

CITY OF COOS BAY
JOINT CITY COUNCIL / URA WORK SESSION
Agenda Staff Report

MEETING DATE March 14, 2017	AGENDA ITEM NUMBER
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TO: Mayor Benetti and City Councilors

FROM: Jim Hossley, Public Works Director

THROUGH: Rodger Craddock, City Manager

ISSUE: Possible Funding for Street Maintenance

SUMMARY:

The City Council has several potential methods to consider to provide revenue to fund street maintenance. The City's Street Maintenance Task Force explored several methods and recommended the Council consider several. These methods included general obligation bonds, change the city charter, transportation utility fee, franchise fee, local improvement districts, system development charges, local gas tax, downtown parking district, and shared services.

ACTION REQUESTED:

Consider the various methods. Direct staff how you wish to proceed.

BACKGROUND:

The November 2013, the City Council's streets task force presented its recommendations to the Council. The task force looked at several potential sources of revenue. Specifically, the Task Force recommended the Council consider the following types of revenue to address the dollar figures outlined in the proposed new study of street conditions (note the dollar values are as of November 2013):

General Obligation Bond: Based on the assessed value of property in Coos Bay (\$955,934,561), a \$0.50/\$1000 charge would generate \$477,965 annually. Staff research has shown that voter-approved bonds less than \$1 per \$1000 have been more successful statewide than those over that rate. Projects would have to be specifically identified in advance of a public vote; the Task Force believes a G.O. Bond would best be used to address deferred maintenance projects.

Change the City Charter: Section 9.12 of the Coos Bay City Charter states: "Sales of Bonds and Warrants. All selling of bonds or warrants shall be submitted to the people for approval by a majority of votes cast." [Section 9.12 added by election held November 5, 1996]. The Task Force recommends the City Council consider taking this section of the charter to a vote of the people to change the language so that the use of revenue bonds

may be undertaken without a public vote. The decision to sell revenue bonds could be approved by the City Council through the Public Hearing process. Revenue bonds do not require an increase in taxes and are paid for out of revenues. Wastewater fees, for example, pay for revenue bonds used to make improvements to the City's wastewater infrastructure.

Transportation Utility Fee: This fee could be collected on a monthly basis to supplement existing street maintenance funds. Or, it could also be used to pay debt service for a revenue bond. The fee would be collected through the current water/ wastewater billing system (NOTE, the City has about 7,225 sewer customers). The Task Force discussed the possibility of designating this fee as a "Streetlight Fee", which would allow the Gas Tax monies currently designated to streetlight maintenance to be redirected to street maintenance. During the last fiscal year (FYE2013), \$247,642 was spent on streetlight maintenance. Although this type of fee does not require a public vote, the Council may wish to consider whether a vote would be appropriate in this case.

Franchise Fees: Solid waste franchise fees are currently directed to the General Fund. Transfers from the General Fund to the Street Maintenance Fund during the last 6 years to cover deficits total \$807,180, while the revenue generated over that same time period from franchise fees totaled \$888,302. The Streets Task Force recommends that solid waste franchise fees be directed to the Street Maintenance Fund, instead of transferring from the General Fund to cover deficits. This will represent a steadier stream of income for the Street Maintenance Fund. The task force recommends considering this change as part of the annual budget process, to ensure the impact on the General Fund can be evaluated.

Local Improvement Districts: The Task Force is in favor of increased utilization of LIDs for local streets. The City's experience has been that LIDs have been difficult because some property owners are not willing to participate, and some do not repay their share after the City has expended funds to pave their street. Nevertheless, many creative options for funding LIDs exist that may make this alternative more effective. The Task Force believes this method of financing would help get smaller streets paved or repaired, and recommends an education campaign to help citizens understand this option is available when asking about street paving.

System Development Charges: The group agreed on two points: (1) that the current moratorium on all SDCs is not good planning for future development, and (2) that the previous SDC structure employed by the City can be enhanced to improve effectiveness. The Streets Task Force recommends the Council consider pursuing an SDC plan with more options to address the specific impact of new development on City infrastructure, and that this issue should be addressed with some urgency, before any new development comes to fruition in our community.

Local Gas Tax: As we know, the state gas tax model is not meeting the needs of our current street maintenance budget, as newer cars have better gas mileage. In addition, there is a moratorium on Local Gas Taxes through 2014. The Streets Task Force would like to keep this revenue source as an option until an updated street conditions study is completed.

Downtown Parking District: The current downtown parking district does not provide for maintenance of parking lots or on-street parking spaces. It may be appropriate to reconsider an assessment for maintenance of these downtown assets.

Shared Services: The City currently has a written agreement with ODOT for maintaining infrastructure and other assistance. The City pays ODOT's costs for those services. ODOT maintains all City traffic signals, and has completed some pavement work, striping, and traffic control for special events. The City occasionally also shares equipment with both the CB/NB Water Board and the City of North Bend.

BUDGET IMPLICATIONS:

The impact to the budget will depend upon the direction the City Council chooses to pursue.