAY	COBURG RD - ES DRWY 1023
66	SPRING BLVD	FAIRMOUNT BLVD - CAPITAL DR
67	TIMBERLINE DR	WARREN ST - WINTERCREEK DR
68	TOMAHAWK LN	HARLOW RD - 580' NORTH OF HARLOW RD
69	TULIP ST	CRESCENT AVE - HOLLY AVE
70	VAN NESS ST	23RD AVE - 27TH AVE
71	WASHINGTON ST	8TH AVE - 13TH AVE
72	WEST AMAZON DR	ES HILYARD - SS FOX HOLLOW
73	WESTERN DR	CALVIN ST - WEST END/MONROE MIDDLE SCHOOL
74	WILLAMETTE ST	24TH AVE - 29TH AVE
75	WILLAMETTE ST	10TH AVE - 13TH AVE
76	WOODSIDE DR	CAL YOUNG RD - SHARON WAY



## Effect of Reducing Proposed Bond Amount to \$35.9 Million

Street Projects Removed and Effect on Taxpayer

### Streets Removed From Proposed Project List in Exhibit A (Reduction of 11 Street Projects and 12 Lane Miles)

Map Number	Street	Limits
2	01ST AVE	BLAIR BLVD - WEST END
8	13TH AVE	WASHINGTON ST - GARFIELD ST
9	13TH AVE	BERTELSEN RD - COMMERCE ST
14	25TH AVE	HAWKINS LN - BRITTANY ST
17	30TH AVE	MILL ST (WEST) - FERRY ST (EAST)
18	30TH AVE	MILL ST - WILLAMETTE ST
32	CITY VIEW ST	28TH AVE - 29TH AVE
42	GARFIELD ST	ROOSEVELT - 6TH AVE
53	LINCOLN ST	5TH AVE - 13TH AVE
57	MILL ST	30TH AVE (NORTH) - 30TH AVE (SOUTH)
65	SHARON WAY	COBURG RD - ES DRWY 1023

In addition, based on 6% of the bond allocated for bicycle and pedestrian improvements, the average annual amount will decrease from \$516,000 to \$430,800, under this scenario.

### Effect on Taxpayer

#### Estimated Effect on Taxpayer from Different Bond Amounts

Bond Par Amount	Tax Rate Per 1000	Cost to Average Homeowner
\$ 35,900,000	\$0.55	\$107
\$ 36,800,000	\$0.56	\$109
\$ 40,000,000	\$0.61	\$119
<b>\$ 43,000,000</b>	<b>\$0.65</b>	<b>\$127</b>
\$ 45,000,000	\$0.68	\$133
\$ 50,000,000	\$0.76	\$149
\$ 55,000,000	\$0.84	\$164
\$ 60,000,000	\$0.91	\$178
\$ 65,000,000	\$0.99	\$194
\$ 70,000,000	\$1.06	\$207
\$ 80,000,000	\$1.22	\$239
\$ 90,000,000	\$1.37	\$268
\$ 100,000,000	\$1.52	\$297
\$ 110,000,000	\$1.67	\$327
\$ 118,000,000 (Current Backlog)	\$1.80	\$352