

**CITY COUNCIL AGENDA
JANUARY 19, 2016, 7:00 PM
PUBLIC SAFETY BUILDING TRAINING ROOM (401 EAST THIRD STREET)**

Mission Statement

The City of Newberg serves its citizens, promotes safety, and maintains a healthy community.

Vision Statement

Newberg will cultivate a healthy, safe environment where citizens can work, play and grow in a friendly, dynamic and diverse community valuing partnerships and opportunity.

I. CALL MEETING TO ORDER

II. ROLL CALL

III. PLEDGE OF ALLEGIANCE

IV. CITY MANAGER'S REPORT

V. PUBLIC COMMENTS

(30 minutes maximum, which may be extended at the Mayor's discretion, with an opportunity to speak for no more than 5 minutes per speaker allowed)

VI. CONSENT CALENDAR

- | | | |
|----|------------------------------------------------------------------------------------------------------------------------------------------------|-----------|
| 1. | Minutes from January 4, 2016 | Pages 1-5 |
| 2. | Resolution 2016-3246, A Resolution authorizing the City Manager Pro Tem to appoint recommended candidates to positions in multiple departments | Pages 6-9 |

VII. PUBLIC HEARING – ADMINISTRATIVE

- | | | |
|----|-----------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| 1. | Resolution 2016-3245, A Resolution authorizing a hardship request for water service to 14995 NE Cullen Road. | Pages 10-43 |
| 2. | Resolution 2016-3249, A Resolution to adopt supplemental budget #1 for Fiscal Year 2015-2016 beginning July 1, 2015 and ending June 30, 2016. | Pages 44-50 |

VIII. NEW BUSINESS

- | | | |
|----|-------------------------------------------|--------------|
| 1. | Presentation on Pavement Funding Options. | Pages 51-134 |
|----|-------------------------------------------|--------------|

Agenda continued on next page

The Mayor reserves the right to change the order of items to be considered by the Council at their meeting. No new items will be heard after 11:00 p.m., unless approved by the Council.

VIII. NEW BUSINESS, continued

- 2. Resolution 2016-3251, A Resolution adopting procedures for the recruitment and selection of the City Manager. Pages 135-138

- 3. Resolution 2016-3250, A Resolution to authorize the City Manager Pro Tem to finalize and execute a Cooperative Improvement (Utility) Agreement (No. 30647) with the Oregon Department of Transportation for the Oregon Route 18: Newberg-Dundee Bypass – Phase 1G (Springbrook Road) Pages 139-141

- 4. Resolution 2016-3252, A Resolution accepting a grant award from the Department of Land Conservation and authorizing the City Manager Pro Tem to execute all grant documents Pages 142-144

IX. COUNCIL BUSINESS

- 1. Information on Financials for November 2015 Pages 145-152

- 2. Information on Council Calendar Pages 153-154

X. ADJOURNMENT

ACCOMMODATION OF PHYSICAL IMPAIRMENTS: In order to accommodate persons with physical impairments, please notify the City Recorder's Office of any special physical or language accommodations you may need as far in advance of the meeting as possible and no later than two business days prior to the meeting. To request these arrangements, please contact the City Recorder at (503) 537-1283. For TTY services please dial 711.

Council accepts comments on agenda items during the meeting. Fill out a form identifying the item you wish to speak on prior to the agenda item beginning and turn it into the City Recorder. Speakers who wish the Council to consider written material are encouraged to submit written information in writing by 12:00 p.m. (noon) the day of the meeting.

REQUEST FOR COUNCIL ACTION

DATE ACTION REQUESTED: January 19, 2016

Order ___ Ordinance ___ Resolution ___ Motion XX Information ___
No. No. No.

SUBJECT: Minutes

**Contact Person (Preparer) for this
Motion: Sue Ryan, City Recorder
Dept.: Administration
File No.:**

RECOMMENDATION:

Approve City Council minutes from January 4, 2016.

**NEWBERG CITY COUNCIL MINUTES
REGULAR SESSION
JANUARY 4th, 2016, 7:00 PM
PUBLIC SAFETY BUILDING (401 E. THIRD STREET)**

The work session was held at 6:00 p.m. preceding the meeting. Present were Mayor Bob Andrews, Councilors Lesley Woodruff, Stephen McKinney, Scott Essin, Denise Bacon, Mike Corey and Tony Rourke. Also present were City Manager Pro Tem Stephen Rhodes, City Attorney Truman Stone, City Recorder Sue Ryan and Finance Director Matt Zook.

REVIEW OF COUNCIL AGENDA: No changes were suggested.

COUNCIL ITEMS: Councilor Rourke had an item to add under Council Business.

PRESENTATION ON COURT AMNESTY PROGRAM: Finance Director Zook said the Amnesty Program offered forgiveness for a portion of court fines that were maxed out for failure to appear or failure to pay on a contract arrangement that were two years or older. These were traffic fines or code violations. The defendant would pay 50% of the outstanding balance and the City would waive the other 50%. The program would run from February 15 to May 15. He explained how the program would be advertised. The current balance of eligible fines was \$2.7 million. Part of the reason this amount was so high was that if a defendant failed to appear or failed to pay, the Municipal Judge raised the amount of the fine to the maximum amount. The program was held in 2012 and the City received \$85,000 and 315 court cases were closed and in 2011 and the City received \$75,000. He expected similar numbers for this year's program. The City Manager and Municipal Judge were in favor of the program and the results would be brought back to the Council in June.

There was discussion regarding advertising for the program, how the program would work with the collection agency, fines that were older than two years, who instigated the program, and if the program incentivized people to wait to pay their fine.

City Attorney Stone explained the court fine structure. Typically those who maxed out the fines blew everything off and incurred multiple violations. Some offenders reached a point where they wanted to change and pay their fines.

OTHER:

Councilor Rourke announced he would be starting with the Ford Family Foundation Yamhill County Cohort.

Dave Adams, KLYC Radio, said video streaming of Council meetings would begin at the next Council meeting. It would not cost the City anything. It would be a backup recording of the meetings and would increase transparency in government.

Councilor Essin discussed the difficulties of former military personnel and why they were not paying their fines. He thought this kind of program would help in these situations and was in favor of the program. Councilor Bacon explained she also supported the amnesty program due to the needs of low income families.

CALL MEETING TO ORDER

The Mayor called the meeting to order at 7:00 p.m.

ROLL CALL

Members Present:	Mayor Bob Andrews	Scott Essin	Stephen McKinney
	Lesley Woodruff	Denise Bacon	Mike Corey
	Tony Rourke		

Staff Present:	Stephen Rhodes, City Manager Pro Tem	Sue Ryan, City Recorder
	Truman Stone, City Attorney	
	Doug Rux, Community Development Director	

PLEDGE OF ALLEGIANCE: The Pledge of Allegiance was performed.

CITY MANAGER PRO TEM'S REPORT: City Manager Pro Tem Stephen Rhodes said the City had made it through the storm incident without too much trouble.

The Mayor acknowledged Troop 265 who was in attendance to earn their Citizenship and Community Badge.

PUBLIC COMMENTS: None.

ELECTION OF COUNCIL PRESIDENT:

Councilor Corey nominated Tony Rourke for Council President. He declined.

Councilor Rourke nominated Denise Bacon. She accepted.

MOTION: Essin/Rourke moved to close the ballot and have a unanimous election of Denise Bacon as Council President for 2016. Motion carried (7 Yes/0 No).

CONSENT CALENDAR:

MOTION: Rourke/Corey moved to approve the minutes from December 7, 2015. Motion carried (7 Yes/ 0 No).

NEW BUSINESS:

Council Priorities:

CMPT Rhodes said the Council had a strategy session in October to develop mid-range strategic priorities to serve on an interim basis until a permanent City Manager was hired. These were items to be completed in one to three years and were precursors to a strategic plan and visioning process. He explained areas identified by Council as priorities: visioning, technology, funding/fiscal, project planning, communications, and staffing. Staff would develop work plans for each priority and bring them back to Council. Mayor Andrews asked for a quarterly report on the priorities.

MOTION: Bacon/Woodruff moved to adopt City Council Strategic Priorities including:

Visioning – In 3 years, complete a community visioning process.

Technology – Within 3 years obtain functional software/hardware that reduces redundancies and duplications through the integration of departmental systems. Within one year the City will develop a technology plan that addresses the long-term equipment and software needs of all departments. The plan focus should be on the judicious use of funds to meet long-term needs rather than applying short-term “band-aid” fixes.

Funding/Fiscal – Within 12 – 19 months develop a 5-year financial plan to guide long term fiscal health for the City. Within one year create a fiscal policy that addresses use of debt, preservation of contingencies and reserves and insures that fee structures are consistent with service levels. These policies will be used to help develop the financial plan.

Project Planning – In 3 years the Council will have a schedule for reviewing of existing Master and Long Range plans. These will include acknowledgement of inter-departmental dependencies and demonstration a mitigation of redundancy. The intent of this is to have a strategic approach for the Council to review existing plans in a scheduled manner to make sure that the original intentions and targets are being achieved. It is not intended that the council reviews the details of all the documents.

Communications – In 3 years the City will have a consistent feedback mechanism to ensure that City communications are meeting community and staff needs. Within 12 months develop a communications plan, including staffing and training, that establishes an outreach process to the community and a method to obtain feedback.

Staffing – In 18 months, we will create a fully functional and operational HR function to meet city-wide staffing goals as defined in a staffing plan.

And to direct staff to bring back quarterly reports on the Council priorities.

Motion carried (7 Yes/0 No).

RESOLUTION 2016-3248:

CDD Rux said Council heard from staff in September on Recreational and Medical marijuana and a subcommittee was formed to discuss and make recommendations. The subcommittee recommended Council initiate the process to amend the Code to add place and manner regulations for Recreational marijuana producers and processors. This would allow the Planning Commission and the public to provide input and to come back for Council approval in March.

MOTION: Rourke/Bacon moved to approve Resolution 2016-3248, A Resolution initiating an amendment to the Newberg Municipal Code, Title 15 Development Code for Time, Place and Manner Regulations for Recreational Marijuana producers and processors. Motion carried (7 Yes/0 No).

RESOLUTION 2016-3247:

CDD Rux said Habitat for Humanity was proposing to build a new ReStore at 801 N. Meridian Street. It would be a little more than 8,000 square feet for the store and 2,000 square feet for an attached shed. They were requesting to waive SDCs for the project. A 2007 Council adopted a policy for waiving SDCs. The criteria for the waiver was that the organization had to be a non-profit, had to principally serve low to moderate income families, and only waive transportation, water, wastewater, and stormwater SDCs. Habitat met the criteria and was not looking for a waiver for stormwater, but was requesting a waiver for the others. The total waived would be \$68,393. There was some discrepancy in the transportation SDC numbers, which the applicant would address. The impact of the SDC funds would be minimal. Staff recommended approval. The Council could do the full waiver, a partial waiver, or no waiver.

Councilor Corey would like to hear about the discrepancy in the numbers. Were the numbers in the material accurate? CDD Rux said the City had estimated \$72,000 for transportation, but Habitat's Traffic Engineer came up with \$52,000 due to looking at a different category in the ITE Manual. Habitat based their count on the ReStore being open two to two and a half days per week. There was further discussion regarding how the transportation number was calculated and what the City did for low income housing.

Rick Rogers, Newberg Habitat for Humanity Director, said the question came down to whether they philosophically thought the Council should support the development of affordable housing in the community. Previous Councils had been in favor. By supporting the ReStore, they were supporting affordable housing as 61% of the revenue went toward building affordable housing. It was Habitat's largest fundraising tool. They were not a stand-alone discount store that had a certain amount of trips per day but were a specialty retail center with a lower rate of trips. It would be costly to do a traffic study and the ITE Manual did not have ReStores as a category. He encouraged support of the waiver.

Doug Pugsley requested support for the resolution. The hundreds of volunteers in the community needed Council's approval to waive these fees and he encouraged them to follow the example of previous Councils.

Ron Wolfe, Habitat Board Member, said with the benefit of the waived fees, they planned to put that money back to use in building additional affordable housing. He appreciated Council's support.

MOTION: Corey/Rourke moved to approve Resolution 2016-3247, A Resolution waiving System Development Charges for Water, Sewer and Transportation for construction of the Newberg Habitat ReStore at 801 N. Meridian Street. Motion carried (7 Yes/0 No).

COUNCIL BUSINESS: None.

EXECUTIVE SESSION # 1- pursuant to ORS 192.660 (2) h

Council entered into Executive Session # 1 at 7:51 p.m. Staff present included: City Manager Pro Tem Steve Rhodes and Labor Attorney Todd Lyons.

They discussed an employment related claim.

Council exited Executive Session # 1 at 8:50 p.m.

EXECUTIVE SESSION # 2 - pursuant to ORS 192.660 (2) h

Council entered into Executive Session # 2 at 8:56 p.m. Staff present included: City Manager Pro Tem Steve Rhodes and City Attorney Truman Stone.

They received an update on worker's compensation claim.

Council exited Executive Session at 9:10 p.m.

ADJOURNMENT: The meeting was adjourned at 9:11 p.m.

ADOPTED by the Newberg City Council this 19th day of January, 2016.

Sue Ryan, City Recorder

ATTESTED by the Mayor this ____ day of January, 2016.

Bob Andrews, Mayor

DRAFT

REQUEST FOR COUNCIL ACTION

DATE ACTION REQUESTED: January 19, 2016

Order ___	Ordinance ___	Resolution <u>XX</u>	Motion ___	Information ___
No.	No.	No. 2015-3246		

SUBJECT: Resolution authorizing the City Manager Pro Tem to appoint recommended candidates to positions in multiple departments as listed below.

**Contact Person (Preparer) for this Motion: Nancy McDonald, Interim Human Resources Director
Dept.: Administration
File No.:**

RECOMMENDATION:

Adopt **Resolution No. 2015-3246** Authorizing the City Manager Pro Tem to appoint recommended candidates to positions in multiple departments as listed below.

EXECUTIVE SUMMARY:

The City Charter, Chapter VIII, Section 34(h) provides the manager pro tem “has the authority and duties of manager, except that a Manager Pro Tem may appoint or remove employees only with council approval”.

The City Manager Pro Tem Steve Rhodes and Interim Human Resources Director McDonald have reviewed the recommendations for hire submitted by the position’s supervisors and recommend the hiring of said candidates to the council for their approval pursuant to the city charter as stated above.

The City of Newberg has successfully recruited for the vacant positions listed below. The recommended candidates either have been vetted through the appropriate hiring procedure for each department as indicated.

Police Department – Communication Dispatch Services Line Item: 01-2310-420000

Communications Officers (2) Full Time, non-exempt, NDPSA-represented positions

- Current budget includes funding for two vacant full time positions.
- Positions had been filled by Kelli Tennant, who recently retired and Taire Thompson who recently resigned.
- 38 applicants, 16 candidates interviewed by Support Services Supervisor Newell with a panel made up of an officer, a records clerk and Dispatch Supervisor Miller.
- Recommended candidates:

Carolyn Lowery – experience as an emergency dispatcher in Barrows, Alaska since 2003, the last three years as a Dispatch Supervisor. Carolyn is relocating to the area to be closer to family and should be on board In February.

Tiffany Valenzuela – extensive customer service experience, has an entry level Accounting certificate and is proficient with a 10-key, typing and data entry. Tiffany has an interest in law enforcement, and feels her skills would transfer well into the emergency dispatching environment. Target hire for March, 2016.

FISCAL IMPACT:

Funding for these positions are in the adopted FY 2015-2016 Budget under the appropriate salary and benefit line items as indicated above.

STRATEGIC ASSESSMENT:

Departments are working at less than full-staff capacity; quickly refilling these vacancies is the fiscally responsible solution.



RESOLUTION No. 2015-3246

A RESOLUTION AUTHORIZING THE CITY MANAGER PRO TEM TO APPOINT RECOMMENDED CANDIDATES TO POSITIONS IN MULTIPLE DEPARTMENTS

RECITALS:

1. Reason for Vacancies: These regular, full time positions have been recently vacated.
2. Recommendations: Interim Human Resources Director McDonald recommends the appointment of the candidates listed for appropriate departments as soon as possible.
3. Funding: Position funding is within the FY 2015-2016 Budget and is indicated by the applicable departmental personnel services line items.
4. Manager Pro Tem Appointment: Steve Rhodes was appointed manager pro tem on September 8, 2015, by the city council. He has reviewed the recommendations for hire submitted by the supervisors of the positions and recommends the hiring of said candidates to the vacant positions. The City Charter, Chapter VIII, Section 34(h) provides the manager pro tem “has the authority and duties of manager, except that a manager pro tem may appoint or remove employees only with council approval”.

THE CITY OF NEWBERG RESOLVES AS FOLLOWS:

The city council approves the appointment by the city manager pro tem of the selected candidates:

Carolyn Lowery	–	Communications Officer – Dispatch Center, Police Department
Tiffany Valenzuela	–	Communications Officer – Dispatch Center, Police Department

➤ **EFFECTIVE DATE** of this resolution is the day after the adoption date, which is: January 20, 2016.
ADOPTED by the City Council of the City of Newberg, Oregon, this 19th day of January, 2016.

Sue Ryan, City Recorder

ATTESTED by Mayor this _____ day of January, 2016.

Bob Andrews, Mayor

REQUEST FOR COUNCIL ACTION

DATE ACTION REQUESTED: January 19, 2016

Order ___ Ordinance ___ Resolution 2016-3245 Motion ___ Information ___
No. No. No.

SUBJECT: A hardship request for water service to 14495 NE Cullen Road

**Contact Person (Preparer) for this Motion: Kaaren Hofmann, City Engineer
Dept.: Engineering Services Department
File No.:**

HEARING TYPE: ADMINISTRATIVE

RECOMMENDATION:

Staff recommends approval of Resolution No. 2016-3245 approving the water hardship request by the property owner of 14495 NE Cullen Road.

EXECUTIVE SUMMARY:

On November 25, 2015, City staff reviewed the hardship application submitted to the city by Michael Gelardi representing the former property owner of 14495 NE Cullen Road, to discuss the water service hardship request to connect the existing residential home on the subject property to the city springs water system. This is not a new connection as the applicant is proposing to transfer a connection that already exists to this parcel. The written hardship request is attached as Exhibit "A".

Chapter 13.15 of the Newberg Municipal Code (NMC) authorizes the Newberg City Council to approve hardship connections to the City's water system provided certain criteria are met. The applicant prepared written findings relative to the criteria, and those findings are attached in the request. City staff has reviewed the written findings and concur with the applicant that the aforementioned property meets the hardship request criteria as outlined in NMC 13.15.

This parcel is within the Springs System that the City Council transferred to the Chehalem Water Association on December 7, 2015. As a part of that transfer resolution, the Association has approval authority over any additional connections until the transfer is complete. The Association has reviewed the request and approves the connection. Their comments are attached as Exhibit "B".

Upon approval of the hardship request the City Attorney, in coordination with the City Engineer and City Manager, will prepare a written contract for signing and recording by the property owner. A draft copy of the city standard written contract is attached as Exhibit "C".

FISCAL IMPACT:

The property owners will pay for all costs associated with this hardship request, including but not limited to the installation of new meter, any necessary repairs and/or extension of the existing mainline, and expenses related to granting public waterline easements, as needed. The new water customer will be charged monthly billing rates under the Spring Customer Class.

STRATEGIC ASSESSMENT:

The existing domestic well at 19445 NE Cullen Road is not adequate to serve all of the uses on the tract. There is an existing water connection that will be transferred to this location. This request nets no additional connection to the springs water system. The connection to the city owned springs water system will provide a significant health and safety benefit to the subject property. If Council determines a hardship case exists, it would not set a precedent or impair the Council's ability to judge future hardship requests.



RESOLUTION No. 2016-3245

A RESOLUTION AUTHORIZING A HARDSHIP REQUEST FOR WATER SERVICE TO 14995 NE CULLEN ROAD

RECITALS:

1. On November 25, 2015, Michael Gelardi representing the property owner of 19445 NE Cullen Road submitted a written request, attached as Exhibit "A", to transfer an existing water connection for water service from the City of Newberg for an existing residential home.
2. Chapter 13.15 of the Newberg Municipal Code (NMC) authorizes the Newberg City Council to approve hardship connections to the City's water system provided certain criteria are met. The applicant prepared written findings relative to the criteria, which are attached as Exhibit "A". City staff has reviewed the written findings and concur with the applicant that the aforementioned property meets the hardship request criteria as outlined in NMC 13.15.
3. The request will transfer an existing water connection from a parcel (tax lot 1300) where the house will be demolished to an existing house (tax lot 1400) nearby. The new owners are Edward M. and Laura A. Pietrok.
4. The granting of the hardship request has no significant financial impact on the City of Newberg.
5. Upon approval of the hardship request the City Attorney, in coordination with the City Engineer and City Manager Pro Tem, will prepare a written contract for signing and recording by the property owner. A draft copy of the city standard written contract is attached as Exhibit "C".

THE CITY OF NEWBERG RESOLVES AS FOLLOWS:

1. The City Council hereby approves the water hardship petition request in Exhibit "A" to the property and based on the applicant's written findings. A recorded written contract shall be required for the aforementioned property, similar to Exhibit "C".
2. Per NMC 13.15.120 (D)(1) the owner of the property shall pay the full cost of extending services to the parcel with all services meeting city standards and including all water connection fees and water system development charges.
3. The City Manager Pro Tem is authorized to execute all necessary documents related to granting the water hardship request. All documents shall be approved as to form and content by the City Attorney.

➤ **EFFECTIVE DATE** of this resolution is the day after the adoption date, which is: January 20th, 2016.

ADOPTED by the City Council of the City of Newberg, Oregon, this 19th day of January, 2016.

Sue Ryan, City Recorder

ATTEST by the Mayor this 21st day of January, 2016.

Bob Andrews, Mayor



Suite 2300
1300 SW Fifth Avenue
Portland, OR 97201-5630

Michael J. Gelardi
(503) 778-5337 tel
503.778.5299 fax

michaelgelardi@dwt.com

November 25, 2015

Via Certified Mail and Email (sue.ryan@newbergoregon.gov),
(Truman.Stone@newbergoregon.gov)

City Council
City of Newberg
404 East First St.
Newberg, OR 97312

Re: Application for water connection transfer (14495 NE Cullen Road Newberg, Oregon 97132)

Dear Councilors:

This law firm represents Joseph O'Halloran in connection with the management of his property near the City of Newberg. Mr. O'Halloran requests approval to transfer a city water connection between two parcels of this property. Enclosed, please find the following documents:

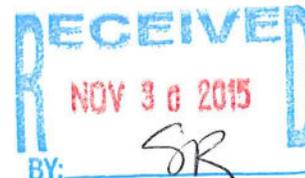
1. Water connection transfer application
2. Exhibit A: Vicinity map including Section 12, Lot1300 and former Lot 1400
3. Exhibit B: 1996 deed for Section 12, Lot 1300.
4. Exhibit C: 2015 deeds and maps showing new property configuration

Sincerely,

Davis Wright Tremaine LLP

Michael J. Gelardi

cc: Truman Stone, City legal counsel



DWT 28430810v1 0099976-000003

Anchorage
Bellevue
Los Angeles

New York
Portland
San Francisco

Seattle
Shanghai
Washington, D.C.

www.dwt.com

November 25, 2015

City Council
City of Newberg
404 East First St.
Newberg, OR 97312

Re: Application for water connection transfer (14495 NE Cullen Road Newberg, Oregon 97132)

Dear Councilors:

Joseph O'Halloran owns several parcels of land west of the City of Newberg in Township 3W, Range 3S, Sections 12 and 13. Mr. O'Halloran is in the process of reorganizing these parcels and redeveloping some of the land to improve its value and usefulness.

One of Mr. O'Halloran's parcels, Section 12, Lot 1300, contains a dwelling that is served by city water. Mr. O'Halloran plans to remove this dwelling and requests approval to transfer the city water connection to the dwelling on former Section 12, Lot 1400, which is adjacent to Lot 1300 to the east (see maps in Exhibit A and C).¹

Mr. O'Halloran has been discussing this proposal with City staff for some time. The City's Public Works Director has indicated that the reconfiguration of the water line is technically feasible and could be accomplished at a reasonable cost to Mr. O'Halloran.

The City staff however, indicated to us this summer that the city was not inclined to process this application due to the ongoing negotiations to transfer control of the City's water system outside of the city to a new water district authority. The staff encouraged Mr. O'Halloran to instead bring his proposal to the district.

We then discussed Mr. O'Halloran's situation with the district and were told that the district would not consider this request until the system transfer was finalized. We understand from both the district and the City staff that the parties continue to negotiate the transfer and the situation may not be fully resolved for some time. Moreover, assuming the transfer is eventually finalized, it is unclear how much additional time the district would need to respond to our request and whether the district would support the request.

The delay and continued uncertainty created by this situation is interfering with Mr. O'Halloran's ability to plan his affairs and manage his property. For this reason, we request that the City Council consider Mr. O'Halloran's transfer request at this time. We believe that the City Council may approve this request and that the transfer can be practically accomplished without burden to the City.

The remainder of this application contains proposed findings demonstrating compliance with the legal criteria that apply to the water connection transfer request.

¹ Exhibit A outlines the overall tract of land that is relevant to this Application. The survey map on page 4 of Exhibit C identifies the specific parcels discussed in this Application.

Proposed Findings: O'Halloran Water Connection Transfer

TITLE 13 PUBLIC UTILITIES AND SERVICES

13.15.110 Additional users outside city.

A. Notwithstanding the provisions of this chapter relative to water service to users outside the city limits, no new or additional water connection for the purpose of providing water to a user situated outside the corporate limits of the city shall be permitted, save and except the connections as are in use or are ready for use on or before the last-mentioned date.

Response: NMC 13.15.120 allows exceptions to this general rule. Mr. O'Halloran's compliance with the exception criteria are discussed below.

B. No new water users shall be connected to group customer lines, and no new single residential users shall be connected after the last-mentioned date, it being the intention of this amendment that the city shall not serve or supply water to any additional users outside the city limits save and except those then in service or ready for service.

Response: Mr. O'Halloran requests an exception to this section under section 13.15.120.

C. The words "ready for use" and ready for service, as used in this section, shall be taken to mean that the building or structure wherein the water is to be used shall have been constructed up to the point that all framing and roofing and all exterior siding, windows and exterior doors are completed, and all plumbing is roughed in and ready for installation of plumbing fixtures.

Response: This section does not apply as the structure is already in existence.

D. The city recorder is directed to require the individual, firm or organization in charge of each group customer line outside the corporate limits of the city to file with the recorder a sworn statement setting forth the name and address of each water user served through their respective group customer lines and presently connected therewith.

Response: Mr. O'Halloran agrees to provide all necessary information to the City Recorder.

E. The recorder may require such additional information as the recorder shall see fit to be furnished in connection with the reports. The city recorder shall report to the city council all group customer lines and all responsible individuals who shall not furnish such a statement and report within the time hereinabove required.

Response: Mr. O'Halloran agrees to provide all necessary information to the City Recorder.

F. All additional connections to the group customers' lines after the effective date of the ordinance codified in this chapter, whether or not in service, shall be promptly reported to the recorder when ready for service. [Ord. 1398, 5-17-65. Code 2001 § 52. 11.]

Response: Mr. O'Halloran agrees to provide all necessary information to the City Recorder.

13.15.120 Exceptions due to hardships.

An exception to NMC 13.15.100 may be granted by the city council in cases of hardship. The following process shall be used in determining whether the exception shall be granted, and the criteria shall be strictly applied with the burden of proof upon the applicant:

A. Eligibility. The applicant must meet the following criteria:

1. The new or additional water connection can be used only to supply water to an existing structure and will not be used to allow any new development.

Response: No new development is proposed. Mr. O'Halloran proposes to remove the dwelling on Lot 1300 that is currently served by city water, and transfer this connection to the dwelling on former Lot 1400. The two acres surrounding the dwelling on former Lot 1400 were recently separated from the larger Lot 1400 parcel pursuant to a lot line adjustment approved by Yamhill County. Mr. O'Halloran then sold the dwelling and the two acres. See Exhibit C. We refer to the new two acre parcel in this application as the "New Parcel." The request therefore complies with this criterion.

2. Annexation of the property upon which the structure is located is not immediately practical.

The recorded agreements described in 13.15.120.D.5 below will set forth terms for annexation of the property into the city.

Response: Annexation of the New Parcel and Mr. O'Halloran's surrounding land into the city is not possible at this time as the property is located outside of the urban growth boundary. See Exhibit A, Vicinity Map, for the location of the property. The request therefore complies with this criterion.

B. Hardship Determination. A request for a new or additional water connection due to hardship shall be accompanied by evidence of the following:

1. A genuine hardship exists due to quality and/or quantity of water for domestic consumption.

Response: The dwelling on the New Parcel is currently served by groundwater from wells on lots 703 and 1400. The quantity of local groundwater is not adequate to serve all uses on the overall local tract owned by Mr. O'Halloran. Although the dwelling on the New Parcel is currently served by groundwater, both wells, a reservoir, and water treatment are needed to provide consistent, quality water to this dwelling. This infrastructure is cumbersome, requires easements across Lots 703 and 1400, and impedes Mr. O'Halloran's ability to use groundwater on lots 703 and 1400.

Given the location of the wells on the tract and the proximity of the existing city water connection on Lot 1300, the dwelling on the New Lot is better served by City water. Because Mr. O'Halloran plans to remove the dwelling on Lot 1300 and disconnect that parcel from the City's water system, Mr. O'Halloran is not proposing any net additional connection to the City's

water supply. The request is simply to transfer the city water connection from one parcel to another.

Finally, as demonstrated by the deed in Exhibit B, lots 1300 and 1400 were historically understood to share a right to city water service. Given the expectation created by this history, the inability to use City water on the New Parcel creates a hardship. Furthermore, this application offers an opportunity to eliminate the confusion created by the historic property records.

For the above reasons, the request complies with this criterion.

2. All other alternatives have been investigated and are not economically feasible.

Response: Drilling additional wells is not economically feasible and may not result in a practical increase in the local groundwater supply. The City's water line runs very close to the New Parcel and offers an economical solution. The request therefore complies with this criterion.

3. The dwelling to be served is in close proximity to existing services, either private or public, and the granting of the additional connection would not overburden existing lines, either private or public, or overburden the city's water supply.

Response: As described above, the New Parcel is in close proximity to the City's existing water line. Because Mr. O'Halloran simply proposes a transfer of the water connection from one property to another, the new connection will not overburden the water line or the City's overall water supply. The request therefore complies with this criterion.

C. Application for Hardship. A request in letter form for a hardship exception to NMC 13.15.100 shall be made to the city council. The request shall be accompanied by a statement and evidence to be used in the determination. The request shall be reviewed and a recommendation made to the city council by the public works department prior to the city council's consideration of the matter. A granting of the request for an exception can be made by the city council, provided that all the conditions stated in subsection (B) of this section do exist.

Response: This letter explains O' Halloran's compliance with the hardship criteria. See Exhibits A-C for additional evidence supporting the application. The request therefore complies with this criterion.

D. Conditions of Hardship. Any exception granted shall be subject to the following conditions:

1. The owner of the property shall agree to pay the full cost of extending services to the parcel with all services meeting city standards and including all water connection fees and water system development charges.

2. The owner of the subject property agrees to annex to the city at such time as annexation is legally possible and is requested by the city. At the time of annexation, the property owner shall pay all system development charges then in effect, except wastewater, which shall be assessed in accordance with Chapter 13.10 NMC.

3. *Water shall be for domestic purposes only and no water granted under this exception shall be permitted for agricultural use.*

4. *A written agreement as to the conditions under which the exception was granted shall be recorded on the Yamhill County deed records with the applicant paying all fees.*

5. *The city council may waive all or any portion of the city system development charges as it feels is in the best interest of the city. [Ord. 2666, 3-6-07; Ord. 1912, 7-3-78. Code 2001§ 52.12.]*

Response: Mr. O'Halloran agrees to the above conditions. The request therefore complies with this criterion.

13.15.130 Water service for public entities inside urban areas and boundaries.

The city council shall have sole authority to grant water service to public entities including, but not limited to, School District 29Jt and Chehalem park and recreation district, for property which is located within the urban growth boundary and/or the urban reserve area of the city. Property to receive service shall be for the public's use and enjoyment. The city council shall have the authority to require the public entity receiving utility service to comply with any conditions the city council may deem appropriate at the time the water service is granted.

Response: This criterion is not applicable because Mr. O'Halloran and the owner of the New Parcel are not public agencies and the property is not within the urban growth boundary nor in an urban reserve.

13.15.140 Water connections outside city.

A. Additional water connections are allowed to residents outside the city that meet the following conditions:

1. They were in existence as of January 1, 1988, or the properly owner had requested a water connection to the property for the purposes of a residence before January 1, 1988, and desires the water connection for the purposes of establishing a residence; and

Response: This criterion is not applicable because Mr. O'Halloran is not requesting a net additional water connection and is seeking an exception to the prohibition on changes to water connections under the hardship rules discussed above.

2. They will be served through a water district; and

Response: The connection will be served and billed monthly though the City owned water system until such time as the system is transferred to a new water district. The request therefore complies with this criterion.

3. A new agreement between the water district and the city will be established; and

Response: Mr. O'Halloran is not a water district, but he will establish a new agreement for the property.

4. The properties upon which the residences are located agree to annex to the city at the appropriate time and at the request of the city; and

Response: Mr. O'Halloran and the owner of the New Parcel agree to allow the New Parcel to be annexed by the city at such time that annexation is feasible. The request therefore complies with this criterion.

5. The water to be used is for domestic purposes only; and

Response: Mr. O'Halloran and the owner of the New Parcel agree that the water will be used for domestic purposes. The water will serve the existing dwelling on the New Parcel. The request therefore complies with this criterion.

6. The water district makes a joint application with the property owner on which the residence is located for the new water connection.

Response: Mr. O'Halloran is not a water district, but hereby submits an application to transfer the water connection as described in this document. The request therefore complies with this criterion.

B. Each water district that desires any new connections will enter into an appropriate agreement between the water district and the city governing the use, connections and maintenance of the water system. The agreement, among other things, may provide for an engineering study for the water district system to assure that the system complies with OAR Chapter 333, concerning public water systems.

Response: Mr. O'Halloran is not a water district, but he and the owner of the New Parcel agree to enter into an agreement with the City governing the use of the City's water system. The request therefore complies with this criterion.

C. All system development charges and other charges as provided for in the ordinances of the city shall be applicable to the new connections; provided, however, that the city manager has authority to waive, reduce, or otherwise change the systems development charge to the water district pursuant to the agreement between the water district and the city; and provided further, that in no event will the agreement provide for service development charges less than the charge for in-city connections.

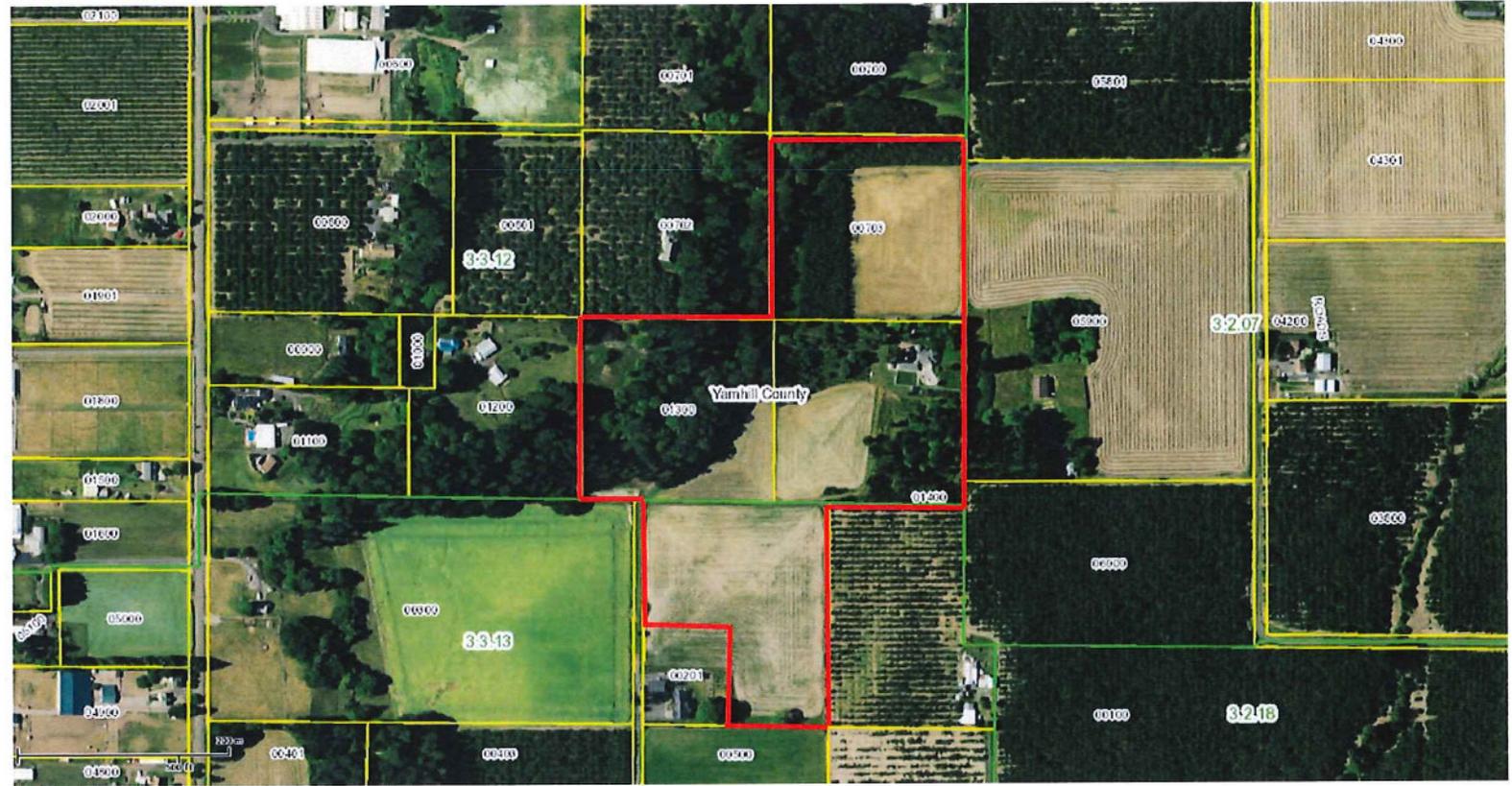
Response: Mr. O'Halloran agrees to pay for any meter installations associated with this water connection at the time of installations. The request therefore complies with this criterion.

D. This policy shall be in effect regardless of any conflicting provisions of NMC 13.15.010 through 13.15.130. The purpose of this policy is to facilitate the establishment of proper agreements and policing of connections within the water districts. Any provision of NMC 13.15.010 through 13.15.130 that is in conflict with the water policy shall be deemed to have been repealed. Any provision of the sections which can be read to not be in conflict with the

water policy shall be enforced. The city wishes that this policy act as an interim policy to facilitate reaching agreement with the water districts it serves. This matter shall be brought back before the city council within six months of the date of passage for review. [Ord. 2264, 6-20-89; Ord. 2247, 10-3-88. Code 2001 § 52.14.]

Response: As described above, Mr. O'Halloran and the owner of the New Parcel will into the required agreements regarding use of the City's water system. The request therefore complies with this criterion.

New Directions



Copyright 2011 ORMAP. All rights reserved. Wed Nov 25 2015 09:57:47 AM.

Deed and
Water right info

Attachment
(B)

BARGAIN AND SALE DEED--STATUTORY FORM
Individual Grantor

TWILA (GILLIS) SPRINGER, CAROL (GILLIS) ZETTERBERG, DAVID GILLIS, DIANN (GILLIS) MacRAE, GARY SCHORZMAN, CONNIE (SCHORZMAN) ULRICH, and NORMAN SCHORZMAN, by and through their duly appointed attorney-in-fact, VINCENT L. GILLIS, and VINCENT L. GILLIS, individually, Grantors, convey to TWILA (GILLIS) SPRINGER, CAROL (GILLIS) ZETTERBERG, DAVID GILLIS, DIANN (GILLIS) MacRAE, GARY SCHORZMAN, CONNIE (SCHORZMAN) ULRICH, and NORMAN SCHORZMAN, to hold as tenants-in-common, Grantees, the following real property situated in Yamhill County, Oregon, to wit:

The East Half of the following described tract:

Beginning at a point marked with an iron pipe 65.71 chains South of the NE corner of the William Jones & wife DLC #44 in Township 3 South, Range 3 West of the Willamette Meridian in Yamhill County, Oregon; thence South 8.49 chains to a point marked with a glass bottle; thence West 18.03 chains to a point marked with an iron pipe; thence North 8.49 chains to a iron pipe; and thence East 18.03 chains to the place of beginning.

Together with easement for road purposes along a strip of land 20 feet in width off the South side of the West 1/2 of the tract above described.

Together with 1/2 of the water-right now belonging to the entire 15 acre tract.

Subject to Right of Way & Water Agreement contained in Deed to the City of Newberg, recorded in Book 85, Page 285 Deed Records.

The true and actual consideration for this conveyance is other real property.

THIS INSTRUMENT WILL NOT ALLOW USE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT IN VIOLATION OF APPLICABLE LAND USE LAWS AND REGULATIONS. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE

AFTER RECORDING, RETURN TO AND
SEND TAX STATEMENTS TO:
VINCENT L. GILLIS
505 Spring Hill Road
Petaluma, California 94952

Recorded in Official Yamhill County Records
CHARLES STERN, COUNTY CLERK
45.00

199618913 4:56pm 11/15/96
001 18012827 18 04
1 0 D00 3 15.00 10.00 20.00 0.00 0.00 0.00

Page 1 - BARGAIN AND SALE DEED

Webb & Martin's
ATTORNEYS AT LAW
1110 SW 15TH ST. SE
SALAS, OREGON 97133
503/277-9610

1/3

11-18-96

APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY APPROVED
USBS.

Dated this ____ day of November, 1996.

Twila Gillis
TWILA (GILLIS) SPRINGER

Carol Zetterberg
CAROL (GILLIS) ZETTERBERG

By *Vincent L. Gillis*
VINCENT L. GILLIS
her attorney-in-fact

By *Vincent L. Gillis*
VINCENT L. GILLIS
her attorney-in-fact

David Gillis
DAVID GILLIS

Diann Macrae
DIANN (GILLIS) MACRAE

By *Vincent L. Gillis*
VINCENT L. GILLIS
his attorney-in-fact

By *Vincent L. Gillis*
VINCENT L. GILLIS
her attorney-in-fact

Gary Schorzman
GARY SCHORZMAN

Connie Ulrich
CONNIE (SCHORZMAN) ULRICH

By *Vincent L. Gillis*
VINCENT L. GILLIS
his attorney-in-fact

By *Vincent L. Gillis*
VINCENT L. GILLIS
her attorney-in-fact

Norman Schorzman
NORMAN SCHORZMAN

Vincent L. Gillis
VINCENT L. GILLIS

By *Vincent L. Gillis*
VINCENT L. GILLIS
his attorney-in-fact

STATE OF OREGON)
County of Marion) ss

On this 15th day of November, 1996, personally appeared
before me the above-named VINCENT L. GILLIS, who, being sworn,
Page 2 - BARGAIN AND SALE DEED

Hebb & Martinis
ATTORNEYS AT LAW
1400 THURGOOD SYDNEY
BILLYE DECKENHOF BERRY STREET
VICTORIA, BRITISH COLUMBIA

213

11-18-96

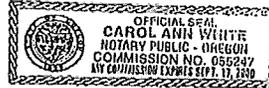
stated that he is the attorney-in-fact for TWILA (GILLIS) SPRINGER, CAROL (GILLIS) ZETTERBERG, DAVID GILLIS, DIANN (GILLIS) MACRAE, GARY SCHORZMAN, CONNIE (SCHORZMAN) ULRICH, and NORMAN SCHORZMAN, and executed the foregoing instrument by authority of and in behalf of said principles; that he acknowledged that said instrument to be their act.

Carol A. White
Notary Public for Oregon

STATE OF OREGON)
 Jupiter) SS
County of ~~Marion~~)

On this 15th day of November, 1996, personally appeared before me the above-named VINCENT L. GILLIS, and acknowledged the foregoing instrument to be his voluntary act and deed.

Carol A. White
Notary Public for Oregon



Page 3 - BARGAIN AND SALE DEED

Webb S. Martinis
ATTORNEY AT LAW
1114 TWELFTH BL. SE
SALMON, OREGON 97131-3111
TEL: 503-664-2424

3/B

11-18-96

Exhibit B
Page 3 of 3

TICOR TITLE 471815041432

GRANTOR: Joseph O'Halloran and Jamie O'Halloran

GRANTEE: Joseph O'Halloran and Jamie O'Halloran

SEND TAX STATEMENTS TO:
No Change

AFTER RECORDING RETURN TO:
Joseph O'Halloran and Jamie O'Halloran
14495 NE Cullen Road
Newberg, OR 97132

Escrow No: 471815041432-TTMIDWIL16

Yamhill County Official Records	201512720
DMR-DDMR	
Stn=5 HOLLANDK	08/12/2015 11:12:32 AM
4Pgs \$20.00 \$11.00 \$5.00 \$20.00	\$56.00
I, Brian Van Bergen, County Clerk for Yamhill County, Oregon, certify that the instrument identified herein was recorded in the Clerk records.	
Brian Van Bergen - County Clerk	

SPACE ABOVE THIS LINE FOR RECORDER'S USE

BARGAIN AND SALE DEED - STATUTORY FORM
(INDIVIDUAL or CORPORATION)

Joseph O'Halloran, also appearing of record as Joe O'Halloran and Jamie O'Halloran, as tenants by the entirety, Grantor, conveys to Joseph O'Halloran and Jamie O'Halloran, as tenants by the entirety, Grantee, the following described real property, situated in the County of Yamhill, State of Oregon,

See Legal Description Attached hereto as Exhibit "A" and further depicted on Exhibit "B"

The true consideration for this conveyance is \$0.00.

This conveyance is made solely as an adjustment between adjoining properties, and does not create a separate parcel that can be conveyed independently of adjacent land, pursuant to Yamhill County Planning Docket L-21-15. (See ORS 93.030).

BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON TRANSFERRING FEE TITLE SHOULD INQUIRE ABOUT THE PERSON'S RIGHTS, IF ANY, UNDER ORS 195.300, 195.301 AND 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007, SECTIONS 2 TO 9 AND 17, CHAPTER 855, OREGON LAWS 2009, AND SECTIONS 2 TO 7, CHAPTER 8, OREGON LAWS 2010. THIS INSTRUMENT DOES NOT ALLOW USE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT IN VIOLATION OF APPLICABLE LAND USE LAWS AND REGULATIONS. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY THAT THE UNIT OF LAND BEING TRANSFERRED IS A LAWFULLY ESTABLISHED LOT OR PARCEL, AS DEFINED IN ORS 92.010 OR 215.010, TO VERIFY THE APPROVED USES OF THE LOT OR PARCEL, TO DETERMINE ANY LIMITS ON LAWSUITS AGAINST FARMING OR FOREST PRACTICES, AS DEFINED IN ORS 30.930, AND TO INQUIRE ABOUT THE RIGHTS OF NEIGHBORING PROPERTY OWNERS, IF ANY, UNDER ORS 195.300, 195.301 AND 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007, SECTIONS 2 TO 9 AND 17, CHAPTER 855, OREGON LAWS 2009, AND SECTIONS 2 TO 7, CHAPTER 8, OREGON LAWS 2010.

Dated: 7/31/2015

[Signature]
Joseph O'Halloran
[Signature]
Jamie O'Halloran

State of OREGON

COUNTY of YAMHILL

This instrument was acknowledged before me on July 31, 2015

by JOSEPH O'HALLORAN

[Signature], Notary Public - State of Oregon

My commission expires: 1/10/2016

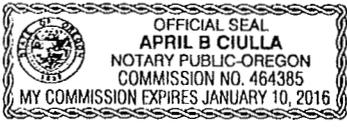


Exhibit C
Page 1 of 11 Deed (Bargain and Sale - Statutory Form) 471815041432-TTMIDWIL16





State of OREGON
County of YAMHILL

This instrument was acknowledged before me on AUGUST 6, 20 15 by

JAMIE O'HALLORAN

April B Ciulla
Notary Public - State of Oregon

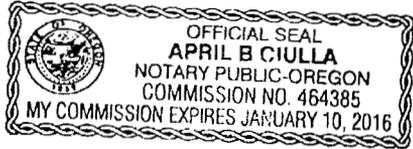


EXHIBIT "A"

LEGAL DESCRIPTION
PROPERTY LINE ADJUSTMENT
RESULTANT 20.768 ACRE PARCEL
JULY 24, 2015

A PORTION OF THAT TRACT OF LAND DESCRIBED AS PARCEL I OF INSTRUMENT NUMBER 199716886 AND A PORTION OF THAT TRACT OF LAND DESCRIBED IN INSTRUMENT NUMBER 200909214, YAMHILL COUNTY DEED RECORDS, LOCATED IN THE SOUTHWEST ONE-QUARTER OF SECTION 12 AND THE NORTHEAST ONE-QUARTER OF SECTION 13, TOWNSHIP 3 SOUTH, RANGE 3 WEST, WILLAMETTE MERIDIAN, YAMHILL COUNTY, OREGON, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE WEST LINE OF THE GIDEON GRAVEL D.L.C. NO. 64, SAID POINT BEARS NORTH 00°24'05" EAST, 429.51 FEET FROM A 1" IRON PIPE MARKING THE SOUTHWEST CORNER OF SAID D.L.C. NO. 64; THENCE ALONG SAID WEST LINE OF D.L.C. NO. 64 NORTH 00°24'05" EAST, 230.83 FEET; THENCE LEAVING SAID WEST LINE NORTH 89°35'55" WEST, 275.36 FEET; THENCE NORTH 07°12'08" EAST, 344.91 FEET; THENCE SOUTH 89°12'16" EAST, 234.52 FEET TO SAID WEST LINE OF THE GIDEON GRAVEL D.L.C. NO. 64; THENCE ALONG SAID WEST LINE NORTH 00°24'05" EAST, 548.29 FEET TO THE NORTHEAST CORNER OF SAID PARCEL I OF INSTRUMENT NUMBER 199716886; THENCE LEAVING SAID WEST LINE, ALONG THE NORTHERLY LINE OF SAID PARCEL I NORTH 89°20'57" WEST, 597.76 FEET TO THE NORTHWEST CORNER OF SAID PARCEL I; THENCE ALONG THE WESTERLY LINE OF SAID PARCEL I SOUTH 01°28'51" WEST, 561.56 FEET TO THE SOUTHWEST CORNER OF SAID PARCEL I; THENCE ALONG THE SOUTHERLY LINE OF SAID PARCEL I SOUTH 89°28'21" EAST, 13.49 FEET TO THE NORTHWEST CORNER OF THAT TRACT OF LAND DESCRIBED IN SAID INSTRUMENT NUMBER 200909214; THENCE ALONG THE WESTERLY LINE OF SAID TRACT SOUTH 00°27'17" WEST, 559.30 FEET; THENCE NORTH 89°25'31" WEST, 424.67 FEET; THENCE SOUTH 00°18'10" EAST, 384.91 FEET TO THE NORTHWEST CORNER OF THAT TRACT OF LAND DESCRIBED IN INSTRUMENT NUMBER 200909469, YAMHILL COUNTY DEED RECORDS; THENCE ALONG THE NORTHERLY LINE OF SAID TRACT OF LAND SOUTH 89°25'31" EAST, 282.76 FEET TO THE NORTHEAST CORNER OF SAID TRACT OF LAND; THENCE ALONG THE EASTERLY LINE OF SAID TRACT OF LAND SOUTH 00°18'10" EAST, 308.14 FEET TO THE SOUTHEAST CORNER OF SAID TRACT OF LAND; THENCE ALONG THE SOUTHERLY LINE OF SAID TRACT OF LAND DESCRIBED IN INSTRUMENT NUMBER 200909214 SOUTH 89°25'31" EAST, 303.17 FEET TO THE SOUTHEAST CORNER OF SAID TRACT OF LAND; THENCE ALONG THE EASTERLY LINE OF SAID TRACT OF LAND NORTH 00°05'29" EAST, 693.00 FEET; THENCE SOUTH 89°25'31" EAST, 429.34 FEET TO THE **POINT OF BEGINNING**.

CONTAINS 20.768 ACRES, MORE OR LESS

TOGETHER WITH AN EASEMENT FOR ROAD PURPOSES AS DESCRIBED IN INSTRUMENT NUMBER 199716886.

ALSO TOGETHER WITH AN EASEMENT FOR INGRESS AND EGRESS AS DESCRIBED IN INSTRUMENT NUMBER 199716886.

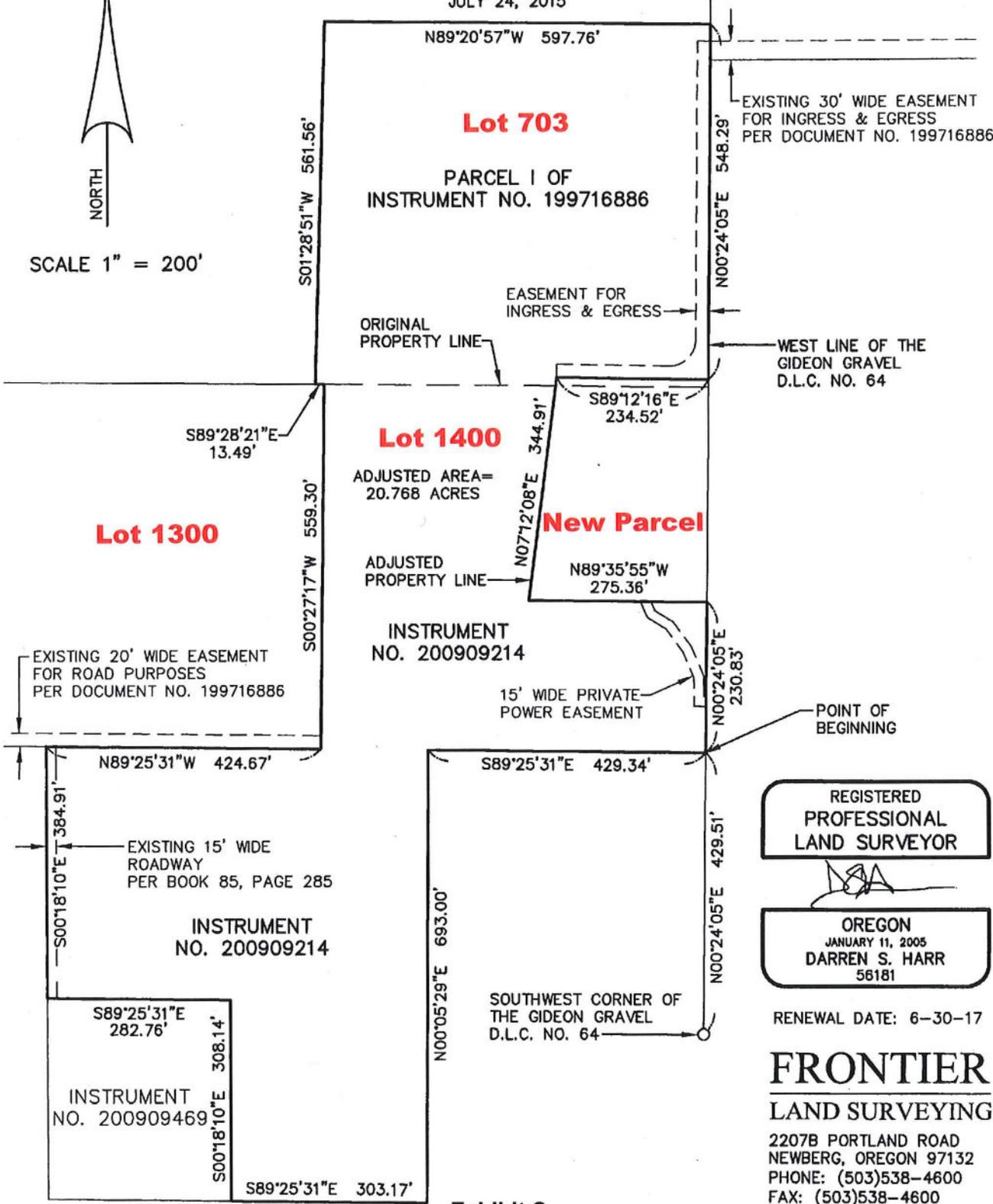
EXHIBIT B

LOCATED IN THE S.E. 1/4 OF SECTION 12 AND THE N.E. 1/4 OF SECTION 13,
TOWNSHIP 3 SOUTH, RANGE 3 WEST, W.M.
YAMHILL COUNTY, OREGON

JULY 24, 2015



SCALE 1" = 200'



REGISTERED
PROFESSIONAL
LAND SURVEYOR

OREGON
JANUARY 11, 2005
DARREN S. HARR
56181

RENEWAL DATE: 6-30-17

FRONTIER

LAND SURVEYING

2207B PORTLAND ROAD
NEWBERG, OREGON 97132
PHONE: (503)538-4600
FAX: (503)538-4600
JOB NO.: 1410

GRANTOR: Joseph O'Halloran and Jamie O'Halloran

GRANTEE: Joseph O'Halloran and Jamie O'Halloran

SEND TAX STATEMENTS TO:
No Change

AFTER RECORDING RETURN TO:
Joseph O'Halloran and Jamie O'Halloran
14495 NE Cullen Road
Newberg, OR 97132

Escrow No: 471815041432-TTMIDWIL16

Yamhill County Official Records	201512721
DMR-DDMR	08/12/2015 11:12:32 AM
Stn=5 HOLLANDK	
4Pgs \$20.00 \$11.00 \$5.00 \$20.00	\$56.00
I, Brian Van Bergen, County Clerk for Yamhill County, Oregon, certify that the Instrument identified herein was recorded in the Clerk records.	
Brian Van Bergen - County Clerk	

SPACE ABOVE THIS LINE FOR RECORDER'S USE

BARGAIN AND SALE DEED – STATUTORY FORM
(INDIVIDUAL or CORPORATION)

Joseph O'Halloran, also appearing of record as Joe O'Halloran and Jamie O'Halloran, as tenants by the entirety, Grantor, conveys to Joseph O'Halloran and Jamie O'Halloran, as tenants by the entirety, Grantee, the following described real property, situated in the County of Yamhill, State of Oregon,

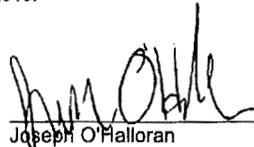
See Legal Description Attached hereto as Exhibit "A" and further depicted on Exhibit "B"

The true consideration for this conveyance is \$0.00.

This conveyance is made solely as an adjustment between adjoining properties, and does not create a separate parcel that can be conveyed independently of adjacent land, pursuant to Yamhill County Planning Docket L-21-15. (See ORS 93.030).

BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON TRANSFERRING FEE TITLE SHOULD INQUIRE ABOUT THE PERSON'S RIGHTS, IF ANY, UNDER ORS 195.300, 195.301 AND 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007, SECTIONS 2 TO 9 AND 17, CHAPTER 855, OREGON LAWS 2009, AND SECTIONS 2 TO 7, CHAPTER 8, OREGON LAWS 2010. THIS INSTRUMENT DOES NOT ALLOW USE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT IN VIOLATION OF APPLICABLE LAND USE LAWS AND REGULATIONS. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY THAT THE UNIT OF LAND BEING TRANSFERRED IS A LAWFULLY ESTABLISHED LOT OR PARCEL, AS DEFINED IN ORS 92.010 OR 215.010, TO VERIFY THE APPROVED USES OF THE LOT OR PARCEL, TO DETERMINE ANY LIMITS ON LAWSUITS AGAINST FARMING OR FOREST PRACTICES, AS DEFINED IN ORS 30.930, AND TO INQUIRE ABOUT THE RIGHTS OF NEIGHBORING PROPERTY OWNERS, IF ANY, UNDER ORS 195.300, 195.301 AND 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007, SECTIONS 2 TO 9 AND 17, CHAPTER 855, OREGON LAWS 2009, AND SECTIONS 2 TO 7, CHAPTER 8, OREGON LAWS 2010.

Dated: 7/31/2015


Joseph O'Halloran

Jamie O'Halloran

State of OREGON

COUNTY of YAMHILL

This instrument was acknowledged before me on July 31, 2015

by JAMIE O' HALLORAN and JOSEPH O'HALLORAN


Notary Public - State of Oregon

My commission expires: 1/10/2016

TICOR TITLE 471815041432

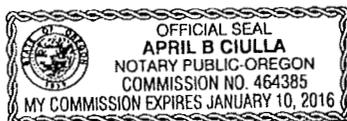


Exhibit C
Page 5 of 11 Deed (Bargain and Sale - Statutory Form) 471815041432-TTMIDWIL16





State of OREGON

County of YAMHILL

This instrument was acknowledged before me on AUGUST 6, 20 15 by

JAMIE O'HALLORAH

April B Ciulla

Notary Public - State of Oregon

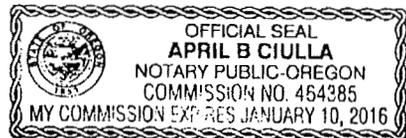


EXHIBIT "A"

LEGAL DESCRIPTION
PROPERTY LINE ADJUSTMENT
RESULTANT 2.000 ACRE PARCEL
JULY 24, 2015

A PORTION OF THAT TRACT OF LAND DESCRIBED AS PARCEL I OF INSTRUMENT NUMBER 199716886 AND A PORTION OF THAT TRACT OF LAND DESCRIBED IN INSTRUMENT NUMBER 200909214, YAMHILL COUNTY DEED RECORDS, LOCATED IN THE SOUTHEAST ONE-QUARTER OF SECTION 12 AND THE NORTHEAST ONE-QUARTER OF SECTION 13, TOWNSHIP 3 SOUTH, RANGE 3 WEST, WILLAMETTE MERIDIAN, YAMHILL COUNTY, OREGON, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE WEST LINE OF THE GIDEON GRAVEL D.L.C. NO. 64, SAID POINT BEARS NORTH 00°24'05" EAST, 660.34 FEET FROM A 1" IRON PIPE MARKING THE SOUTHWEST CORNER OF SAID D.L.C. NO. 64; THENCE ALONG SAID WEST LINE OF D.L.C. NO. 64 NORTH 00°24'05" EAST, 340.87 FEET; THENCE LEAVING SAID WEST LINE NORTH 89°12'16" WEST, 234.52 FEET; THENCE SOUTH 07°12'08" WEST, 344.91 FEET; THENCE SOUTH 89°35'55" EAST, 275.36 FEET TO THE **POINT OF BEGINNING**.

CONTAINS 2.000 ACRES, MORE OR LESS

TOGETHER WITH AN EASEMENT FOR INGRESS AND EGRESS, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

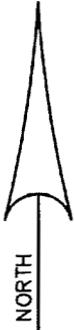
BEGINNING AT THE NORTHWEST CORNER OF THE ABOVE-DESCRIBED TRACT OF LAND; THENCE NORTH 00°47'44" EAST, 20.00 FEET; THENCE ALONG A LINE 20.00 FEET NORTHERLY OF AND PARALLEL WITH THE NORTH LINE OF THE ABOVE-DESCRIBED TRACT OF LAND SOUTH 89°12'16" EAST, 174.10 FEET TO THE BEGINNING OF A TANGENT CURVE; THENCE ALONG THE ARC OF A 40.00 FOOT RADIUS CURVE CONCAVE NORTHWESTERLY, THROUGH A CENTRAL ANGLE OF 90°23'39" (THE LONG CHORD BEARS NORTH 45°35'55" EAST, 56.76 FEET), AN ARC DISTANCE OF 63.11 FEET TO A POINT OF TANGENCY; THENCE ALONG A LINE 20.00 FEET WESTERLY OF AND PARALLEL WITH THE EASTERLY LINE OF THAT TRACT OF LAND DESCRIBED AS PARCEL I OF INSTRUMENT NUMBER 199716886 NORTH 00°24'05" EAST, 461.74 FEET; THENCE SOUTH 89°35'55" EAST, 20.00 FEET TO THE WEST LINE OF AFOREMENTIONED D.L.C. NO. 64; THENCE ALONG SAID WEST LINE OF D.L.C. NO. 64 SOUTH 00°24'05" WEST, 522.15 FEET TO THE NORTHEAST CORNER OF THE ABOVE-DESCRIBED TRACT OF LAND; THENCE ALONG THE NORTHERLY LINE OF THE ABOVE-DESCRIBED TRACT OF LAND NORTH 89°12'16" WEST, 234.52 FEET TO THE **POINT OF BEGINNING**.

ALSO TOGETHER WITH A 15.00 FOOT WIDE PRIVATE POWER EASEMENT, BEING 7.50 FEET ON BOTH SIDES OF THE FOLLOWING DESCRIBED CENTERLINE:

BEGINNING AT A POINT ON THE SOUTHERLY LINE OF THE ABOVE-DESCRIBED TRACT OF LAND, SAID POINT BEARS SOUTH 89°35'55" EAST, 180.87 FEET FROM THE SOUTHWEST CORNER OF SAID ABOVE-DESCRIBED TRACT OF LAND; THENCE LEAVING SAID SOUTHERLY LINE SOUTH 23°43'17" EAST, 20.94 FEET; THENCE SOUTH 58°14'34" EAST, 33.32 FEET; THENCE SOUTH 36°32'58" EAST, 46.40 FEET; THENCE SOUTH 23°07'11" EAST, 45.53 FEET; THENCE SOUTH 00°33'31" EAST, 37.48 FEET; THENCE SOUTH 89°35'55" EAST, 10.79 FEET TO THE WEST LINE OF THE GIDEON GRAVEL D.L.C. NO. 64 AND THE **POINT OF TERMINUS**.

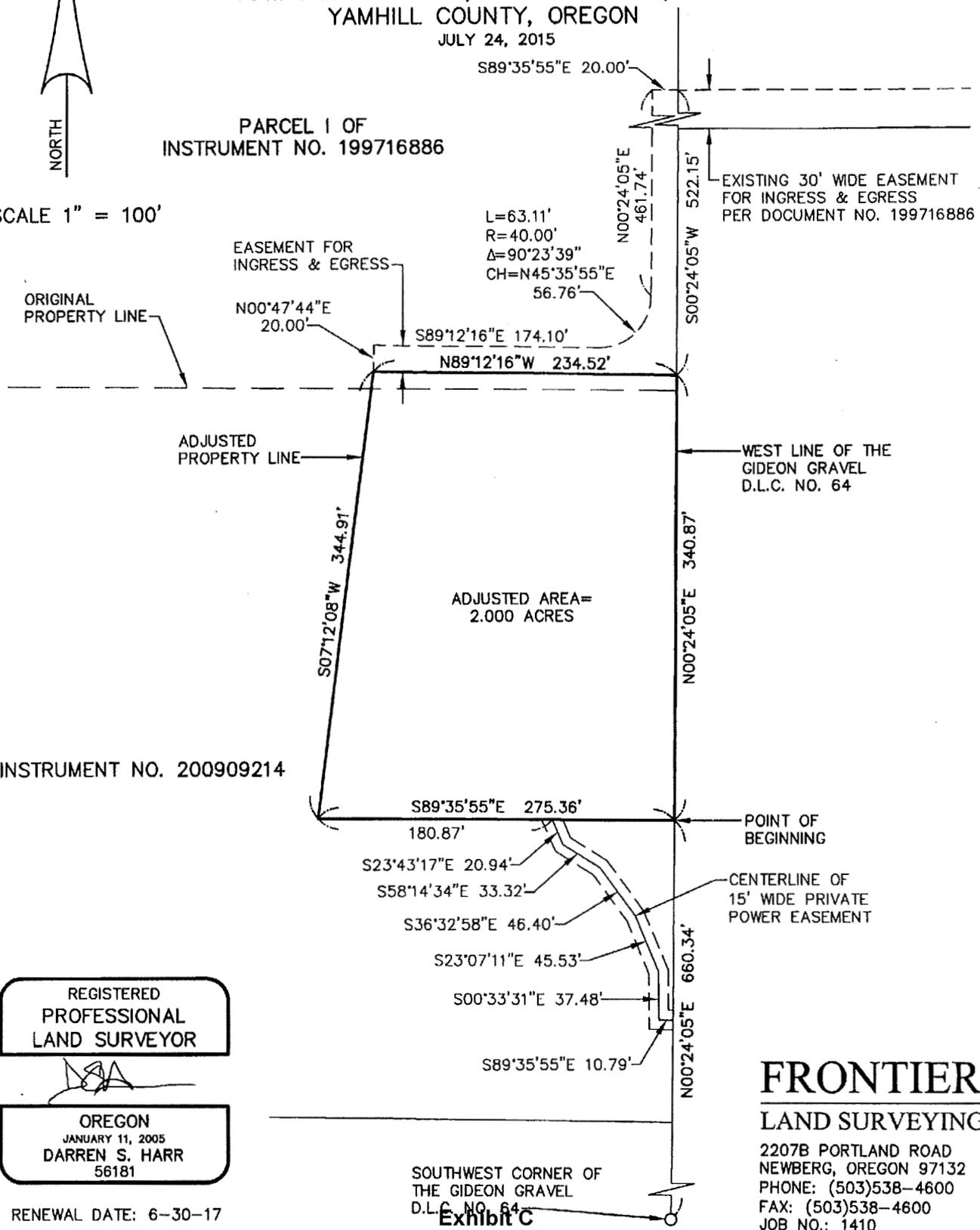
EXHIBIT B

LOCATED IN THE SOUTHEAST ONE-QUARTER OF SECTION 12
AND THE NORTHEAST ONE-QUARTER OF SECTION 13,
TOWNSHIP 3 SOUTH, RANGE 3 WEST, W.M.
YAMHILL COUNTY, OREGON
JULY 24, 2015



PARCEL I OF
INSTRUMENT NO. 199716886

SCALE 1" = 100'



INSTRUMENT NO. 200909214

REGISTERED
PROFESSIONAL
LAND SURVEYOR

Signature of Darren S. Harr

OREGON
JANUARY 11, 2005
DARREN S. HARR
56181

RENEWAL DATE: 6-30-17

SOUTHWEST CORNER OF
THE GIDEON GRAVEL
D.L.C. NO. 64

FRONTIER LAND SURVEYING

2207B PORTLAND ROAD
NEWBERG, OREGON 97132
PHONE: (503)538-4600
FAX: (503)538-4600
JOB NO.: 1410

GRANTOR: Joseph O'Halloran and Jamie O'Halloran

GRANTEE: Edward M Pietrok and Laura A Pietrok

SEND TAX STATEMENTS TO:
Edward M Pietrok and Laura A Pietrok
14495 NE Cullen Road
Newberg, OR 97132

Yamhill County Official Records **201512722**
DMR-DDMR
SIn=5 HOLLANDK **08/12/2015 11:12:32 AM**
3Pgs \$15.00 \$11.00 \$5.00 \$20.00 **\$51.00**
I, Brian Van Bergen, County Clerk for Yamhill County, Oregon, certify that the instrument identified herein was recorded in the Clerk records.
Brian Van Bergen - County Clerk

AFTER RECORDING RETURN TO:
Edward M Pietrok and Laura A Pietrok
14495 NE Cullen Road
Newberg, OR 97132
Escrow No: 471815041432-TTMIDWIL16

SPACE ABOVE THIS LINE FOR RECORDER'S USE

STATUTORY WARRANTY DEED

Joseph O'Halloran and Jamie O'Halloran, as tenants by the entirety, Grantor, conveys and warrants to ~~Edward M Pietrok and Laura A Pietrok~~, as tenants by the entirety, Grantee, the following described real property, free and clear of encumbrances except as specifically set forth below, situated in the County of Yamhill, State of Oregon: *Laura Ann Pietrok and Edward Mark Pietrok

See Legal Description Attached hereto as Exhibit "A"

THE TRUE AND ACTUAL CONSIDERATION FOR THIS CONVEYANCE IS \$649,900.00. (See ORS 93.030)

Subject to and excepting: CCRs, reservations, set back lines, power of special districts and easements of record. 2015/2016 Taxes a lien, but not yet payable.

BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON TRANSFERRING FEE TITLE SHOULD INQUIRE ABOUT THE PERSON'S RIGHTS, IF ANY, UNDER ORS 195.300, 195.301 AND 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007, SECTIONS 2 TO 9 AND 17, CHAPTER 855, OREGON LAWS 2009, AND SECTIONS 2 TO 7, CHAPTER 8, OREGON LAWS 2010. THIS INSTRUMENT DOES NOT ALLOW USE OF THE PROPERTY DESCRIBED IN THIS INSTRUMENT IN VIOLATION OF APPLICABLE LAND USE LAWS AND REGULATIONS. BEFORE SIGNING OR ACCEPTING THIS INSTRUMENT, THE PERSON ACQUIRING FEE TITLE TO THE PROPERTY SHOULD CHECK WITH THE APPROPRIATE CITY OR COUNTY PLANNING DEPARTMENT TO VERIFY THAT THE UNIT OF LAND BEING TRANSFERRED IS A LAWFULLY ESTABLISHED LOT OR PARCEL, AS DEFINED IN ORS 92.010 OR 215.010, TO VERIFY THE APPROVED USES OF THE LOT OR PARCEL, TO DETERMINE ANY LIMITS ON LAWSUITS AGAINST FARMING OR FOREST PRACTICES, AS DEFINED IN ORS 30.930, AND TO INQUIRE ABOUT THE RIGHTS OF NEIGHBORING PROPERTY OWNERS, IF ANY, UNDER ORS 195.300, 195.301 AND 195.305 TO 195.336 AND SECTIONS 5 TO 11, CHAPTER 424, OREGON LAWS 2007, SECTIONS 2 TO 9 AND 17, CHAPTER 855, OREGON LAWS 2009, AND SECTIONS 2 TO 7, CHAPTER 8, OREGON LAWS 2010.

DATED: 7/31/2015

Joseph O'Halloran
Joseph O'Halloran
Jamie O'Halloran
Jamie O'Halloran

State of OREGON

COUNTY of YAMHILL

This instrument was acknowledged before me on July 31, 2015

by JOSEPH O'HALLORAN

April B Ciulla, Notary Public - State of Oregon

My commission expires: 7/10/2016
471815041432-TTMIDWIL16
Deed (Warranty-Statutory)

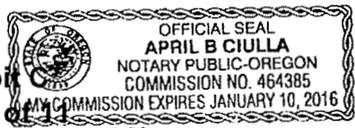


Exhibit
Page 9 of 11



TICOR TITLE 471815041432

COMMISSION NO. 464385
MY COMMISSION EXPIRES JANUARY 10, 2016

State of OREGON
County of YAMHILL

This instrument was acknowledged before me on AUGUST 10, 20 15 by

JAMIE O'HALLORAN

April B Ciulla

Notary Public - State of Oregon

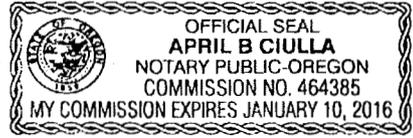


EXHIBIT "A"

LEGAL DESCRIPTION
PROPERTY LINE ADJUSTMENT
RESULTANT 2.000 ACRE PARCEL
JULY 24, 2015

A PORTION OF THAT TRACT OF LAND DESCRIBED AS PARCEL I OF INSTRUMENT NUMBER 199716886 AND A PORTION OF THAT TRACT OF LAND DESCRIBED IN INSTRUMENT NUMBER 200909214, YAMHILL COUNTY DEED RECORDS, LOCATED IN THE SOUTHEAST ONE-QUARTER OF SECTION 12 AND THE NORTHEAST ONE-QUARTER OF SECTION 13, TOWNSHIP 3 SOUTH, RANGE 3 WEST, WILLAMETTE MERIDIAN, YAMHILL COUNTY, OREGON, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE WEST LINE OF THE GIDEON GRAVEL D.L.C. NO. 64, SAID POINT BEARS NORTH 00°24'05" EAST, 660.34 FEET FROM A 1" IRON PIPE MARKING THE SOUTHWEST CORNER OF SAID D.L.C. NO. 64; THENCE ALONG SAID WEST LINE OF D.L.C. NO. 64 NORTH 00°24'05" EAST, 340.87 FEET; THENCE LEAVING SAID WEST LINE NORTH 89°12'16" WEST, 234.52 FEET; THENCE SOUTH 07°12'08" WEST, 344.91 FEET; THENCE SOUTH 89°35'55" EAST, 275.36 FEET TO THE **POINT OF BEGINNING**.

CONTAINS 2.000 ACRES, MORE OR LESS

TOGETHER WITH AN EASEMENT FOR INGRESS AND EGRESS, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF THE ABOVE-DESCRIBED TRACT OF LAND; THENCE NORTH 00°47'44" EAST, 20.00 FEET; THENCE ALONG A LINE 20.00 FEET NORTHERLY OF AND PARALLEL WITH THE NORTH LINE OF THE ABOVE-DESCRIBED TRACT OF LAND SOUTH 89°12'16" EAST, 174.10 FEET TO THE BEGINNING OF A TANGENT CURVE; THENCE ALONG THE ARC OF A 40.00 FOOT RADIUS CURVE CONCAVE NORTHWESTERLY, THROUGH A CENTRAL ANGLE OF 90°23'39" (THE LONG CHORD BEARS NORTH 45°35'55" EAST, 56.76 FEET), AN ARC DISTANCE OF 63.11 FEET TO A POINT OF TANGENCY; THENCE ALONG A LINE 20.00 FEET WESTERLY OF AND PARALLEL WITH THE EASTERLY LINE OF THAT TRACT OF LAND DESCRIBED AS PARCEL I OF INSTRUMENT NUMBER 199716886 NORTH 00°24'05" EAST, 461.74 FEET; THENCE SOUTH 89°35'55" EAST, 20.00 FEET TO THE WEST LINE OF AFOREMENTIONED D.L.C. NO. 64; THENCE ALONG SAID WEST LINE OF D.L.C. NO. 64 SOUTH 00°24'05" WEST, 522.15 FEET TO THE NORTHEAST CORNER OF THE ABOVE-DESCRIBED TRACT OF LAND; THENCE ALONG THE NORTHERLY LINE OF THE ABOVE-DESCRIBED TRACT OF LAND NORTH 89°12'16" WEST, 234.52 FEET TO THE **POINT OF BEGINNING**.

ALSO TOGETHER WITH A 15.00 FOOT WIDE PRIVATE POWER EASEMENT, BEING 7.50 FEET ON BOTH SIDES OF THE FOLLOWING DESCRIBED CENTERLINE:

BEGINNING AT A POINT ON THE SOUTHERLY LINE OF THE ABOVE-DESCRIBED TRACT OF LAND, SAID POINT BEARS SOUTH 89°35'55" EAST, 180.87 FEET FROM THE SOUTHWEST CORNER OF SAID ABOVE-DESCRIBED TRACT OF LAND; THENCE LEAVING SAID SOUTHERLY LINE SOUTH 23°43'17" EAST, 20.94 FEET; THENCE SOUTH 58°14'34" EAST, 33.32 FEET; THENCE SOUTH 36°32'58" EAST, 46.40 FEET; THENCE SOUTH 23°07'11" EAST, 45.53 FEET; THENCE SOUTH 00°33'31" EAST, 37.48 FEET; THENCE SOUTH 89°35'55" EAST, 10.79 FEET TO THE WEST LINE OF THE GIDEON GRAVEL D.L.C. NO. 64 AND THE **POINT OF TERMINUS**.

To the City of Newberg

January 5, 2016

From the Chehalem Springs Water Association Board

The Chehalem Springs Water Association Board of Directors supports the water meter transfer from property at 23400 NE Tranquil Lane, Newberg, OR to property at 14495 NE Cullen Road.

Board of Directors for Chehalem Springs Water Association

Michael Roos



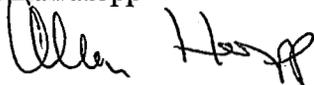
Don Guthrie



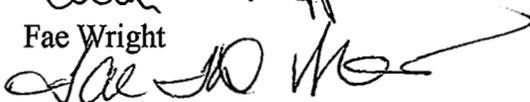
Stan Gaibler



Allan Hopp



Fae Wright



THIS SPACE RESERVED FOR RECORDERS USE

AFTER RECORDING RETURN TO:
City of Newberg
Engineering Services Department
PO Box 970 - 414 East First Street
Newberg, OR 97132
503.537.1273

**CONTRACT FOR EXTRA-TERRITORIAL PROVISION
OF WATER SERVICE and CONSENT TO ANNEXATION
(water service outside the City through the City water system)
With Agreement entitled:
WAIVER OF ONE-YEAR PERIOD AND
PRESCRIBING THE PERIOD OF TIME
THAT THE CONSENT OF ANNEX
SHALL BE EFFECTIVE**

(ORS 222.173)

Attached

City Water System
(ORS 222.115)

THIS AGREEMENT is entered into this ____ day of _____ 2016 by and between the City of Newberg, a municipal corporation of the State of Oregon, hereinafter called Exhibit "City" and owner(s) of the real property, hereinafter described as "real property", hereinafter called "Owner". This is the accepted agreement.

RECITALS

1. **Owner and Real Property.** The **Owner** who is requesting service from the **City** and the **real property**, which is the subject of this connection, are hereinafter described as follows:

- a. **Owner(s) Name:** Edward and Laura Pietrok
Owner(s) Address: 14495 NE Cullen Road
Newberg Oregon 97132

REAL PROPERTY:

- c. **Property Address:** 14495 NE Cullen Road
Newberg, Oregon 97132
- d. **Legal Description:** Document number 201512722, recorded in Yamhill County Records on August 12, 2015, is hereby referenced and by this reference fully incorporated.

2. **Water System.** The water system to which the real property is to be connected to provide the water service is Newberg Municipal Water System hereinafter called **water system**.
3. **Request.** The **Owner** of the **real property** has requested water service from the **City** and permission to connect to the water system, which will supply **City** water to the **real property** located outside the City limits of the City of Newberg.
4. **Hardship Exceptions.** The City Code at Title V, Chapter 52, provides for water connections outside the City limits under certain hardship conditions.
5. **City Council Approval.** Under certain hardship conditions, the City Council has approved this connection by City Resolution No. 2016-3245. The Resolution with attached hardships condition is hereby referenced and by this reference fully incorporated and is on file at the City of Newberg.
6. **Intent to Annex.** The parties agree that the intent is that the property will be annexed into the City as soon as legally possible subject to the time limitations set forth herein.

NOW THEREFORE, The **City** and **Owner** for mutual consideration hereby agree as follows:

1. **Recitals.** The parties agree to the above recitals.
2. **City Obligations.**
 - A. The **City** does hereby agree to supply water to the **Owner** through the **water system** in accordance with the City Code.
 - B. The **City** consents to the **Owner** connecting to the **water system**.
3. **Owner Obligations.**
 - A. The **Owner** hereby agrees to pay the full cost of extending service to the parcel with all services meeting **City** standards.
 - B. The **Owner** hereby agrees to pay all required systems development charges prior to connecting.
 - C. The **Owner** hereby agrees to pay all water usage charges assessed by the **City** or the **water system**, which are normally assessed on a monthly basis, in accordance with the City Code for water users outside of **City** limits.
 - D. The **Owner** shall abide by all requirements of the City Code.
 - E. **Owner** shall take all necessary action to have the property annexed into the City of Newberg upon request by the **City**. All necessary action includes but not limited to the following: filing of application for annexation; payment of fees for annexation including application fees; and support of annexation application in process before **City**.
4. **Request to Annex.** The **City** shall not request the **Owner** to annex the property until one of the following events occur:

- A. Current resident no longer resides there.
 - B. There is a change of ownership of the property.
 - C. The property is developed for another use other than single family.
- Upon any one of the above events occurring, the **City** may request the **Owner** to annex the property.

5. **Consent to Annex.** The **Owner** hereby consents to the annexation of **real property** to the City of Newberg, Oregon. **Owner** hereby agrees to perform all acts required by the City Code of property owners requesting annexation, when annexation is legally possible and is requested by **City** pursuant to agreements. The **Owner** wishes the consent to annexation be considered in any annexation procedure.
6. **Waiver of One-Year period for Consent and Prescribing New Period.** The parties have entered into a separate agreement concerning the time period that the consent to annex will be effective and that agreement is attached as "**Exhibit A**" and by this reference is incorporated. In this agreement, the **Owner** waives the one-year period provided for in ORS 222.273 within which the consent to annex is effective and agrees to a new time period which is as long as the property is receiving extra-territorial services
7. **Limitations on Water Connection.**
- A. The **Owner** hereby agrees that the water shall be used for domestic purposes only and no water granted under this exception shall be permitted for agriculture use. The water connection can be used only to supply water to a single family residence constructed on the **real property** and will not be placed until the residence is built.
 - B. This water connection is not transferable to any other parcel. If the **real property** is partitioned or subdivided, the water connection shall only be allowed on the parcel containing the original structure.
8. **Covenant and Restriction Running with the Land.**
- A. This agreement shall be recorded in the Yamhill County Deed Records with **Owner** paying all recording costs and fees.
 - B. All of the terms, covenants, and conditions herein and imposed are for the benefit of the **City** and the **real property** of interest therein.
 - C. This agreement shall be binding upon the **real property** and the successors of interest of the **Owner** and shall act as a covenant and restriction running with the land.
9. **Termination of Agreement.** This agreement shall cease when the **real property** is annexed into the City of Newberg.

IN WITNESS WHEREOF, the parties have executed this Agreement this ____ day of ____
_____ 2016.

STATE OF OREGON)
)s.s.
County of Yamhill)

OWNER

Name

This instrument was acknowledged before me this ____ day of _____ 2016 by

Name

Notary Public for Oregon
My Commission Expires: _____

STATE OF OREGON)
)s.s.
County of Yamhill)

OWNER

Name

This instrument was acknowledged before me this ____ day of _____ 2016, by

Name

Notary Public for Oregon
My Commission Expires: _____

CITY OF NEWBERG

APPROVED AS TO FORM

Sue Ryan, City Recorder

Truman A. Stone, City Attorney

AFTER RECORDING RETURN TO:
City of Newberg
Engineering Services Department
PO Box 970 - 414 East First Street
Newberg, OR 97132

503.537.1273

**'Exhibit A'
To Contract**

**WAIVER OF ONE-YEAR PERIOD AND
PRESCRIBING THE PERIOD OF TIME
THAT THE CONSENT OF ANNEX
SHALL BE EFFECTIVE (ORS 222.173)**

City Water System
(ORS 222.115)

THIS AGREEMENT is entered into this ____ day of _____ 2016 by and between the City of Newberg, a municipal corporation of the State of Oregon, hereinafter called "**City**" and owner(s) of the real property, hereinafter described as "**real property**", hereinafter called "**Owner**".

RECITALS

1. **Owner and Real Property.** The **Owner** who is requesting service from the **City** and the **real property**, which is the subject of this connection, are hereinafter described as follows:
 - a. **Owner(s) Name:** Edward and Laura Pietrok
Owner(s) Address: 19445 NE Cullen Drive
Newberg Oregon 97132
 - REAL PROPERTY:**
 - c. **Property Address:** 19445 NE Cullen Drive
Newberg, Oregon 97132
 - d. **Legal Description:** Document number 201512722, recorded in Yamhill County Records on August 15, 2015, is hereby referenced and by this reference fully incorporated.
2. **Contract.** The **City** and **Owner** have entered into CONTRACT FOR EXTRA-TERRITORIAL PROVISION OF WATER SERVICE and CONSENT TO ANNEXATION (water service outside the City through the City water system) hereinafter called "**contract**" dated _____ 2016 and recorded in Yamhill County records.
3. **Consent To Annex.** The contract contains consent to annex by the owners and the owners wish to waive the one-year period that the consent will be effective and prescribe another period of time for the consent to be effective.

NOW THEREFORE, The **City** and **Owner** for mutual consideration hereby agree as

follows:

1. **Waiver.** The owner hereby waives the one-year period provided in ORS 222.173 within which the consent to annex contained in the contract will be effective.
2. **Time Period.** The Owner agrees that the time period that the consent to annex shall be effective is for as long as the property is receiving extra-territorial services.
3. **Recording.** This waiver shall be recorded on the Yamhill County records and shall be a covenant and restriction running with the land.

IN WITNESS WHEREOF, the parties have executed this Agreement this ____ day of ____
_____ 16.

STATE OF OREGON)
)s.s.
County of Yamhill)

OWNER

Name

This instrument was acknowledged before me this ____ day of _____ 2016, by

Name

Notary Public for Oregon
My Commission Expires: _____

STATE OF OREGON)
)s.s.
County of Yamhill)

OWNER

Name

This instrument was acknowledged before me this ____ day of _____ 2016, by

Name

Notary Public for Oregon
My Commission Expires: _____

CITY OF NEWBERG

**APPROVED AS TO FORM &
CONTENT**

Stephen Rhodes, City Manager Pro-Tem

Truman A. Stone, City Attorney

REQUEST FOR COUNCIL ACTION

DATE ACTION REQUESTED: January 19, 2016

Order ___ No.	Ordinance ___ No.	Resolution <u>XX</u> No. 2016-3249	Motion ___	Information ___
--------------------------------	------------------------------------	-----------------------------------------------------	-------------------	------------------------

SUBJECT: Request for approval of Supplemental Budget #1 for fiscal year 2015-2016 as described in Exhibit "A".

Contact Person (Preparer) :

Matt Zook

HEARING TYPE: ADMINISTRATIVE

RECOMMENDATION:

Adopt **Resolution No. 2016-3249** for approval of Supplemental Budget #1 for fiscal year 2015-2016.

EXECUTIVE SUMMARY:

The supplemental budget requested for approval is primarily for three reasons. First, the personnel services budget needs increased as a result of wage negotiations with both the fire and police unions, as well as a compensation study for non-represented employees. The Council has previously approved these increases in the latter half of 2015.

Second, operational costs are anticipated to exceed the current budget in the General Government, City Manager, EMS, Building Inspection, Wastewater, and Transient Lodging Tax programs as outlined in Exhibit A. Each of these budget increases will be covered from contingency, additional revenues or interfund transfers in the respective funds.

Third, several housekeeping items align the budget to reflect updated numbers after the close of the previous fiscal year. These items include capital project budgets, updated reserve balances, and other minor corrections.

FISCAL IMPACT:

The increase to the annual budget appropriations is \$2,440,104, bringing total appropriations to \$82,606,626 and the total budget to \$91,990,548. The difference between these numbers represents Unappropriated Fund Balances (\$1,818,501) and Reserves (\$7,565,421), which are not appropriations.



RESOLUTION No. 2016-3249

A RESOLUTION TO ADOPT SUPPLEMENTAL BUDGET #1 FOR FISCAL YEAR 2015-2016 BEGINNING JULY 1, 2015, AND ENDING JUNE 30, 2016

RECITALS:

1. The 2015-2016 Budget was adopted by Resolution No. 2015-3195 on June 1, 2015.
2. Subsequent to the adoption of the budget, several events occurred that have been previously presented and approved by Council, namely the adjustment to personnel costs resulting from wage negotiations with both the fire and police unions, as well as a compensation study for non-represented employees. This supplemental budget accounts for these changes.
3. Additional operational and unanticipated expenses have occurred for which the budget needs to be adjusted. These changes are identified by fund as shown in Exhibit "A".

THE CITY OF NEWBERG RESOLVES AS FOLLOWS:

To recognize unanticipated operational expenditures in various funds to be covered by transfers from contingencies and offset by additional resources as attached in Exhibit "A", which is hereby adopted and by this reference incorporated.

- **EFFECTIVE DATE** of this resolution is the day after the adoption date, which is: January 20, 2016.

ADOPTED by the City Council of the City of Newberg, Oregon, this 19th day of January, 2016.

Sue Ryan, City Recorder

ATTEST by the Mayor this 20th day of January, 2016.

Bob Andrews, Mayor

**EXHIBIT "A" TO
RESOLUTION NO. 2016-3249**

City of Newberg
Supplemental Budget #1
Fiscal Year 2015-2016

SUMMARY OF PROPOSED BUDGET CHANGES

AMOUNTS SHOWN ARE REVISED TOTALS IN THOSE FUNDS BEING MODIFIED

<u>FUND 01 - GENERAL FUND</u>		BUDGET	CHANGE	REVISED
Resources - Transfers In (TLT)	<i>Increase</i>	555,000	65,000	620,000
General Government	<i>Increase</i>	178,758	1,104	179,862
Municipal Court	<i>Increase</i>	356,023	26,441	382,464
Police	<i>Increase</i>	5,695,178	257,698	5,952,876
Fire	<i>Increase</i>	3,356,599	46,677	3,403,276
Communications	<i>Increase</i>	1,061,396	26,565	1,087,961
Library	<i>Increase</i>	1,251,056	59,969	1,311,025
Planning	<i>Increase</i>	613,035	13,330	626,365
Transfers	<i>Decrease</i>	39,067	(4,805)	34,262
Contingency	<i>Decrease</i>	1,462,022	(361,979)	1,100,043

Revised Total Resources	15,178,134
Revised Total Requirements	15,178,134

To cover additional personnel costs resulting from police and fire union negotiations, a compensation study for general employees, and other minor personnel adjustments. Minor materials & services increases. Recognizes higher anticipated Transient Lodging Tax (TLT) transfers from the TLT Fund. Also covers a payment to Peer Court that was carried over from FY 2014-15. Additional Library personnel costs due to increasing the open hours from 37 to 42 hours per week. Other minor operating adjustments are included. The net effect of these changes is being covered from contingency funds.

<u>FUND 02 - STREETS</u>		BUDGET	CHANGE	REVISED
Public Works	<i>Increase</i>	1,119,820	33,463	1,153,283
Contingency	<i>Increase</i>	635,729	(33,463)	602,266

Revised Total Resources	2,152,068
Revised Total Requirements	2,152,068

To cover additional personnel costs resulting from a compensation study for general employees. To cover a right-of-way acquisition on Villa Road that was not anticipated.

<u>FUND 05 - EMERGENCY MEDICAL SERVICES</u>		BUDGET	CHANGE	REVISED
Resources - User Fees	<i>Increase</i>	1,730,000	95,000	1,825,000
Fire	<i>Increase</i>	1,789,930	121,104	1,911,034
Contingency	<i>Decrease</i>	597,395	(26,104)	571,291

Revised Total Resources	2,482,325
Revised Total Requirements	2,482,325

To cover additional personnel costs resulting from fire union negotiations and a compensation study for general employees. To increase personnel services costs for support staff by 0.15 FTE, as well as overtime for EMS personnel, due to additional demand for service. Increased expenditures are offset by additional resources and contingency.

<u>FUND 06 - WASTEWATER FUND</u>		BUDGET	CHANGE	REVISED
Public Works	<i>Increase</i>	4,629,980	163,044	4,793,024
Contingency	<i>Decrease</i>	4,186,330	(163,044)	4,023,286

Revised Total Resources	17,436,899
Revised Total Requirements	17,436,899

To cover additional personnel costs resulting from a compensation study for general employees. To cover unanticipated failure of a rotor in an oxidation ditch at the wastewater treatment plant. These expenses are covered by contingency funds. Also reflected in the Revised Total Resources and Requirements numbers is an adjustment to the reserve transfer into Fund 06 from Fund 26, as explained in the Fund 26 section below, although these numbers are not reflected above since they do not result in increased appropriations in Fund 06.

<u>FUND 07 - WATER</u>		BUDGET	CHANGE	REVISED
Public Works	<i>Increase</i>	3,371,082	8,770	3,379,852
Contingency	<i>Decrease</i>	2,481,842	(8,770)	2,473,072

Revised Total Resources	13,278,601
Revised Total Requirements	13,278,601

To cover additional personnel costs resulting from a compensation study for general employees. These expenses are covered by contingency funds. Also reflected in the Revised Total Resources and Requirements numbers is an adjustment to the reserve transfer into Fund 07 from Fund 27, as explained in the Fund 27 section below, although these numbers are not reflected above since they do not result in increased appropriations in Fund 07.

<u>FUND 08 - BUILDING INSPECTION</u>		BUDGET	CHANGE	REVISED
Building Inspection	<i>Increase</i>	456,453	44,044	500,497
Contingency	<i>Decrease</i>	356,235	(44,044)	312,191

Revised Total Resources	812,688
Revised Total Requirements	812,688

To cover additional personnel costs resulting from a compensation study for general employees. To cover additional personnel and operational expenditures due to increase demand for services. Additional expenditures will be offset by contingency funds.

<u>FUND 13 - 911 EMERGENCY</u>		BUDGET	CHANGE	REVISED
Communications	<i>Increase</i>	197,566	7,062	204,628
Contingency	<i>Decrease</i>	18,402	(7,062)	11,340
Revised Total Resources		215,968		
Revised Total Requirements		215,968		

To cover additional personnel costs resulting from police union negotiations and a compensation study for general employees. These expenditures are covered from contingency funds.

<u>FUND 14 - ECONOMIC DEVELOPMENT</u>		BUDGET	CHANGE	REVISED
Planning	<i>Increase</i>	299,772	225	299,997
Contingency	<i>Decrease</i>	249,203	(225)	248,978
Revised Total Resources		695,843		
Revised Total Requirements		695,843		

To cover additional personnel costs resulting from a compensation study for general employees. Expenditures are covered from contingency funds.

<u>FUND 16 - PUBLIC SAFETY FEE</u>		BUDGET	CHANGE	REVISED
Police	<i>Increase</i>	325,996	15,715	341,711
Communications	<i>Increase</i>	196,800	9,092	205,892
Contingency	<i>Decrease</i>	92,773	(24,807)	67,966
Revised Total Resources		615,569		
Revised Total Requirements		615,569		

To cover additional personnel costs resulting from police union negotiations. Expenditures are covered from contingency funds.

<u>FUND 17 - STORMWATER</u>		BUDGET	CHANGE	REVISED
Public Works	<i>Increase</i>	1,097,519	5,038	1,102,557
Contingency	<i>Decrease</i>	581,889	(5,038)	576,851
Revised Total Resources		2,498,617		
Revised Total Requirements		2,498,617		

To cover additional personnel costs resulting from a compensation study for general employees. Expenditures are covered from contingency funds.

<u>FUND 19 - TRANSIENT LODGING TAX</u>		BUDGET	CHANGE	REVISED
Resources - Transient Lodging Tax	<i>Increase</i>	855,000	100,000	955,000
General Government	<i>Increase</i>	300,000	35,000	335,000
Transfers	<i>Increase</i>	555,000	65,000	620,000
Revised Total Resources		955,000		
Revised Total Requirements		955,000		

Revision to reflect anticipated higher revenues, resulting in potentially higher expenditures as well as a larger transfer to General Fund.

<u>FUND 26 - WASTEWATER CIP RESERVE FUND</u>		BUDGET	CHANGE	REVISED
Resources - Beginning Fund Balance	<i>Increase</i>	5,193,602	1,252,498	6,446,100
Transfer	<i>Increase</i>	5,193,602	1,252,498	6,446,100
Revised Total Resources		6,446,100		
Revised Total Requirements		6,446,100		

To update budget to reflect higher beginning fund balance and associated higher transfer of Capital Improvement Project reserves to Fund 06-Wastewater Fund, as described in the section above.

<u>FUND 27 - WATER CIP RESERVE FUND</u>		BUDGET	CHANGE	REVISED
Resources - Beginning Fund Balance	<i>Increase</i>	5,018,630	133,216	5,151,846
Transfer	<i>Increase</i>	5,018,630	133,216	5,151,846
	<i>Increase</i>			-
Revised Total Resources		5,151,846		
Revised Total Requirements		5,151,846		

To update budget to reflect higher beginning fund balance and associated higher transfer of Capital Improvement Project reserves to Fund 07-Water Fund, as described in the section above.

<u>FUND 31 - ADMIN SUPPORT SERVICES</u>		BUDGET	CHANGE	REVISED
City Manager's Office	<i>Increase</i>	529,362	276,012	805,374
Finance	<i>Increase</i>	819,933	28,935	848,868
Information Technology	<i>Increase</i>	683,610	21,246	704,856
Legal	<i>Increase</i>	497,180	(28,526)	468,654
Public Works	<i>Increase</i>	596,467	53,711	650,178
Contingency	<i>Decrease</i>	580,655	(351,378)	229,277
Revised Total Resources		4,215,374		
Revised Total Requirements		4,215,374		

To cover additional personnel costs resulting from a compensation study for general employees. To cover unanticipated expenditures due to personnel turnover, including separation payout and recruitment expenditures. Additional expenses due to police department assessment. Legal department budget net decrease due to staff attrition. Public Works increased expenses due to higher facilities repairs. Expenditures are covered from contingency funds.

<u>FUND 32 - VEHICLE/EQUIPMENT REPLACEMENT</u>		BUDGET	CHANGE	REVISED
Resources - Beginning Fund Balance	<i>Decrease</i>	1,367,710	(5,284)	1,362,426
Resources - Internal Revenue & Transfers In	<i>Increase</i>	125,842	48,770	174,612
Information Technology	<i>Decrease</i>	241,635	(6,029)	235,606
Police	<i>Increase</i>	530,369	3,498	533,867
Fire	<i>Increase</i>	494,099	22,526	516,625
Communications	<i>Increase</i>	97,865	8,851	106,716
Public Works	<i>Increase</i>	395,610	14,640	410,250

Revised Total Resources	2,064,307
Revised Total Requirements	2,064,307

To update department appropriations based on revised beginning fund balance. These funds are reserved funds that were transferred in from other funds in current or previous years. This fund does not have a contingency, so the budget must reflect actual total resources.

<u>FUND 36 - WASTEWATER FINANCED CIPS</u>		BUDGET	CHANGE	REVISED
Resources - Beginning Fund Balance	<i>Decrease</i>	-	(749,096)	(749,096)
Resources - Interim Financing	<i>Increase</i>	-	1,500,000	1,500,000
Capital Projects	<i>Increase</i>	-	750,904	750,904

Revised Total Resources	750,904
Revised Total Requirements	750,904

To update budget to reflect remaining wastewater treatment plant renovation project that was anticipated to be completed by June 30, 2015. Negative beginning fund balance reflects timing of reimbursement from loan funds. Project will be closed in FY2015-16.



MEMORANDUM
PUBLIC WORKS DEPARTMENT

To: Newberg City Council
From: Jay Harris, Public Works Director
cc: Steve Rhodes, City Manager Pro-Tem
Matt Zook, Finance Director
Subject: Pavement Maintenance Funding Options
Date: January 19, 2016

Members of the Council:

The citizens of Newberg rely on the transportation network on a daily basis and expect a safe and dependable system. Unfortunately, our system is getting older and more expensive to maintain, preserve and expand. Our roads are showing significant signs of distress; and transportation funding is not keeping up with the need. For example, the federal gas tax has not increased since 1993, but due to inflation the cost to construct and maintain the roadway system has increased by 100% over the same period. Oregon approved the Jobs and Transportation Act in 2009 which increased the state gas tax. However, it was not enough. Cities all over the state are facing a funding gap of more than \$300 million for street maintenance and preservation per a survey conducted by the League of Oregon Cities in 2014.

In order to close the funding gap, the City needs to look into other revenue raising options. At your September 21, 2015 meeting, the Council requested that staff prepare a memorandum outlining funding options that may be available to supplement the existing gas tax revenue to enhance the pavement maintenance and rehabilitation program. The consensus was to fund the program at a level to maintain the existing pavement condition index of 73 of 100, which per the July 8, 2014 Pavement Management Report, will require an annual pavement maintenance and repair budget of approximately \$2.0 million dollars per year.

Below are several funding options for consideration. In the Appendix, you will find information from other cities on how they filled the funding gap. The funding cost estimates shown are very preliminary in nature and will be confirmed and refined as we move forward with one or more options. Note that none of the options discussed below will, on its own, cover the estimated \$2 million dollar a year funding shortfall that was discussed at the September meeting.

FUNDING OPTIONS:

1. Local Gas Tax:

The State of Oregon gas tax was 24 cents per gallon and in 2009 the Oregon Jobs and Transportation Act added an additional 6 cents per gallon. The 30-cent fuel tax is applied at the wholesale-distribution level, not at the retail level.

Twenty-two (22) Cities currently have a local gas tax: Astoria, Canby, Coburg, Coquille, Cottage Grove, Dundee, Eugene, Hood River, Milwaukie, Newport, Oakridge, Pendleton, Sandy, Sisters, Springfield, Stanfield, The Dalles, Tigard, Tillamook, Veneta, Warrenton, and Woodburn. The State collects the local fuel tax for most cities, while some cities such as Dundee, Sandy, and Tillamook, collect the local fuel tax directly from the retail stations.

Historical information from other Cities is shown below.

City	Population	Number	Tax per Gallon	Revenue
Sandy	7,000	6 stations	1 cent	\$127,000 (06/07)
Milwaukie	21,000	5 stations	2 cents	\$175,000 (14/15)
Tillamook	4,500	9 stations	1.5 cents	\$122,000 (06/07)
Springfield	57,000	21 stations	3 cents	\$1.1 million (06/07)

The City of Newberg has 8 retail gas stations. The Oregon Department of Transportation Fuel Tax Group was contacted and indicated that 876,298 gallons of fuel was delivered to Newberg in a 3-month period from 7/1/2015 to 9/30/2015. Due to increased travel, summertime fuel sales are usually higher than winter sales. To estimate average yearly sales, a 15% reduction was applied to the summer fuel delivery totals, which results in approximately 3 million gallons of fuel distributed to the City per year. A 3-cent per gallon local gas tax would generate annual revenue in the range of \$90,000.

The ODOT Fuels tax group is in the process of refining the data output from their new online reporting system and the City will request updated distribution numbers in the coming months if Council is interested in considering a local gas tax.

Adoption of a local gas tax would require Council to submit a measure for voter approval.

2. General Obligation Bond:

A general obligation bond could be considered to fund identified street system repairs. In this scenario, a project or group of projects would be determined to be paid by the bond revenues.

Per Yamhill County, the 2015 assessed valuation (AV) of the City is nearly \$1.7 billion dollars. The table shown below summarizes the approximate annual property assessments needed for bond measures of varying terms and property valuations at a 3% interest rate.

\$10 Million Dollar General Obligation Bond:

Property AV	Term:	Rate:	Annual Cost:
\$250,000	10 years	\$0.69 per \$1000 AV	\$173
\$250,000	15 years	\$0.49 per \$1000 AV	\$123
\$450,000	10 years	\$0.69 per \$1000 AV	\$311
\$450,000	15 years	\$0.49 per \$1000 AV	\$221

\$20 Million Dollar General Obligation Bond:

Property AV	Term:	Rate:	Annual Cost:
\$250,000	10 years	\$1.38 per \$1000 AV	\$346
\$250,000	15 years	\$0.98 per \$1000 AV	\$245
\$450,000	10 years	\$1.38 per \$1000 AV	\$621
\$450,000	15 years	\$0.98 per \$1000 AV	\$441

Note that tax compression (all assessments combined can't exceed \$10 per \$1000 of real market value) could lower the amount of revenue collected, if a decline occurs in future real market values. The City currently does not have any tax compression.

Adoption of a general obligation bond would require Council to submit a measure for voter approval.

3. Local Option Levy:

A local option levy can assess properties in the City to fund the needed street system repairs. Capital improvement local option levies for street repairs can have a term up to 10-years. The local option levy can also be renewed by the voters prior to the expiration of the term.

Properties are assessed in a local option levy scenario similar to the general obligation bond information shown above. A property with an assessed valuation of \$250,000 would pay approximately \$173 annually for a local option levy that generates revenue of approximately \$1.0 million dollars per year for a 10-year term.

Revenue received from a local option levy could be subject to tax compression, as discussed in #2 above.

Adoption of a local option levy would require Council to submit a measure for voter approval.

4. Street Utility Fee:

A street utility fee is a monthly charge, usually included with the utility bills, for improvements to the street system. Some cities charge a flat rate per unit, whereas others base the fee on trip generation.

In 2002 a City transportation utility fee based on trip generation was evaluated by staff. The 2002 report estimated that a city-wide street utility fee for all uses in the City (\$4.60 per month for a single family home) could generate approximately \$850,000 in revenue per year.

Credits to the monthly street utility fee could be potentially granted to senior citizens and low income home owners. Consideration could also be given to waiving the monthly street utility fee for property owners that are paying for a street improvement general obligation bond or local option street levy. A consultant would need to investigate the financial impact to the program funding if credits and/or waivers are given to the monthly street utility fee.

Adoption of this fee could be completed by resolution of the City Council.

5. Street Lighting Fee:

The cost to operate and maintain the street lighting systems in the City is approximately \$300,000 per year. Existing gas tax revenues are currently used to fund the street lighting program. A flat rate or trip generation based city-wide street lighting fee, similar to the street utility fee above, could be considered. A street lighting fee would free up existing gas tax revenue that then could be used for pavement maintenance preservation projects.

It is estimated that a single family home could pay \$1.62 per month, when combined with the revenue from multifamily, retail, commercial, and industrial uses in the City, to generate approximately \$300,000 in revenue per year.

Adoption of this fee could be completed by resolution of the City Council.

6. Local Improvement District:

Local Improvement Districts (Newberg Municipal Code Section 3.15) could be considered in portions of the City to fund roadway widening projects, paving of gravel roadways, sidewalk improvements, etc. The assessed cost of the improvement is distributed among property owners according to the proportionate benefit to each owner's land. Liens are placed against the properties and each property is billed by the City for their portion of assessment. The terms of the repayment of the assessment which include items such as the duration, interest

charges, loan fees, overhead charges, monthly payment schedule, etc., are set by the City. The property owner has the option to pay off the full assessment at any time, or can finance the assessment with the City for a term that typically ranges from 10 to 30 years.

7. Construction Impact Fee:

A construction impact fee would be a new fee charged to a new or proposed development project to pay for all or a portion of the costs attributed to the damage caused by heavy trucks to residential, collector, and arterial streets in the construction of new development projects in the City. This type of fee is not widely used. Tiburon CA uses the fee to offset some of the costs of roadway damage caused by construction activities based on the construction cost of each new single family home, multifamily, industrial, commercial, and retail development project. Another more complex method would be to base the fee on the equivalent axle loads added to the street system by each type of development activity, and to assign a value to the damage based to the actual streets used to access the new development.

Hypothetical Example: It is determined that a 1500-foot long arterial street named “Road X” will be used as the truck route for the development of 500 single family home sites over the next 10 years. It was determined through studies that the construction of the site improvements and the building of the single family homes contributes to 10 percent of the structural damage to the existing arterial street. The total cost to overlay “Road-X” is estimated to be \$450,000. The cost due to the damage to the roadway assigned to each lot by the development would be $(0.10 \times \$450,000)/500$ lots, or \$90 of roadway construction damage per lot.

Adoption of this fee could be completed by resolution of the City Council.

FUNDING OPTION COMPARISONS:

Funding Option	Voter Approval	Who Pays	Comments
1. Local Gas Tax	Yes	Local residents and pass through traffic	Many other Cities in the region have adopted local gas taxes.
2. General Obligation Bond	Yes	Property owners in Newberg City limits.	General obligation bonds are used for a wide-variety of improvements, but not as common for street maintenance.
3. Local Option Levy	Yes	Property owners in Newberg City limits.	Local option levies are used for a varied range of operating levies, but not used as often for capital improvements.
4. Street Utility Fee	No	All users of the system in the City that generate vehicular trips.	Many other Cities in the region have adopted monthly street utility fees.
5. Street Lighting Fee	No	All users of the system in the City that generate vehicular trips.	Many other Cities in the region have adopted monthly street lighting fees.
6. Local Improvement District	No	Property owners proportioned to their use of the improvement.	Local improvement districts are widely utilized for varied types of improvements that are specific to a certain area.
7. Construction Impact Fee	No	New Construction	Impact fees for road damage caused by construction vehicles is not common in the region.

STAFF ANALYSIS:

As noted earlier, none of the funding options will generate \$2 million per year in order to maintain the existing pavement condition index (PCI) of 73. The most likely scenario will involve multiple additional revenue sources along with strategically using our existing system development charges and gas tax revenues. Any of these options require broad community support to implement.

Staff recommends that the Council use a phase-in approach over time to close the funding gap that utilizes a combination of the various funding options discussed above. An example of a conceptual plan is shown below:

Conceptual Phased Funding Implementation Plan:

Timeline	Funding Option	Yearly Revenue	Use of Funds
Summer 2016	Street Lighting Fee	\$300,000	Street lighting operations and maintenance. Use liberated gas tax funds for street maintenance and preservation projects.
Summer 2016	Street Utility Fee	\$600,000	Street maintenance and preservation projects
Fall 2017	Local Option Levy	\$1,000,000 10-year levy	City-wide street widening, sidewalk, and pavement preservation projects.
Spring 2018	Local Improvement District (LID)	TBD	Begin the process to form LID's to improve the gravel roads in City.
Summer 2020	-	-	Update the pavement condition report and program funding.

NEXT STEPS:

1. Chose the desired funding option(s) and whether the funding is phased-in.
2. A preliminary funding report is prepared by a Financial Consultant.
3. Council reviews the preliminary funding report.
4. Community town hall meeting event(s).
5. One-on-one meetings with community members that are large stake holders.
6. Council considers a Resolution for implementation of a specific fee and/or ballot measure.

Attachment 1: Local City Transportation Funding Mechanisms Map, City of Portland

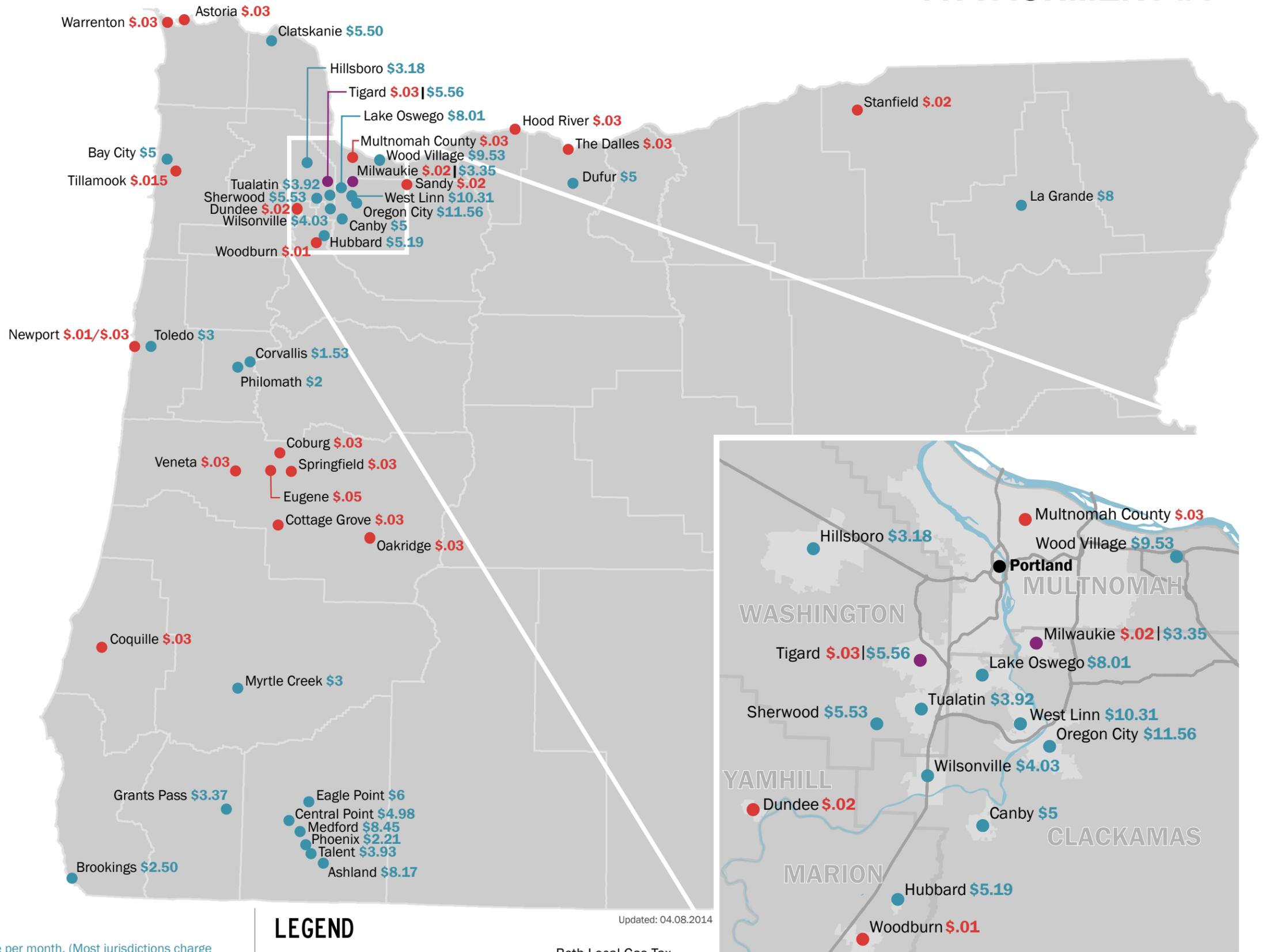
Attachment 2: Additional Information (League of Oregon City Reports & Other City Info.)



LOCAL TRANSPORTATION FUNDING MECHANISMS

ATTACHMENT #1

CITY	GAS TAX*	STREET FEE**
Ashland	-	\$8.17
Astoria	\$.03	-
Bay City	-	\$5.00
Brookings	-	\$2.50
Canby	-	\$5.00
Central Point	-	\$4.98
Clatskanie	-	\$5.50
Coburg	\$.03	-
Coquille	\$.03	-
Corvallis	-	\$1.53
Cottage Grove	\$.03	-
Dufur	-	\$5.00
Dundee	\$.02	-
Eagle Point	-	\$6.00
Eugene	\$.05	-
Grants Pass	-	\$3.37
Hillsboro	-	\$3.18
Hood River	\$.03	-
Hubbard	-	\$5.19
La Grande	-	\$8.00
Lake Oswego	-	\$8.01
Medford	-	\$8.45
Milwaukie	\$.02	\$3.35
Multnomah County	\$.03	-
Myrtle Creek	-	\$3
Newport	\$.01/\$.03***	-
Oakridge	\$.03	-
Oregon City	-	\$11.56
Philomath	-	\$2.00
Phoenix	-	\$2.21
Sandy	\$.02	-
Sherwood	-	\$5.53
Springfield	\$.03	-
Stanfield	\$.02	-
Talent	-	\$3.93
The Dalles	\$.03	-
Tigard	\$.03	\$5.56
Tillamook	\$.015	-
Toledo	-	\$3
Tualatin	-	\$3.92
Veneta	\$.03	-
Warrenton	\$.03	-
West Linn	-	\$10.31
Wilsonville	-	\$4.03
Woodburn	\$.01	-
Wood Village	-	\$9.53



* Local gas tax in dollars per gallon.
 ** Local residential street maintenance fee in dollars per single family residence per month. (Most jurisdictions charge lower fees for multi-family residential units.) Fees are also charged for commercial and industrial properties at varying rates.
 *** Varies by season.

LEGEND

- Local Gas Tax
- Local Street Fee
- Both Local Gas Tax & Street Fee

Updated: 04.08.2014

ATTACHMENT #2: ADDITIONAL INFORMATION

	<u>Pages</u>
1. MARCH 2007, LEAGUE OF OREGON CITIES, CITY STREETS INVESTING IN A NEGLECTED ASSET	1-55
2. SUMMER 2014, LEAGUE OF OREGON CITIES, GAS TAX AND TRANSPORTATION UTILITY FEE SURVEY RESULT	56-59
3. MARCH 2015, LEAGUE OF OREGON CITIES, GAS TAX & TRANSPORTATION UTILITY FEE SURVEY RESULTS	60-64
4. CITY OF TIGARD STREET UTILITY FEE	65
5. CITY OF LAKE OSWEGO STREET FEE	66-67
6. CITY OF McMinnville 2014 STREET BOND MEASURE	68-69
7. CITY OF SALEM STREET LIGHT PROGRAM	70-76

LEAGUE OF OREGON CITIES

CITY STREETS: INVESTING IN A NEGLECTED ASSET

**A REPORT AND CASE STUDIES
ON THE NEED TO INVEST IN
OREGON'S MUNICIPAL
STREET INFRASTRUCTURE**

MARCH 2007



Published by the League
of Oregon Cities

TABLE OF CONTENTS

INTRODUCTION

Role of Streets in Economic Development	2
Street Preservation - the Cost-Effective Approach	3
City Road Funding Need Gap	4
City Street Financing	5

CITY CASE STUDIES

Ashland	13
Baker City	17
Corvallis	19
Eugene	21
Garibaldi	25
Gresham	27
John Day	29
La Grande	31
Lincoln City	33
Lowell	35
Milwaukie	37
Newberg	39
North Plains	41
Portland	43
Rogue River	45
Salem	47
Shady Cove	51
Sisters	53
Springfield	55

For questions about this report please contact:
League of Oregon Cities
PO Box 928, Salem, OR 97308-0928
(503) 588-6550



INTRODUCTION

“The method of funding transportation in Oregon is uncertain and inadequate. The current structure is inflexible; funds are thinly spread around the state; and capital for privately owned infrastructure is difficult to obtain. An efficient, well-maintained transportation system benefits everyone, but transportation in poor condition increases vehicular wear, accidents and costs, and reduces travel options.”

— Oregon Transportation Plan, September 2006

A key pillar of the state’s economy, Oregon’s road system, is deteriorating. All Oregonians rely on the state’s roads—to get children to school, to commute to work, to shop, to have the goods we need delivered and our garbage picked up. The efficient movement of people and goods depends on a well maintained road system.

Lacking proper maintenance and timely repairs, paved roadways will fail and require extremely costly reconstruction. Estimates of the cost of street reconstruction range from six to 10 times the cost of regular maintenance. With current resources, cities cannot meet the expense of adequately maintaining the 20,000 lane-miles of local roads. The League of Cities estimate that cities would need more than \$160 million in additional annual revenues to properly maintain and preserve Oregon’s municipal road system. Without a significant new investment in city road maintenance, this vital infrastructure asset will continue to deteriorate and create enormous future repair costs.

For most cities, the state highway fund is the primary source of maintenance revenues. Since there has been no increase in the state gas tax rate since 1993, the effects of inflation have decreased the purchasing power of highway fund dollars, particularly in construction-related costs, which have increased by more than 70 percent during the same period. Construction material costs rose by 10 percent in 2006 alone. In addition, increasing auto fuel efficiency has reduced the revenues per mile raised by the gas tax, even as road wear increases with greater miles traveled per gallon. Despite significant efforts on the local level to identify new funds for street maintenance, cities are facing the threat of deteriorating road conditions, which in turn threatens the economic vitality of local communities and the state of Oregon.

This report provides an overview of the:

- Important role city streets play as a foundation for economic development;
- Approaches cities have taken to maintain and protect this valuable infrastructure asset; and
- Gaps in funding that exist between available street fund resources and the revenues cities require to properly maintain and preserve the local road system.



THE VITAL ROLE OF STREETS IN ECONOMIC DEVELOPMENT

“The relationship between transportation and economic development provides just another example that transportation investment is always a means to a greater goal and not simply an end in itself.”

— Transportation Research Circular, Transportation Research Board. May 2003

Cities are the engine of economic development in Oregon, and provide many vital services including police and fire protection, water, sewer, parks and library services, and the construction and maintenance of the local transportation infrastructure. Despite the fact that streets are an integral part of daily life, streets and roads are often the unnoticed service provided by state and local governments. Unless there is a pothole, or traffic due to road construction (i.e. when the road system is not working) the level of resources required to maintain local transportation systems is not obvious to the road user. Nonetheless, investments in municipal road assets provide enormous economic return.

Streets, roads, and highways literally keep the state’s economy moving. The Portland Metro Area’s economy is “transportation dependent, especially on its roads and highways, for the movement of freight.”¹ In fact, 60 percent of jobs statewide are transportation dependent.² Transportation and logistics are 20 to 25 percent of today’s production costs.³ For industries that transport goods, the condition of the road infrastructure is a key factor in deciding where to locate an office, warehouse, or production plant.

As an example of the role key streets play in economic development, the Ronler Acres development in Hillsboro (the headquarters for Intel) was preceded by a city investment of \$7.56 million on street infrastructure alone. This large investment of public funds increased property tax revenue from \$38.5 million to over \$610 million, created 6,000 jobs at Intel (and many other ancillary jobs locally), and helped pave the way for more high-tech companies in Oregon. Computers and electronics are now the state’s number one export.⁴ Although new street infrastructure was needed to recruit Intel, adequate maintenance and preservation is needed to retain them. Intel has already been forced to move its shipment deadline two hours earlier in the day to ensure that its goods can move through Portland to the airport on time.⁵



The city of John Day and Grant County, in an effort to turn around local job losses, collaborated to develop the infrastructure for a local industrial park. The city and county spent a total of \$3.5 million, of which \$1.2 million was invested in roads. Projections for job growth in the park were three to four jobs per acre. However, the first two industries that have located in the industrial park have already exceeded this projection, with 32 employees on their three acres, representing a 1.5 percent increase in total county employment. One of these employers had planned to move their 14 jobs out of the area, but was persuaded to stay by the improved transportation infrastructure, and now plans to add new employees. For Grant County and the city of John Day, an investment in the road infrastructure was the critical ingredient in retaining jobs and attracting the development of new industries.

The city of Albany convinced Pepsi-Co to site a plant in town by funding \$9 million dollars worth of street improvements, including the construction of new streets, and the construction of a railroad overpass. The Pepsi-Co plant will bring family-wage jobs to the area—the city expects as many as 500 new jobs—and growth in property tax value of \$500 million. Without the transportation infrastructure, Pepsi-Co would have chosen one of the out-of-state locations it was also considering.

STREET PRESERVATION - THE COST-EFFECTIVE APPROACH

“Pavement preservation is a planned system of treating pavements to maximize their useful life.”

— A Pocket Guide to Asphalt Pavement Preservation. Federal Highway Administration

One dollar invested in street preservation can save up to five dollars on future reconstruction costs. Planned maintenance and preservation is the most cost-effective way to maintain Oregon’s street and highway system, but it requires an up-front and sustained investment.

When starting with a newly constructed street, there are typical trends in deterioration that can be predicted, identified, and controlled using a preservation and management plan. Pavement preservation is not for streets in poor condition—those streets must be reconstructed.

Various factors, such as traffic and weather, cause the preliminary breakdown of the pavement surface. The first sign of surface breakdown is the appearance of cracks. Cracks allow moisture to seep down under the surface to the street’s foundation, causing more damage to the street structure. The next stage of deterioration is a system of “alligator cracks.” This is a critical point in the life-cycle of pavement because the street foundation is beginning to collapse. In high traffic areas, the deterioration can progress more quickly at this stage. Eventually, alligator cracks turn into potholes, thereby signaling that the surface has failed. If a city street has gone through the whole life-cycle without any preventive measures, the only action that can be taken is the management of immediate issues, such as pothole repairs, and eventually conducting an expensive reconstruction of the roadway.

Pavement Deterioration



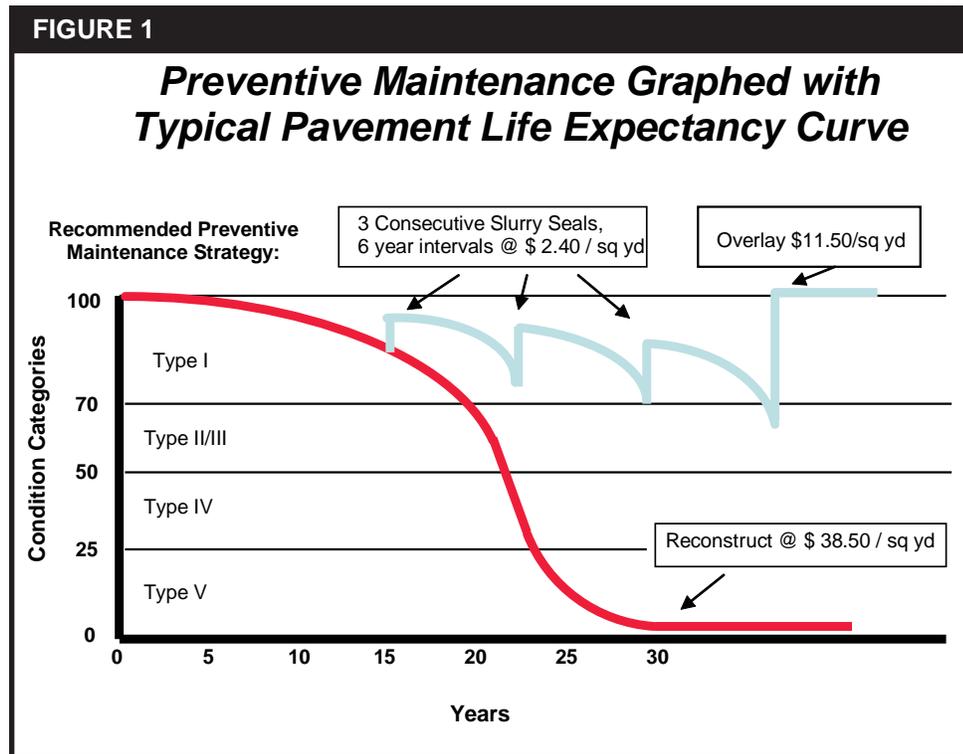
CRACKS damage pavement by allowing water to penetrate into the subsurface



ALLIGATOR CRACKS occur when cracks spread and become interconnected



POTHOLES are the final stage of pavement deterioration, indicating that the road subsurface has failed



By conducting regular maintenance and preservation work, cities can keep roads in a “good” condition, high up on the life cycle curve (see Figure 1) and avoid expensive street reconstruction. Cities that operate pavement management systems conduct an inventory of roads, evaluating and rating streets on a pavement condition index. The index is based on a 0 to 100 scale with 100 being “very good” and a rating of 0 representing a “failed” road surface. Street ratings help guide the city in planning and conducting maintenance: when street conditions reach a certain point on the life cycle curve, the street is given the appropriate treatment and the life of the street is extended, avoiding more expensive treatments or reconstruction.

Beyond the fact that street preservation saves tax payer money in the long run, there are several other benefits to using a pavement preservation method:

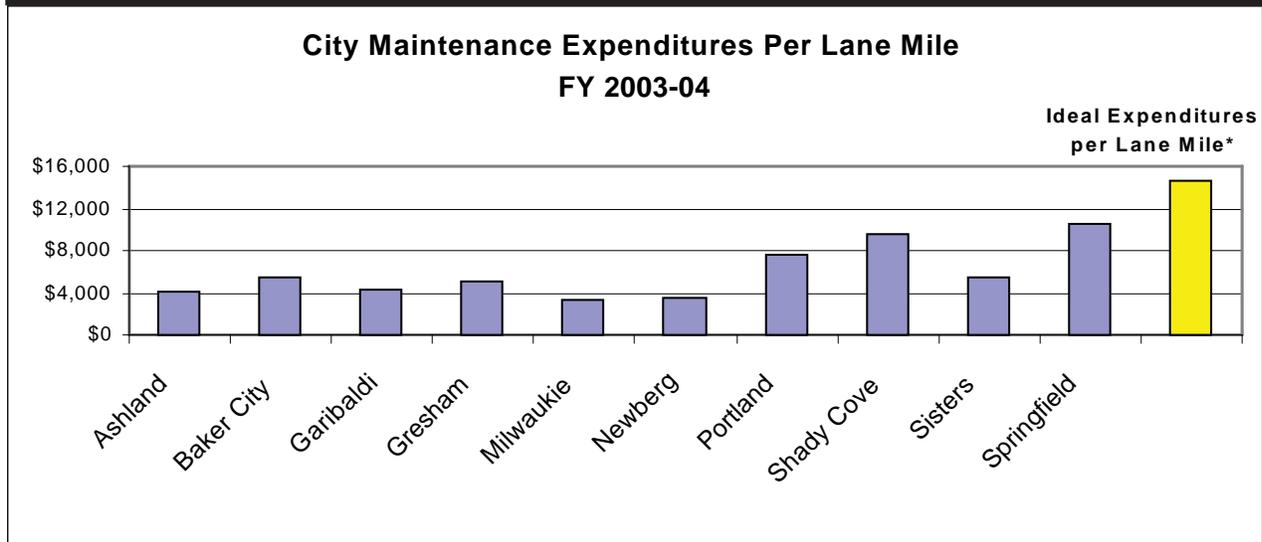


- Expenses are more predictable;
- The useful life of streets is extended;
- Streets are in better condition;
- There are fewer construction delays; and
- The result is a “happier driving public.”

CITY ROAD FUNDING NEED GAP

Diminishing resources are forcing many cities to set service priorities and reduce services. The “unnoticed” service, street preservation and maintenance funding has deteriorated for many cities. Pavement preservation is cost-effective, but it requires the completion of key projects at critical times. Currently, cities do not have adequate resources to conduct proper street maintenance and preservation, but have to triage, choosing what emergency road treatments to provide while watching overall city road conditions slide down the life cycle curve.

FIGURE 2



Cities are currently responsible for maintaining over 20,000 lane-miles of roads. Based on a 2006 survey, the League of Cities estimates that total annual city expenditures on street maintenance are approximately \$123 million. However, to adequately maintain these roads, the League estimates that cities would need an additional \$160 million per year. This estimate is based on Federal Highway Administration (FHWA) estimates of the per-lane-mile cost of proper maintenance and is confirmed by local projections of cities’ funding needs. FHWA’s 2001 statistical report “Reconstruction, Rehabilitation, and Resurfacing Costs” estimates the annualized cost of maintaining one lane-mile of road surface at \$14,626. This is a conservative figure, given that construction and material costs have increased at a rapid pace since 2001.

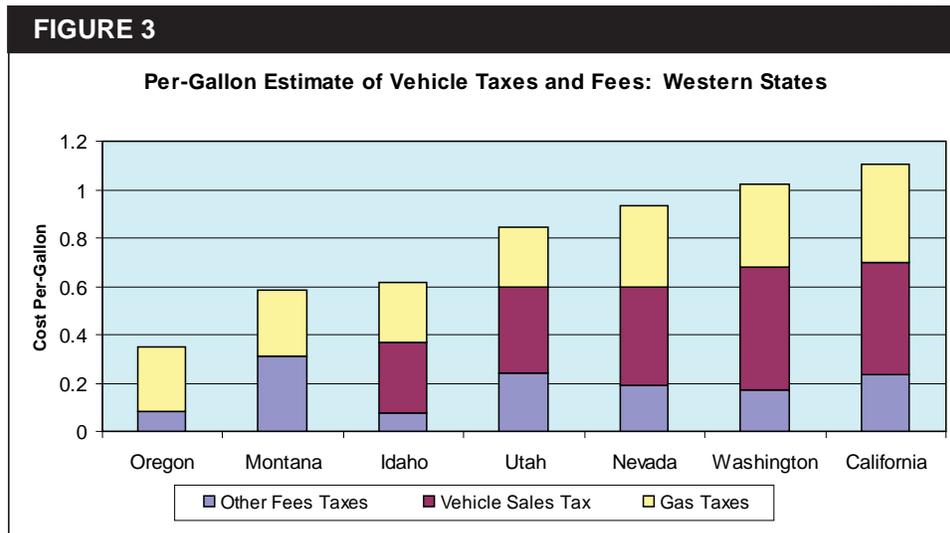
Figure 2 shows how a selection of cities’ road maintenance expenditures compare with the recommended level of expenditures per lane mile.

CITY STREET FINANCING State Gas Tax Not Keeping Pace

Oregon was the first state to implement a gas tax as a funding mechanism for transportation. From 1982 to 1993, Oregon’s gas tax rate increased 11 times—an average of 1 cent per year. Although historically proactive in this area, the state has not increased its gas tax since 1993.

The current gas tax rate is 24 cents per gallon, which is average for most states. There are 31 states that have gas taxes of 20 cents per gallon or more, and five states that have gas taxes over 30 cents.⁶ However, Oregon’s gas tax rate is lower than most western states (see the chart at right). When these states’ general sales taxes are factored in to the equation, as well as other auto fees and taxes such as personal property tax on vehicles and toll fares, Oregon’s state highway fund costs are much lower than most western states.

In order to conserve gas, more Oregonians are carpooling and using public transportation than in the past. The resulting loss in gas tax revenue from reduced single-occupancy driving is counter-balanced by reduced road wear. However,



an increasing number of alternative fuel or hybrid vehicles are in use in the state. In 2004, Oregon ranked 11th for the number of registered hybrid vehicles.⁷ This ranking increases to 4th when calculating hybrid vehicle registrations as a percent of total vehicle registrations. As general fuel efficiency standards increase, the average vehicle uses less gas—meaning less revenue to the highway fund—but

causes the same wear and tear on streets. Vehicles with new fuel technologies that have very high fuel efficiency rates, such as gas/electric hybrids, can travel long distances on a gallon of gas, causing increased rates of road wear while paying very little in road-user taxes. Although fuel conservation through increased fuel-efficiency has other benefits, it is a direct financial detriment to local street funding.

While total state highway fund revenues generated by the gas tax are increasing, on a per capita basis, city highway fund revenues continue to fall each year. Figure 4 illustrates

how state highway funds are not keeping pace with city population growth, and the increased road use that population growth brings.

Rising Material and Labor Costs

Not only is the purchasing power of state highway fund dollars decreasing, but maintenance and preservation expenses are rising. According to the Federal Highway Administration’s Surfacing Price Index, \$128 spent on highway projects in 1995 would cost \$202 in today’s dollars.⁸ In the last year alone, national construction costs have increased 3.2 percent, and labor costs increased 3.8 percent.⁹

The Oregon Department of Transportation, which collects the bidding prices for mixed asphalt, crushed gravel, and structural concrete, estimates that since 1993, the cost of these road construction materials has increased by more than 70 percent (see Figure 5). Construction material costs rose by 10 percent in Oregon in 2006

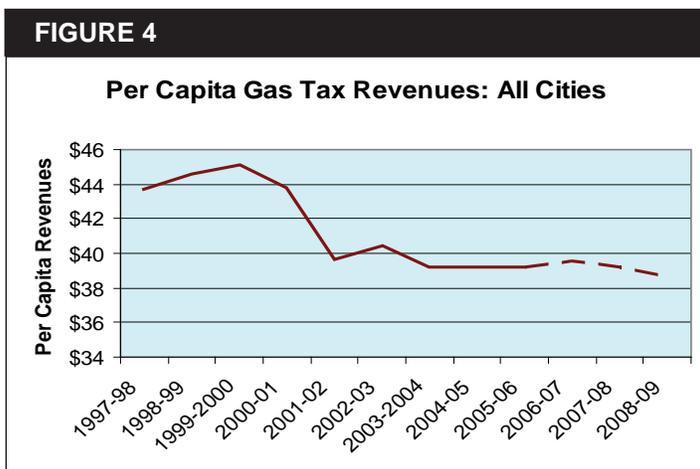
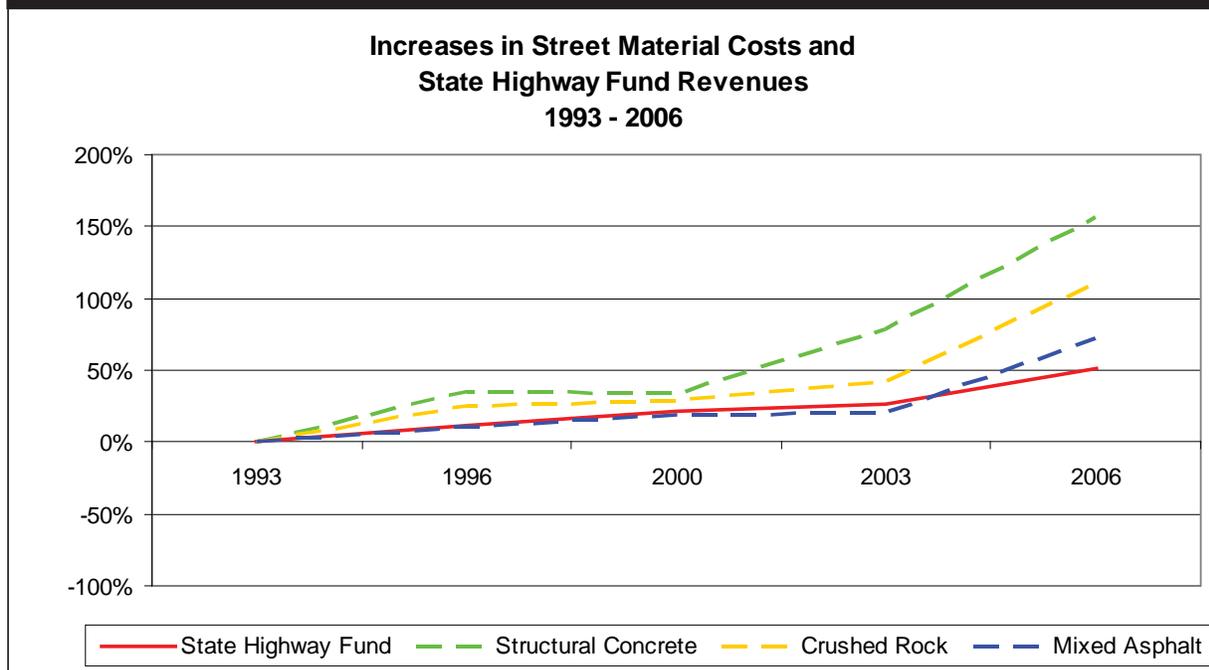


FIGURE 5



alone. State highway fund revenues have only increased 52 percent, resulting in an additional loss of purchasing power.

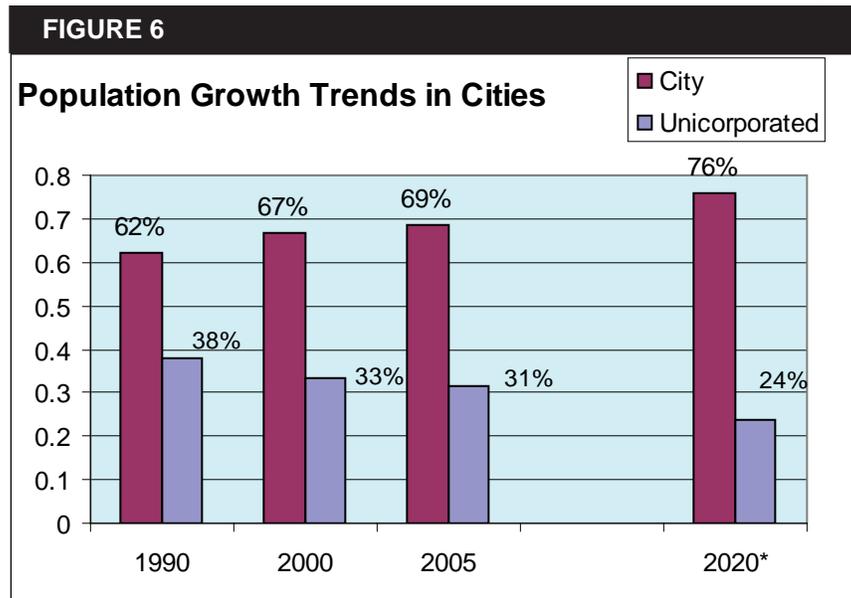
Use of Transportation Infrastructure

Since the last state gas tax increase in 1993, the use of Oregon’s highways has increased 18 percent. For some cities in Oregon, congestion has become a major problem, creating greater costs for private use and public street maintenance and preservation. According to the Texas Transportation Institute’s Urban Mobility Study, Portland area congestion creates a cost to both the public and private sector of more than \$569 million in 2003. Since 1993, congestion of the Portland area transportation system increased from 49 percent to 67 percent of lane miles.¹⁰ Congestion creates economic costs—delivering goods consumes more time and becomes more expensive, market range is reduced, and commute-dependent employers can suffer from loss of productivity.

There are more cars and more drivers on the road, and the number will continue rising. This means that, in addition to being responsible for maintaining and preserving existing roads, local governments must also consider and budget for system modernization and capacity improvements.

Population Growth

In the past decade, Oregon’s population grew by 21 percent. During that same time, city population increased almost 35 percent, and now 69 percent of Oregonians live in incorporated cities (see Figure 6). In the next 15 years, the state’s population will likely grow by an additional one million people. If past trends continue, most of this population growth will have to be accommodated by cities.



*Projected based on current trends

New road infrastructure will be required to accommodate this growth and the existing existing road assets, which will see increased usage, will require greater maintenance efforts.

City Efforts to Finance Local Roads

With the passage of Measures 5 and 50 in the 1990s, the primary revenue source for city services was severely limited. These measures reduced and then permanently froze city property tax rates, limited increases in assessed values on which the taxes are based, and placed strict limitations on future tax levies. Cities reacted by focusing discretionary general fund revenue on core services such as public safety and fire protection. In fact, a significant number of cities now spend more than 100 percent of their property taxes to support public safety.

For most cities, this meant the end of general fund expenditures on road maintenance, and often a shift of transportation-related expenses (e.g. street lighting, street sweeping, snow removal) from the general fund to the street fund. In order to protect their investment in street assets, in the absence of increased state gas tax revenues, cities have worked hard to identify new funding options for maintenance and preservation.

With 242 incorporated cities in Oregon, the approaches cities take to raising local revenues is understandably varied. The “City Transportation Revenue Sources” table displays the approaches that five selected cities have taken. This table also shows the variability between rates of dependence on the state highway fund versus locally raised revenues.

Property Tax Levies

Some cities have tried to replenish the street fund using property tax levies designated for street maintenance. Since 1997, 11 cities have placed transportation-related property tax levies on the ballot, but only 2 have passed.

CITY TRANSPORTATION REVENUE SOURCES				
Local Fund Sources	Ashland	Eugene	John Day	North Plains
General Fund	\$184,850	\$262,375		
Transportation SDC	\$310,924	\$2,476,362		
Street User Fee	\$908,995			\$22,000
Local Gas Tax		\$3,533,582		
Franchises	\$250,000			
Local Improvement District (LID)	\$127,640	\$1,401,780		
County Revenue		\$1,200,000	\$519,500	\$55,000
State Funds				
Highway Fund	\$1,006,000	\$7,200,000	\$89,500	\$81,000
Small City Grant			\$25,000	
Total Funds	\$2,788,409	\$15,811,724	\$634,000	\$158,000
Percent Local Funds	64%	54%	82%	49%

Local Gas Taxes

For some communities, local gas taxes are both an economically viable and politically supportable proposition. This revenue raising tool allows cities to charge city residents and non-residents alike for the use of city streets. Population, geography, and economic condition can all make a significant difference in whether a local gas tax is even feasible. Currently, 12 cities impose a local gas tax. Six of the 12 assess a 3-cents-per-gallon tax, five charge 2 cents or less, and Eugene has a 5-cents-per-gallon tax. For these communities the gas tax has provided significant fiscal relief when other revenue sources were not viable—most of these cities are small, and could not raise the revenues need for road maintenance off of their relatively low property values.

Transportation Utility Fees

Growing numbers of cities are looking to transportation utility fees to fund street maintenance—nineteen have implemented them to date. The fee is often set with a road-use methodology, and many cities use the International Transportation Engineers’ (ITE) trip generation methodology to calculate the fee. Some small cities, however, have a small flat fee that is applied to all residents.

Transportation SDCs

For rapidly growing areas of cities, the challenge is to fund the construction of new roads and accommodate growth on the existing road infrastructure. Cities have adopted systems development charges (SDCs) to fund a variety of growth impacts on city infrastructure. Transportation SDCs have become an essential tool for cities in accommodating growth.

Local Improvement Districts

Local improvement districts and urban renewal districts target certain areas of a city for improvement and economic development– for example downtown or industrial areas. The revenue from these two types of districts is used for various improvement projects, but streets are often a key ingredient in the revitalization plan. Local improvement districts charge a fee to the residents and/or businesses located within the designated district. Urban renewal districts are financed using tax increment financing, in which bond-funded redevelopment is paid for by increases in property tax revenues that result from the redevelopment. This tax increment is captured as assessed values increase and used to leverage redevelopment and improvements to the properties within the district.

Conclusion

Despite enormous efforts by cities, Oregon’s local road system is deteriorating. Cities do not have the resources to adequately maintain the transportation infrastructure that is vital to the state’s economic health.

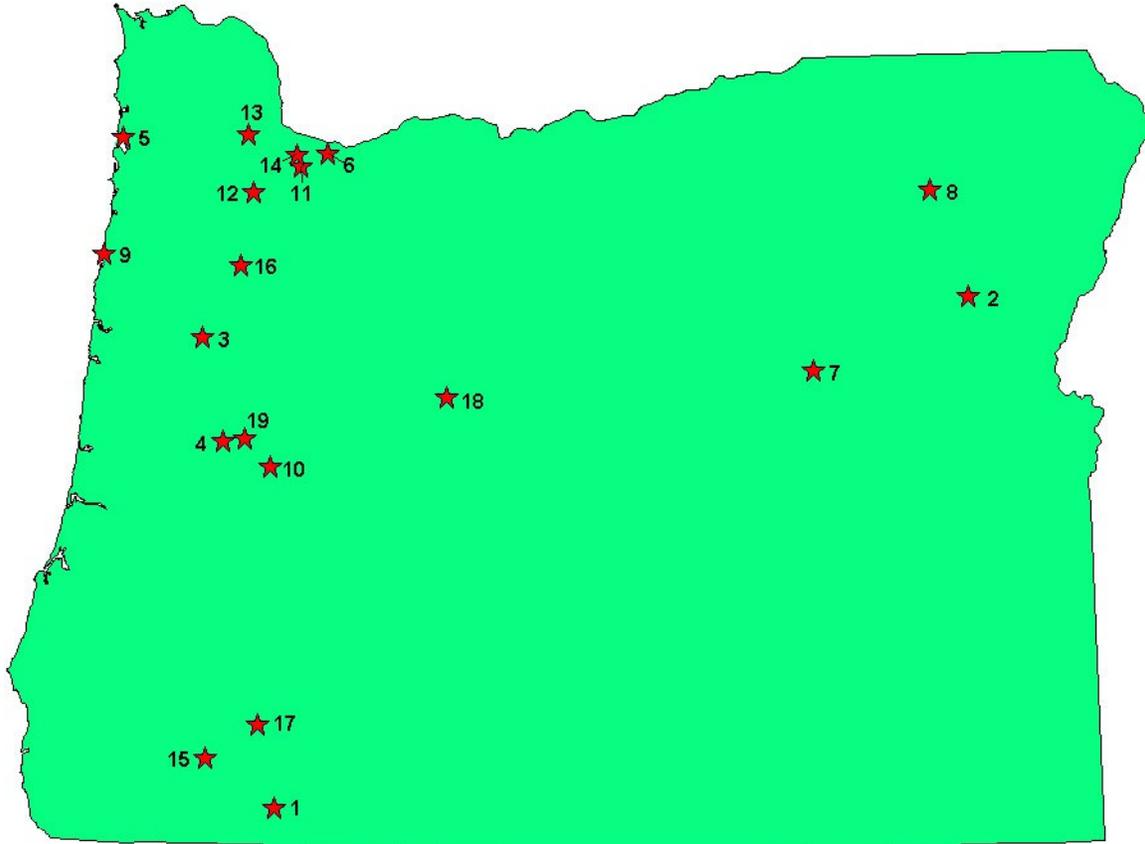
Cities have endeavored to raise local revenues to meet the growing local maintenance and preservation needs, but the gap continues to grow. Facing rapidly rising construction costs and working to accommodate rapid population and infrastructure growth, local governments cannot make up for the loss of purchasing power in the state highway fund.

City Case Studies

The following city narratives illustrate some of the specific challenges that cities face in funding road maintenance and preservation. This selection of cities represents the largest and some of the smallest of Oregon’s 242 cities. The sample is broadly reflective of all cities, while conveying some of the unique flavors of each.

1. *The Cost of Congestion to the Economy of the Portland Region*, Economic Development Research Group, December 5, 2005
2. Transportation Research Circular, Transportation Research Board, May 2003
3. Ibid
4. International Trade Administration, U.S. Department of Commerce, www.trade.org
5. *The Cost of Congestion to the Economy of the Portland Region*, Economic Development Research Group, December 5, 2005
6. *Motor Fuel Excise Tax Rates*, Federation of Tax Administrators, January 1, 2006
7. *Hybrid Vehicle Registrations Increase 81 Percent in 2004*, R.L. Polk & Co., March 25, 2005
8. *Pricing Trends for Federal-Aid Highway Construction*, Federal Highway Administration, First Quarter 2006
9. Engineering News Record: www.enr.com/features/coneco/subs/recentindexes.asp
10. *The Cost of Congestion to the Economy of the Portland Region*, Economic Development Research Group, December 5, 2005

City Streets: Case Study Cities



CITY	PAGE
1. Ashland	13
2. Baker City	17
3. Corvallis	19
4. Eugene	21
5. Garibaldi	25
6. Gresham	27
7. John Day	29
8. La Grande	31
9. Lincoln City	33
10. Lowell	35
11. Milwaukie	37
12. Newberg	39
13. North Plains	41
14. Portland	43
15. Rogue River	45
16. Salem	47
17. Shady Cove	51
18. Sisters	53
19. Springfield	55

CITY OF ASHLAND

Ashland's current "good" street condition rating will deteriorate significantly unless the city receives an increase of \$1,000,000 per year in maintenance and preservation funding.

ASHLAND QUICK FACTS

- 2006 Population: 21,430
(an increase of 17 percent in the last 10 years)
- Funding Need: An additional \$1,000,000 annually is needed to maintain Ashland's 193 lane miles. A minimum total cost of \$5.3 million is needed to bring all streets up to "good" condition.
- Highways 99 and 66 run through Ashland city limits.
- Local Economy: Education - Southern Oregon University (850 employees). Mixed Commercial - A few larger businesses, mostly small businesses. Tourism - The Shakespeare Festival (398 employees) brings in 360,000 tourists each year.



Ashland has struggled for years to obtain adequate financing for street projects. There is significant competition for regional, state and federal transportation dollars. Consistent long term maintenance funding must be a priority to ensure safe and easily trafficable streets, sidewalks and bikepaths.

Street crews assess the road condition every 18 to 24 months and manage an overall street condition index (OCI). In the past, Ashland has maintained an OCI of 78 out of 100. Without

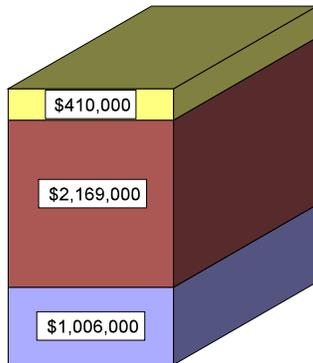
major assistance from ODOT to fund improvements on two failing main streets, the city would have dropped below that level. Ashland estimates that it needs an additional \$1 million per year for maintenance and preservation funding to maintain an OCI of 78 or higher.



The limited resources of the city's street fund must be allocated to meet many transportation needs. The street fund provides: scheduled maintenance; emergency maintenance; required overlays; planned improvements to meet new operational requirements

CITY OF ASHLAND

Ashland Street Fund Revenue FY 05-06



- Other Revenue
- Locally-Raised Revenue
- State Highway Fund Revenue

(modernization); new sidewalks for better continuity; new bikepaths for alternative transportation modes; improvements to railroad tracks to meet safety needs; and support for the Rogue Valley Transit District bus services. Seventeen percent of street fund revenue is spent on the storm drain program.

The current street condition index indicates Ashland needs \$5.3 million in pavement projects (estimated in 2005 dollars), including maintenance, repairs and full depth overlays. In 2005-06, Ashland’s street fund only collected \$3.6 million dollars. Unless street projects are funded over the next five to 10 years, estimated costs will increase as the pavement condition deteriorates.

Ashland spends over \$600,000 on routine maintenance each year- half is spent on labor for the nine person street crew, and includes painting, patching, slurry seals, etc. Contracted services provide major maintenance and cost an additional \$300,000 per year.

Current revenue for the street fund includes: state highway funds; franchise fees; systems development charges; city transportation utility fee; local improvement district fees for specific projects; and some state and federal transportation program grant funds for applicable projects. Despite raising \$2.2 million (61 percent of street fund revenues) locally, Ashland still faces an annual maintenance deficit of at least \$1 million.

The required expenditures to adequately maintain the street network system far outweigh typical city revenues. This has created a significant backlog in maintenance projects. Standard funding sources have been adequately accounted for, and are completely obligated. New sources of funding (long- and short-term) must be identified.

During a March 9, 2006, study session, the Ashland City Council recommended the creation of a “Street Financing Task Force” (SFTF) to further evaluate and understand street conditions and



CITY OF ASHLAND

resurfacing needs, and to develop measures for cost-effective management of the street system. A group of 11 members (consisting of: council liaison; business owners; chamber representative; university business member; members of the bike/pedestrian and budget committees; planning commission; citizens and staff members) will form the SFTF in early 2007.



Street infrastructure deficiencies have hindered economic development efforts. For seven years, Ashland has tried to develop 60 acres of industrial land, formerly the site of the Croman Mill, but has not had the funds for needed infrastructure improvements. With rising costs for labor and materials, the cost for street and sidewalk improvements is now \$750,000. Economic development projects such as this one may continue to be hindered unless Ashland is able to secure additional funding for its street system.

Ashland's Critical Street Project List:

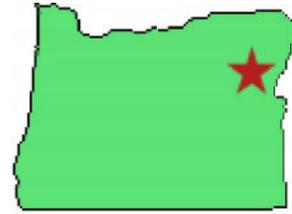
- 1. Mountain Avenue; Granite Street; Allison Street; Hersey Street; B Street:** Condition - The infrastructure for these streets needs to be fully rebuilt. Estimated Cost: \$1,950,000.
 - 2. Oak Street:** Condition - Sections of the street need reconstruction and overlays. Estimated Cost: \$300,000.
 - 3. Bike Path Improvements:** Condition - As part of a transportation enhancement effort, city bike paths need improvements. Estimated Cost: \$2,300,000.
 - 4. Downtown Plan Phase II and Nevada Street Extension:** Condition - In need of various modernization projects. Estimated Cost: \$4.8 million.
 - 5. Railroad Crossings at Main Street and Oak Street:** Condition - In need of full safety improvements, including bike and pedestrian paths. Estimated Cost: \$1,450,000.
-

CITY OF BAKER CITY

Baker City strives to maintain its streets in very good condition but struggles with a lack of resources. Improvement costs increase because street conditions deteriorate significantly while awaiting maintenance resources.

BAKER CITY QUICK FACTS

- 2006 Population: 10,035
(an increase of 2 percent in the last 10 years)
- Funding Need: An additional \$450,000 annually is needed to maintain Baker City's 68 lane miles. A total cost of \$1.5 million is needed to bring all streets up to "very good" condition.
- Highways 7 and 30 run through Baker City and are major thoroughfares.
- Local Economy: Agricultural. Mixed Commercial. Manufacturing - Marvin Wood Products. Tourism - Historic Downtown Baker City.



Baker City faces a constant struggle to maintain deteriorating streets with decreased funds and increased costs. Baker City conducts an annual analysis of all paved city streets and rates the 58 miles of paved streets and 10 miles of gravel streets.

A "very good" street rates between 98 to 100 points (on a scale of 1-100). According to city calculations, "very good" quality streets can be maintained for as little as \$0.50 per square yard. However, maintenance cost increases as streets deteriorate into the "fair" category (a rating between 70-88 points). The cost of improving the street from "fair" to "very good" can be up to 10 times the cost of maintenance.

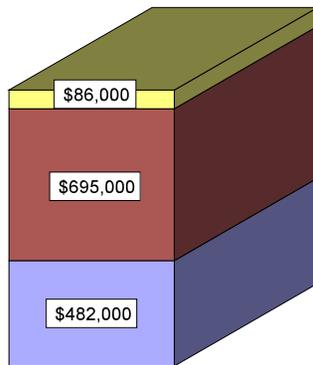
Baker City is unable to support proper maintenance due to a lack of funding. The city attempts to maintain existing streets while simultaneously making improvements. Streets which have been improved deteriorate while waiting for maintenance resources.

Baker City has limited funding tools. The city lacks revenue for new street construction because it does not have a



CITY OF BAKER CITY

Baker City Street Fund Revenue FY 05-06



- Other Revenue
- Locally-Raised Revenue
- State Highway Fund Revenue

transportation systems development charge. Local improvement districts and residential developments are the only sources of new construction.

In terms of local street fund revenue for maintenance, Baker City does not have any local fees or taxes (such as a gas tax). There have been recent discussions on a staff level about a transportation user fee that would be added to water/sewer utility bills. As little as \$2 per month added to each utility bill (approximately 4,000 accounts) could result in an additional \$96,000 for the street maintenance fund (a 23 percent increase). The public has been concerned about additional taxes and fees, so the issue has not moved beyond the staff level.

After the annual street inventory, the public works department selects the streets that are the most critical to repair, beginning with streets to consider for an overlay and candidates for a fog seal. Preparation work requires a large portion of the street maintenance budget and reduces funds available for the actual application of an overlay. Unless Baker City implements new revenue sources, the problem will compound from year to year due to a backlog of maintenance projects.

Baker City’s Critical Street Project List:

- 1. Resort Street:** Condition - Several blocks of this major street in the Historic District are in poor condition and are in need of street reconstruction, new curbs, gutters, and sidewalks. Estimated Cost: \$197,000 (overlays only).
 - 2. Birch Street:** Condition - 4 blocks of a connector gravel street need to be paved. Estimated Cost: \$350,000.
 - 3. Walnut Street:** Condition - A local connector gravel street, needing a complete street construction (including curbs and gutters). Estimated Cost: \$250,000.
 - 4. Reservoir Road:** Condition - A chip sealed gravel road, needing major patching and overlay. Estimated Cost: \$80,000.
 - 5. B Street:** Condition - One block of a former dead-end street is now an entrance to a grocery store parking lot. The additional traffic has accelerated the deterioration of an already poor street. The base has failed, and a complete reconstruction is needed. Estimated Cost: \$117,000.
-

CITY OF CORVALLIS

The city estimates a need for \$3.5 million to maintain current street services. Measure 50 has led Corvallis to shift 100 percent of property tax out of road funding. Compared to the projected actual for fiscal year 2006-07 of \$2.9 million, the difference in these two numbers equals a 6 cents per gallon local gas tax.

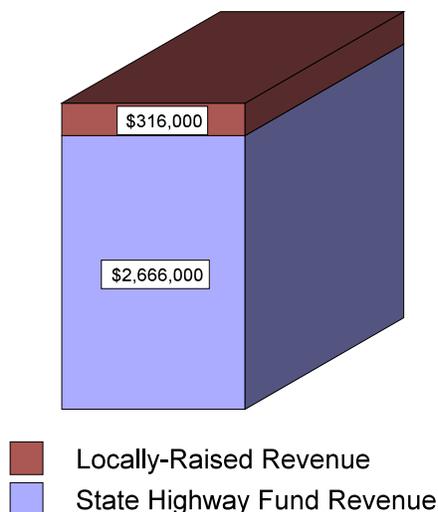
CORVALLIS QUICK FACTS

- 2006 Population: 53,900
(an increase of 9 percent in the last 10 years)
- Funding Need: An additional \$950,000 annually is needed to maintain Corvallis' 387 lane miles of streets (\$600,000 to maintain at current service levels, and \$350,000 to restore to previous levels). A total cost of \$3 million is needed to bring all streets up to "good" condition.
- Highways 20, 34, and 99 West run through the Corvallis.
- Local Economy: Mixed Commercial. Higher Education - Oregon State University.
Technology - Hewlett-Packard.



Corvallis needs an additional \$950,000 per year to fully maintain streets, and return service levels to previous standards. In 1993, Corvallis was in a good position to provide adequate street funding - including pavement maintenance at an average rating of 85 out of 100. The city had system development charges (SDCs) to provide extra capacity; development requirements to

Corvallis Street Fund Revenue FY 05-06



provide adequate street and sidewalk infrastructure; an updated state gas tax that provided adequate funding for maintenance and operations; and a charter mileage levy dedicated to the street fund that was growing with assessed values.

Since 1993, the highway fund has been reduced by inflation and Measure 50 moved the mileage levy to the general fund. Other priorities (such as fire, police, parks, transit, library and planning) reduced the street funds' share of property tax revenues until they were eliminated in fiscal year 2002-03. As revenue declined, the burden on the street fund increased with 35 percent of the cost of street lighting moving from the general fund to the street fund.

CITY OF CORVALLIS

In fiscal year 2005-06, street services were reduced by \$350,000 per year. The City Council authorized a Transportation Maintenance Fee (TMF) that took effect in fiscal year 2006-07. The fee generates \$400,000 per year (\$1.36 per month per residence) and the revenue is dedicated to specific pavement maintenance projects. The fee will sunset in 2011.



The need for highway capacity expansion impacts local transportation funding. Local area state highway projects require a local contribution to proceed. Corvallis' contribution reduces the amount of resources the city has available for maintaining the local system. Corvallis has three highway expansion projects that will require millions of local dollars.

Applying a 27 percent inflation factor, the city needs \$3.5 million dollars to maintain its streets at previous 1997-98 service levels. The projected revenue for fiscal year 2006-07 is \$2.9 million. The difference in these two numbers could equal six cents per gallon tax.

Corvallis' Critical Street Project List:

- 1. Walnut Boulevard (4,700 ft.) - Highland Dr. to 25th St.:** Condition - Failed concrete panels in need of reconstruction. Estimated Cost: \$2,488,000.
 - 2. 9th Street (3,140 ft.) - Circle to Conifer:** Condition - Section of a heavy traffic route in need of an overlay in order to preserve the pavement. Estimated Cost: \$200,000.
 - 3. 9th Street (750 ft.) - Jefferson to Monroe:** Condition - Failed base on a section of a heavy traffic route in need of reconstruction. Estimated Cost: \$250,000.
 - 4. Residential Streets (30 blocks):** Condition - Past the preventive maintenance stage, and now in need of complete reconstruction. Estimated Cost: \$3,000,000.
 - 5. Grant Avenue (2,600 ft.) - 27th to 36th Streets:** Condition - In need of an overlay in order to preserve the pavement. Estimated Cost: \$150,000.
-

CITY OF EUGENE

Eugene has lacked adequate funding to preserve its transportation system for more than a decade. The result is a pavement repair backlog estimated at more than \$100 million.

EUGENE QUICK FACTS

- 2006 Population: 148,595
(a increase of 18 percent in 10 years)
- Funding Need: An additional \$2 to 3 million annually is needed to maintain Eugene's 1,181 lane miles of improved streets. A total cost of more than \$100 million is needed to bring all streets up to "good" condition.
- Highways 99 and 126 are surface streets in Eugene.
- Local Economy: Higher Education - University of Oregon. Diversified Economy - More than 10,000 businesses located in Eugene - including health care providers, forest-product companies, high-tech industries and RV manufacturers.



Eugene's pavement repair backlog is increasing yearly due to insufficient funds for pavement preservation. The backlog is currently estimated at more than \$100 million. This has become a growing concern for the City Council and the public.

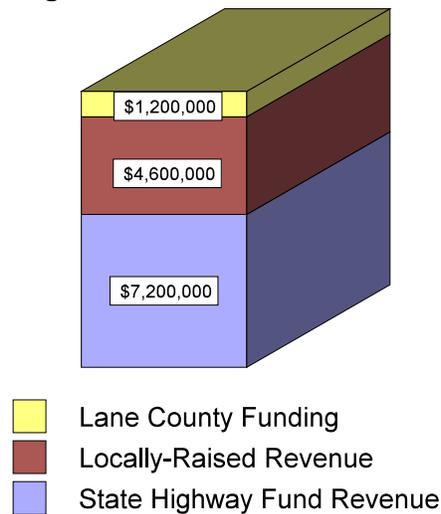


Eugene's street infrastructure consists of approximately 1,181 lane miles of improved streets (asphalt and concrete) and 107 lane miles of unimproved streets. Current maintenance funding for streets, sidewalks, traffic signals, signs and medians does not meet the needs to adequately repair and maintain road-funded infrastructure.

Reducing expenditures by \$850,000 in fiscal year 2003-04 eliminated necessary road fund personnel, equipment and materials. The reduction eliminated the street maintenance overlay program (a program that addressed streets which were close to the end of their useful life cycle). Because the program was eliminated, more streets have fallen into a condition where extensive and costly

CITY OF EUGENE

Eugene Street-Related Revenue FY 05-06



repairs are needed. Because of limited resources, streets that are designated improved are receiving priority maintenance and unimproved streets only receive maintenance to mitigate hazardous conditions.

Based on a 2005 analysis of Eugene’s 1,101 lane miles of improved asphalt streets, 22 percent of those streets need preservation treatments such as overlays, and 14 percent need to be reconstructed. Currently, the street preservation program prioritizes street segments that need repair but not total reconstruction. This type of project is approximately four times less expensive than reconstruction, so it is a more efficient use of limited funds.

Eugene historically does not allocate general fund dollars for road fund-eligible street activities. A one-time transfer of \$1.5 million dollars was made for fiscal year 2006-07 to fund capital street repairs. This transfer does not help fund a sustainable preventative maintenance program, however. The financial strategies envisioned by city staff to deal with both operating and capital transportation funding needs do not anticipate significant ongoing allocations from the general fund, primarily because of the competition for general fund-dependent services such as police, fire and library. State Highway Fund revenues are the primary source of funding for street-related purposes in the city.

Eugene has implemented local funding options for transportation infrastructure in addition to state revenues, miscellaneous fees, charges, and grants. In 2003, Eugene established a local motor vehicle fuel tax. The tax rate started at 3-cents per gallon, and increased to 5-cents per gallon in 2005. It currently generates about \$3.5 million annually and is collected under an intergovernmental agreement with the ODOT Fuels Tax Group.

The city adopted a reimbursement component to the transportation SDC (40 percent of transportation SDC revenues), which currently generates about \$800,000-\$900,000 per year dedicated to pavement preservation. The local gas tax and transportation reimbursement SDC are dedicated to the pavement preservation capital program and are not available for ongoing street operations and maintenance activities.



CITY OF EUGENE

Eugene has been less successful in establishing a transportation utility fee (locally referred to as a transportation system maintenance fee or TSMF). The City Council approved a TSMF in December 2002, but rescinded it before its implementation in response to public concern. There have been ongoing discussions with the council about adopting a modified version of a TSMF. Discussions are expected to continue in 2007.

Eugene is at risk of losing a significant source of road operating revenue – the “City-County Road Partnership” payment from Lane County established in the late 1980s. At one time the partnership payments contributed \$2.5 million a year to Eugene’s road fund. Most recently they have been in the range of \$1.2 million a year. However, these payments are expected to end this fiscal year.

Public acceptance of alternative transportation funding methods has generally been positive. Due to an extensive study of the issue by the citizen members of the budget committee in 2001 and 2002 and subsequent public information campaigns, the public is aware of and generally agrees that there is a problem, particularly in pavement preservation. This perception was enhanced by studies done by independent consultants. City staff are currently exploring additional revenue options to address Eugene’s growing backlog of pavement preservation projects.

Eugene strives to achieve the goal of a sustainable, preventive maintenance program which address maintenance activities that maximize the useful life of streets, rather than a “worst first” repair strategy. This goal cannot be achieved if the city is unable to proactively fund preservation and reconstruction needs.

Eugene’s Critical Street Project List:

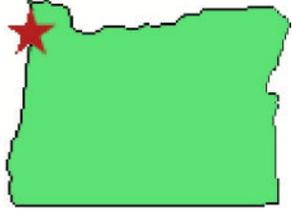
- 1. W. 18th Avenue (3,155 linear ft.) - Chambers to City View:** Condition - Pavement is in poor condition and in need of reconstruction. Estimated Cost: \$1,700,000.
 - 2. W. 18th Avenue (1,867 linear ft.) - Willamette to Washington:** Condition - Pavement is in poor condition and in need of reconstruction. Estimated Cost: \$900,000.
 - 3. Hilyard Street (3,403 linear ft.) - E. 24th to 30th:** Condition - Pavement is in poor condition and in need of reconstruction. Estimated Cost: \$1,900,000.
 - 4. Patterson Street (3,898 linear ft.) - E. 13th to 23rd:** Condition - Pavement in poor condition and in need of reconstruction. Estimated Cost: \$1,700,000.
 - 5. Willamette Street (7,704 linear ft.) - 29th to 47th:** Condition - Pavement in poor to moderate condition, and in need of reconstruction with inlay. Estimated Cost: \$2,000,000.
-

CITY OF GARIBALDI

Material and operation costs have been rising, but the city's street fund revenues have not kept pace. In 10 years, the city's state highway fund share revenues have increased 1 percent, while the cost of asphalt has risen 40 percent.

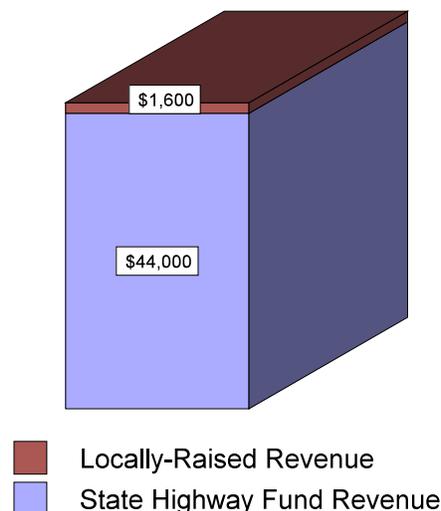
GARIBALDI QUICK FACTS

- 2006 Population: 920
(a decrease of 4 percent in 10 years)
- Funding Need: An additional \$60,000 annually is needed to maintain Garibaldi's 14.5 paved lane miles. A total cost of more than \$1 million is needed to bring all streets up to "good" condition.
- Highway 101 runs through downtown Garibaldi.
- Local Economy: Tourism - Small Businesses, Restaurants, etc. Industrial - The Port of Garibaldi leases space to several industries such as fish processing plants and a hardwood mill.



Garibaldi is a small city facing big problems with its streets. Garibaldi has 18 lane miles of streets, only 14.5 of which are paved. Garibaldi is a coastal town that welcomes many visitors each summer. These tourists are vital to the local economy, but they also put a strain on the city's infrastructure. There has been a decline in the street condition, especially in residential neighborhoods.

Garibaldi Street Fund Revenue FY 05-06



The street fund pays a share of the public works wages and fuel/insurance costs for the equipment used for street work. Street lights are also charged to the street fund. Emergency repairs are the first priority, followed by safety projects and improvements. This leaves nothing for major pavement preservation projects or capital improvements that are necessary when the streets begin to deteriorate.

Street fund revenues have not risen at the same rate as material and operation costs. In 10 years, the city's state highway fund share revenues have increased 1 percent, while the cost of asphalt has risen 40 percent.

CITY OF GARIBALDI

The city received a \$25,000 Small City Allotment grant to pave Cypress Street in front of Garibaldi Elementary School, but cannot apply for the ODOT city allotment grant for another two years.

Garibaldi has a five-year maintenance plan including tentative paving priorities. The City Council and the public considered several funding options at a town hall meeting, including a gas tax and a street impact fee. Voters rejected a levy that would have charged 69 cents per \$1,000 assessed value on the November 2006 General Election ballot.

The 2006 street levy was not the city's first attempt at a street levy. In 1992, voters approved a three-year, \$50,000 levy for paving and improving city streets. During the next seven years, the city was able to pave or re-pave 40 blocks. The levy returned Garibaldi's street system to "good condition," but the city has since struggled to pay for street maintenance and preservation. The city must acquire funds for reconstruction and preservation costs because it now has 50 blocks of deteriorating asphalt.

The city has utilized other funding options. The transportation SDC helped Garibaldi improve new-growth areas but there has not been much growth. The city also implemented an urban renewal district to help generate funds long term for improvements in the commercial zone.

These two funding mechanisms have helped the city with improvements in commercial and new residential neighborhoods. However, already developed areas outside of the urban renewal district do not benefit from these projects. There is little revenue available for maintenance and preservation of these residential areas, and there will not be any more revenue when these streets deteriorate to the point of reconstruction.

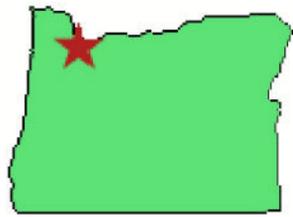
In January, 2007, the City Council completed a franchise agreement with Tillamook PUD. The agreement increased the franchise fee rate to 5 percent, with the additional 3 percent going into the street fund for asphaltting projects. This will net an additional \$27,000 into the street fund each year. With diminishing resources, Garibaldi must find alternatives to maintain and improve its' streets so it can continue to be an economically thriving community.

CITY OF GRESHAM

Due to insufficient revenue, Gresham’s deferred street maintenance costs have been increasing dramatically: \$1.5 million in 1997; \$23 million in 2006; and if current funding trends continue, \$257 million by 2025.

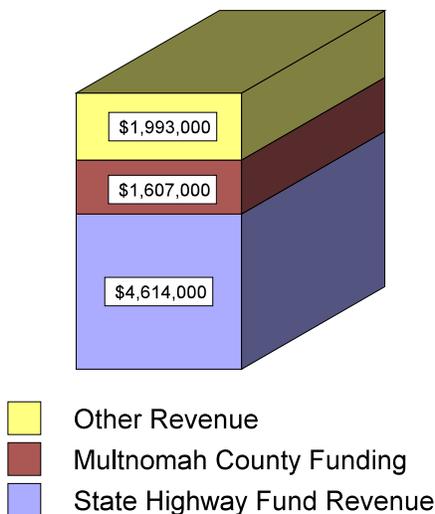
GRESHAM QUICK FACTS

- 2006 Population: 97,745
(an increase of 23 percent in 10 years)
- Funding Need: An additional \$4 million annually is needed to maintain Gresham’s 800 lane miles. A total cost more than \$23 million is needed to bring all streets up to “good” condition.
- Highway 26 runs through Gresham.
- Local Economy: Boeing (1,200 employees), Albertsons Distribution Center (565 employees). Technology - ON Semiconductor (550 employees), Microchip Technology (298 employees).



Transportation funding in Gresham is diminishing, and will be in the “red” in 3 to 6 years depending on forecasts. The city would need \$4,208,137 per year to prevent the street condition from worsening, or \$11,529 per day. Currently, the city of Gresham spends \$2,356 per day.

Gresham Street Fund Revenue FY 05-06



Due to a severely stressed general fund that must support core services, such as public safety, the city’s street fund receives no supplemental revenue from the general fund. Beyond the revenue received by the State Highway Fund, the only other revenue sources for the street fund are a portion of the franchise fees (to fund street lights), transportation systems development charges (to fund growth-related capital improvements) and grants. The city receives a portion of Multnomah County’s 3-cent gas tax, which partially pays for the maintenance of former county arterials.

Despite these different revenue sources, Gresham’s deferred maintenance costs have been increasing: \$1.5 million in 1997; \$23 million in 2006; and if current funding trends continue \$257 million by 2025. As a result of the declining revenues, the condition of Gresham’s streets is deteriorating. All of the city’s capital maintenance has been spent on preservation, not reconstruction. The city’s cost-effective philosophy is to spend limited

CITY OF GRESHAM

resources on preventing streets from reaching the point of reconstruction, rather than fixing streets that have already failed. However, street fund revenues must be spent on safety and emergency repairs before maintenance and preservation. The result has been inadequate funding for continued preventive maintenance, and an increasing number of failing streets.

In 1992, the pavement condition index (PCI) of the entire street system was 89 out of 100. The PCI has been falling by 1 to 3 points every year since, with a current rate of 67.

If current funding trends continue, by 2025 Gresham's streets will have a PCI of 39.

To increase funding for street maintenance, the city has considered a transportation utility fee, but has not implemented one as of yet. Currently there are no significant sources of local revenue for street funding.

Despite diminishing revenues, Gresham has managed its street system to the best of its ability. With the help of its pavement management system, Gresham has been able to use its limited resources to the maximum effect. Fifty-six percent of Gresham's streets are in "good to excellent" condition. However, revenues are projected to continue declining, and street conditions will deteriorate unless Gresham is able to secure more funding for its streets.



Gresham's Critical Street Project List:

- 1. Old Northeast Neighborhood (35,084 sq. yards):** Condition - These roads have never received any maintenance treatment and are now in a complete failure situation and in need of reconstruction - asphalt needs to be removed and replaced. Estimated Cost: \$421,012.
- 2. NW Industrial Area (52,670 sq. yards):** Condition - This area experiences a high volume of truck traffic and is deteriorating rapidly. Parts are in need of a thick overlay and others have fallen to a very poor condition requiring reconstruction. Estimated Cost: \$632,045.
- 3. Birdsdale (11,128 sq. yards) - Powell to Towle:** Condition - This neighborhood collector was not built to withstand the school bus traffic it experiences. As a result there are numerous sections of alligator cracks and base failure. Estimated Cost: \$133,537.
- 4. Arterial Inlays (18,791 sq. yards):** Condition - There are seven identified areas that are in need of deep patch inlay. Estimated Cost: \$225,493.
- 5. 5th (7,220 sq. yards) - Spruce to :** Condition - This street was not built to withstand the school bus traffic it experiences. As a result it has deteriorated and is in need of a grind and overlay. Estimated Cost: \$86,643.

CITY OF JOHN DAY

John Day's share of the state highway fund is not enough to fund even half of the personnel services within the street fund budget, let alone any maintenance or preservation projects.

JOHN DAY QUICK FACTS

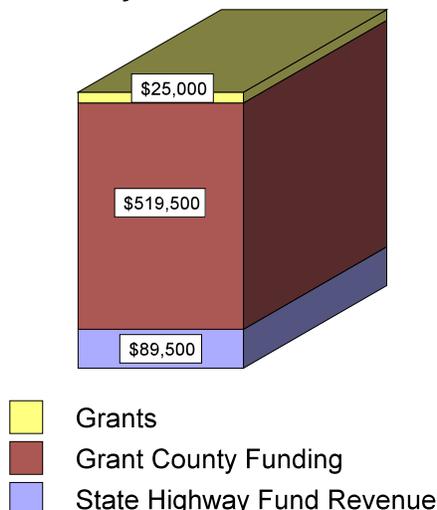
- 2006 Population: 1,850
(a decrease of 5 percent in 10 years)
- Funding Need: An additional \$395,000 is needed annually to maintain John Day's 27 lane miles. A total cost of more than \$10 million is needed to bring all streets up to "good" condition.
- The junction of Highways 26 and 395 is located in John Day.
- Local Economy: Timber - 2 lumber mills. Commercial and Industrial - Winner's Choice Custom Bow Strings (44 employees); Newly certified industrial park - currently recruiting



A decline in street funding revenues will have a negative effect on street maintenance and repair in John Day. The city will not be able to continue maintaining streets at the current level of service. The city now has several streets in need of major maintenance or rehabilitation.

The city has reconstructed two major streets in the last three years using safety net funds from Grant County (receipts from the Secure Rural Schools and Community Self-Determination Act). The future of this county revenue is unknown due to pending federal legislation. If the county revenue is cut, John Day will lose a substantial portion of its street fund revenue - 35 percent of the 2005-06 fund.

John Day Street Fund Revenue FY 05-06



The only other substantial revenue the city of John Day receives in the street fund is state gasoline tax in the amount of \$85,000. Wages and salaries for the city's 2007 street fund are budgeted for \$190,685. The state gasoline revenue is not enough to fund even half of the personnel services within the street fund budget.

New construction cannot be considered in the current budget process. The city will have to rely on grant funding for new construction of roads and sidewalks. The competition for these grants is considerable as other cities and counties are in the same position.

CITY OF JOHN DAY

In November 2006 the city of John Day entered into an intergovernmental agreement with Grant County Road Department to reconstruct a dangerous intersection within the city limits of John Day. However, the county is now unsure of its ability to perform these services due to the uncertain future of the Secure Rural Schools Act.



The city of John Day now has several streets that are in need of repair. The city has reconstructed two major streets in the city during the past three years using the safety net funds received from the county.

To help the city manage the condition of its street system, the city wants to adopt a street maintenance plan. Due to limited resources, the city cannot spend the money on the contracted technical services needed to conduct a street maintenance plan.

Out of the 13.5 miles of city streets, over 50 percent are not in compliance with the adopted transportation system plan. Of this 50 percent, the street surface is nothing more than chip seal over native or gravel surface. This is a large task for a small city with diminishing financial resources.

John Day's Critical Street Project List:

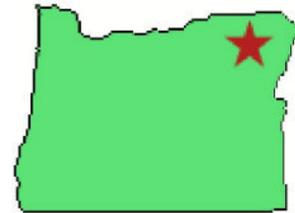
- 1. Charolais Heights Intersection:** Condition - In need of safety improvements. Estimated Cost: \$450,000.
 - 2. 1st, 2nd, 3rd, 4th, and 5th Streets:** Condition - In need of total reconstruction. Estimated Cost: \$2.5 million.
 - 3. Brent Street:** Condition - In need of total reconstruction. Estimated Cost: \$600,000.
 - 4. Downtown Core:** Condition - Need underground utilities. Estimated Cost: \$1,516,256.
-

CITY OF LA GRANDE

In the last six years, the percentage of La Grande's streets in "fair to good" condition has decreased by 6 percent, and the annual costs needed to improve these streets increased by \$2-3 million.

LA GRANDE QUICK FACTS

- 2006 Population: 12,540
(an increase of 1 percent in 10 years)
- Funding Need: An additional \$800,000 to \$1,000,000 annually is needed to maintain La Grande's 180 lane miles. A total cost of \$7 million is needed to bring all streets up to "good" condition.
- Highway 30 goes through the city's downtown, and crosses Highway 82 within city limits.
- Local Economy: Higher Education - Eastern Oregon University (1,159 employees). Manufacturing - Boise Cascade (680 employees). Union Pacific Railroad (310 employees). Mixed-Commercial.



According to a recent private evaluation, La Grande's transportation system needs \$7 million for improvement and maintenance projects. La Grande's paved streets are already strained by the temperature swings from 0 degrees in the winter to 110 degrees in the summer, but the lack of funding has made it impossible for La Grande to adequately maintain its streets year round.

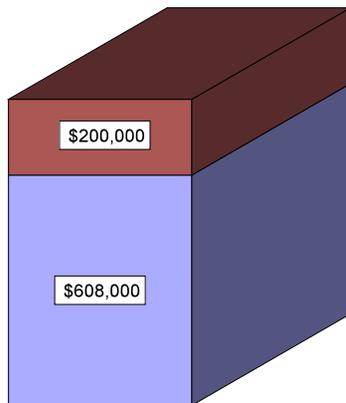
In 1997 La Grande's pavement management system rated 37 percent of city streets in fair to good condition - that number has declined to 31 percent in 2006. This means a large majority of city streets are below fair condition, and are in need of major rehabilitative work, possibly total reconstruction.

La Grande prioritizes street projects using a pavement management system, the S.O.S. system, and a street maintenance committee. A list of needed street projects is drafted using the S.O.S. system, and the street maintenance committee prioritizes the projects based on the needs of the community. Collector and arterial streets are often a higher priority than minor streets, resulting in a further deterioration of La Grande's residential streets.



CITY OF LA GRANDE

La Grande Street Fund Revenue FY 05-06



- Locally-Raised Revenue
- State Highway Fund Revenue

The city of La Grande hopes to conduct a downtown revitalization project. Currently, the city does not have the funding needed to complete a downtown project, as well as assume responsibility of Adams Avenue (Highway 30). Limited transportation funding has inhibited La Grande’s ability to complete this economic development project.

The city has developed some local street revenues. Since 1986, La Grande has implemented a street utility fee, which raises about \$200,000 per year. This money is used to match state grants, which means the city’s share of the state highway fund is the major revenue source for regular and preventive street maintenance.

Although La Grande has created some local revenues, the unmet funding need keeps growing as the condition of city streets decline. With only 31 percent of its streets in fair to good condition, La Grande is faced with many challenges, including: new funding options, a deteriorating street infrastructure, and increasing costs. All these challenges may be impediments to the growth of the community.

La Grande’s Critical Street Project List:

- 1. C Avenue - 4th St. to 1st St.:** Condition - An arterial street with potholes, base failure and deteriorating surface. Needs to be reconstructed with asphalt, base rock and curbs. Estimated Cost: \$518,000.
 - 2. 20th Street - Adams Ave. to Gekeler Ln.:** Condition - A collector street with potholes, patches on patches, and base failure. Needs to be reconstructed with asphalt, base rock, curbs and sidewalks. Estimated Cost: \$1,485,000.
 - 3. 16th Street - Washington Ave. to Gekeler Ln.:** Condition - A collector street with potholes, patches on patches, and base failure. Needs to be reconstructed with asphalt, base rock, curbs and sidewalk. Estimated Cost: \$1,107,000.
 - 4. Spruce Street - Monroe Ave. to Z Ave.:** Condition - A collector street with potholes, patches on patches, and base failure. Needs to be reconstructed with asphalt and base rock. Estimated Cost: \$1,366,400.
 - 5. N Avenue - Washington Ave. to Alder St.:** Condition - A collector street with potholes, patches on patches, and base failure. Needs to be reconstructed with asphalt and base rock. Estimated Cost: \$1,701,600.
-

CITY OF LINCOLN CITY

In Lincoln City, 70 percent of the existing streets need to be reconstructed. Most streets were built without adequate geologic study and on unsuitable or poorly draining soils.

LINCOLN CITY QUICK FACTS

- 2006 Population: 7,615
(a increase of 14 percent in 10 years)
- Funding Need: An additional \$400,000 is needed annually to maintain Lincoln City's 196 lane miles. A total cost of over \$21 million is needed to bring all streets up to "good" condition.
- Highway 101 is the economic corridor through Lincoln City.
- Local Economy: Tourism - Chinook Winds Casino. Commercial - Tanger Outlet Mall.



Most of the streets in Lincoln City were built between the 1940s and 60s. These streets are now showing their age, which is creating a serious challenge to a fast-growing, tourism-based city on the Oregon Coast. Without additional funding, Lincoln City cannot adequately maintain and repair its street system.

Part of the growth in Lincoln City has been the development of vacation rental homes, which increase the strain on the city's transportation infrastructure without the economic return of business development. The other growth factor has been annexation. In 2004, the city annexed the remaining property along the west side of Devil's Lake but has been unable to fund the necessary improvements to bring those existing streets up to city standards.

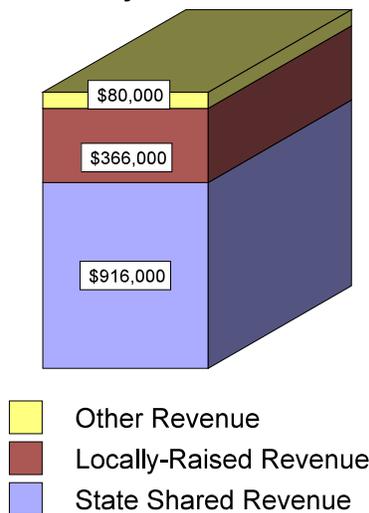


There is much work to be done on the city's older streets, as well. Eighty percent of city streets lack a storm drainage system, which is important to the preservation of the pavement. Seventy percent of city streets now need to be reconstructed.

As the list of needed projects increases, the amount of street funding available to the city has not kept pace. Lincoln City's primary funding sources for street maintenance are the state highway fund and a transient room tax, neither of which have increased with inflation.

CITY OF LINCOLN CITY

Lincoln City St. Fund Revenue FY 05-06



Use of any general fund revenue for street maintenance is infeasible due to the detrimental impacts it would have on public safety, library, and other key city services that have already endured significant cutbacks in recent years.

Lincoln City has other infrastructure needs that compete with funding for street maintenance and repair. The city needs to reconstruct and expand the sewer treatment plant, replace and upgrade several key sewer/stormwater lift stations, bring an additional water source on line, and site and construct additional water reservoirs.

In order to provide additional resources for maintenance and repair, the city has recently updated its transportation master plan (TMP) and increased systems development charges. The transportation master plan has helped the city identify the needs of the city’s street system, and the SDCs have helped alleviate the street fund by minimizing the impact of growth. However, there is still a substantial unmet funding need.

Lincoln City’s Critical Street Project List:

- 1. NE Devils Lake Boulevard - Highway 101 to NE 50th St.:** Condition - Potholes and structural failure requiring full depth reconstruction. Estimated Cost: \$1,390,000.
- 2. NW Jetty Avenue - NW 28th St. to NW 33rd St.:** Condition - Tight double S-curve through three staggered intersections limiting sight distance requiring a horizontal alignment. No sidewalks and a high volume of pedestrian traffic result in needed safety improvements. Estimated Cost: \$600,000.
- 3. NE 47th & 44th St. Connection Extension (1,500 linear ft.):** Condition - High volume of Casino traffic detours north and east through dense residential neighborhoods. Complete construction and grading is required. Estimated Cost: \$1,700,000.
- 4. SW Bard Road - Highway 101 to SW Coast Ave.:** Condition - Narrow collector gravel road with potholes and no drainage. Sections of road are 14 ft. wide with two way traffic. Full improvements required for public safety and traffic volumes. Estimated Cost: \$2,600,000.
- 5. Logan Road (Phase I) - Highway 101 to NE 50th St.:** Condition - Insufficient road width for traffic volume. Access modification, selective widening, and new channelization required to achieve improved safety and traffic flow. Estimated Cost: \$650,000.

CITY OF LOWELL

With the expected loss of the county pass-through federal timber revenues, the city of Lowell stands to lose 61 percent of its road budget. Lowell is considering local funding options for its current maintenance budget shortfall, but would have to charge a street utility fee of \$15 per month for every household just to cover the loss of county funding.

LOWELL QUICK FACTS

- 2006 Population: 955
- Funding Need: An additional \$34,000 annually is needed to maintain Lowell's 10 lane miles.
- Local Economy: Limited Commercial and Industrial - the community would like to expand the city's local economic base.



The city of Lowell is struggling to fund needed street projects on its 10 lane miles of city streets. Most of Lowell's streets are at a critical point, needing overlays in order to extend the life of the streets.

In fiscal year 2005-06, the city received only \$44,152 in state transportation funds distribution. In previous years, Lane County has also contributed funding for city street maintenance through a Road Partnership Agreement. With the county funding assistance, the city was able to provide bare minimum levels of routine and emergency maintenance and fund a half time employee for streets. Because of the potential loss of federal funding, and Lane County's own transportation

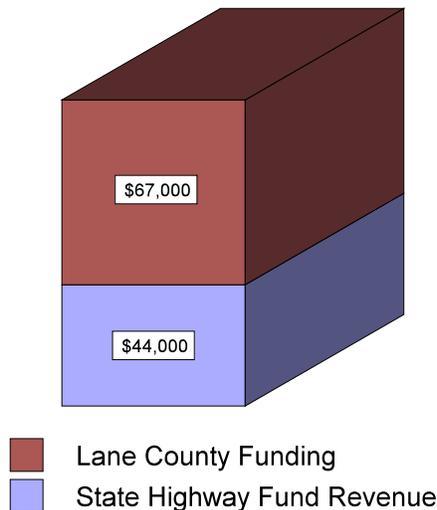
funding shortfalls, the county will cease these distributions in fiscal year 2007-08. The loss of the county's \$66,703 distribution will represent a 61 percent revenue decrease in Lowell's 2007-08 street fund.



While primary access to Lowell is on Highway 58, there are no state or federal highways located within the city. The city has adopted urban standards for street construction that are required of all new development, however, the majority of existing city streets, including most of the county collector streets, were built years ago to rural standards.

CITY OF LOWELL

Lowell Street Fund Revenue FY 05-06



For Lowell, a local gas tax would not be feasible since there are only two small gas stations, which are not located on a major street or highway. Most Lowell residents currently buy gas in Eugene and Springfield on their way to and from work.

A transportation utility fee would also be difficult for the city of Lowell. This fee would have to compete with high water and sewer fees that average \$81.95 per month. The water and sewer rates are high as a result of the small economy of scale in Lowell - the same would be true for a transportation utility fee. The city would have to charge approximately \$15 per month per dwelling unit just to cover the loss of county street funding.

Because Lowell has never been able to fund a comprehensive study of the city street system, the city targets scarce resources on projects that receive the most citizen attention, rather than those that maximize the life of the city's pavement investment.

Lowell's Critical Street Project List:

- 1. Alder Street:** Condition - Section of the street is in need of resurfacing.
- 2. Main Street:** Condition - Section of the street is in need of resurfacing and storm drainage improvements.
- 3. Damon Street:** Condition - Currently a gravel road in need of new street construction.
- 4. 6th Street:** Condition - Street construction and extension.
- 5. Sidewalks:** Condition - Several sections of street are in need of sidewalk construction in accordance with the city's master plan, and to improve pedestrian safety.

Note: The city of Lowell has no resources to fund the technical staff needed to estimate costs for these projects.

CITY OF MILWAUKIE

Milwaukie's local streets are in a state of rapid decline, some have already failed, and funding is not adequate to turn the situation around. If nothing is done, the roads will worsen and the cost to remedy the situation will skyrocket. — Milwaukie's "Problem Statement"

MILWAUKIE QUICK FACTS

- 2006 Population: 20,835
(an increase of 4 percent in 10 years)
- Funding Need: An additional \$600,000 annually is needed to maintain Milwaukie's 138 lane miles. An additional total cost of \$4 million is needed to bring all streets up to "good" condition.
- Highways 244 and 99-E are located in Milwaukie.
- Local Economy: Mixed Commercial. Heavy and Light Industrial - PCC Structurals (over 1,000 employees); Oregon Cutting Systems (aka Blount - over 1,000 employees). Mixed-Use Development Downtown.



The city of Milwaukie estimates that it needs \$4 million to bring all of its streets up to "good" condition. The city budget committee and Citizen's Utility Advisory Board recommended the city's 138 lane miles of paved streets be treated as a capital asset worthy of the same management as the sewer, water and storm water systems. In 2004, the value of Milwaukie's street system (based on replacement cost) was estimated at \$65 million - a figure that is increasing rapidly with inflation.

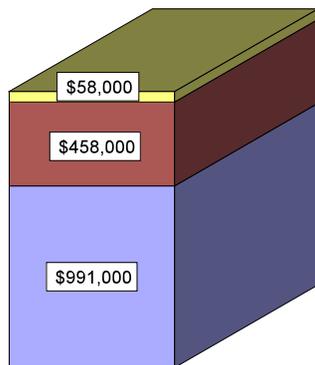
In 2004, Engineering Information Services Inc. (EIS) visually inspected Milwaukie's streets. When combined with a sub-surface inspection conducted in 1995, only 55 percent of the street system ranked in good condition. The EIS report concluded that the value of deferred street maintenance was rapidly growing, and deteriorating streets were passing the point of effective maintenance and preservation.



In July of 2006, as a part of Milwaukie's newly-approved Street Surface Maintenance Program, the city adopted the goal of raising the entire street network's pavement condition rating to within the "good" range and maintain it at that level. This requires not only the city's maintenance plan for projects, but a stable, constant source of street fund revenue.

CITY OF MILWAUKIE

Milwaukie Street Fund Revenue FY 05-06



- Grants
- Locally-Raised Revenue
- State Highway Fund Revenue

The city estimates that it will take \$1.2 million per year for 10 years to catch up on deferred maintenance and rehabilitation projects needed to bring all streets up to a “good” condition. The state highway fund is Milwaukie’s primary revenue source for flexible transportation funding. In current, non-adjusted dollars, the city’s state gas tax share has barely increased over the last decade: \$906,065 in 1995-96; \$959,646 in 2006-07.

Multiple street needs compete for scarce maintenance dollars within the city’s street fund, including: preventive surface maintenance; right-of-way maintenance; street light electricity; and emergency street repairs.

Milwaukie’s Street Surface Maintenance Program calls for the development of new, local revenue sources. The new funding sources adopted by the council are a trip-based street maintenance fee and a 1.5 percent privilege tax on Portland General Electric. These two revenue sources will bring in \$900,000 to \$1,000,000 annually. A 2-cent local gas tax was originally in the revenue formula, but the City Council is waiting to see if a raise in the state gas tax occurs during the 2007 legislative session. If passed, the local gas tax would generate an additional \$125,000 to \$200,000, and would allow the city to fully implement the street maintenance program that the community has worked together to create.

Milwaukie’s Critical Street Project List:

- 1. Oak Street - Hwy 224 to Monroe St.:** Condition - Collector street in need of an overlay (PCI 55). Estimated Cost: \$85,802.
- 2. Washington Street - McLoughlin Blvd. to Oak St.:** Condition - Heavy traffic collector street in need of an overlay (PCI 69). Estimated Cost: \$181,098.
- 3. Linwood Avenue - Railroad Ave. to Monroe St.:** Condition - Heavy traffic arterial street in need of an overlay (PCI 79). Estimated Cost: \$295,593.
- 4. King Road - 43rd Ave. to Hollywood Ave.:** Condition - Arterial in need of reconstruction (PCI 40). Estimated Cost: \$770,816.
- 5. Harrison Street - McLoughlin Blvd. to 42nd Ave.:** Condition - Arterial in need of reconstruction (PCI 44). Estimated Cost: \$761,252.

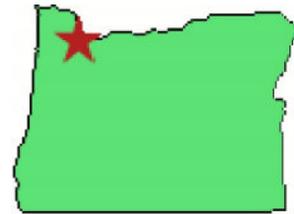
Note: Pavement condition ratings (PCI) based on combined scores of a 1995 sub-surface test, a 2003-04 visual survey, and a 2005 staff update.

CITY OF NEWBERG

Facing significant growth, declining road maintenance resources, and an existing funding gap of \$6.3 million, it will take Newberg 25 years to raise the funds needed today for pavement overlays and reconstruction. By that time, the condition of many other roads will have worsened, and additional resources will be needed.

NEWBERG QUICK FACTS

- 2006 Population: 20,570
(an increase of 27 percent in 10 years)
- Funding Need: An additional \$520,000 annually is needed to maintain Newberg's 112 lane miles. A total cost of \$3.9 million is needed to bring all streets up to "good" condition.
- Highway 99 West runs through the middle of Newberg.
- Local Economy: Higher Education - George Fox University (560 employees).
Manufacturing - A-DEC (978 employees - largest manufacturer of dental equipment).
Mixed- Commercial.



The city of Newberg's revenues are declining for all city services, including those for pavement preservation. Since 2000, the total number of public works maintenance employees has dropped while the road system has increased an average of two lane miles per year, five lane miles last year alone. Newberg's growth is projected to continue at a healthy rate, with a 1,300-lot development currently underway and urban growth boundary expansions ongoing. The combination of rapid growth and declining revenues has created a difficult challenge for Newberg's pavement preservation efforts.

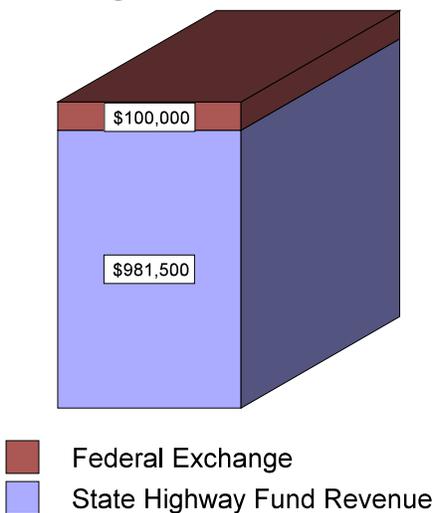
In the last year, Newberg completed a basic condition assessment of the road network. The results were not encouraging. Of the 112 lane miles, 40 are in need of an overlay at an estimated cost of \$2.4 million. The city's current budget allocates \$150,000 per year to street maintenance.

Since Newberg cannot provide an adequate level of pavement maintenance, seven lane-miles of roadway now must be reconstructed at an estimated cost of \$1.3 million. At this rate, the city cannot keep up with proper maintenance and preservation. It will take 25



CITY OF NEWBERG

Newberg Street Fund Revenue FY 05-06



years to raise money for today’s needs. By that time, the condition of many other roads will have worsened, and additional resources will be needed. Considering the reality of the declining purchasing power of state gas tax revenues, it is easy to see that Newberg is headed for disaster. To address the budget short fall, the city is investigating the feasibility of alternative funding sources. Options include a local gas tax, general obligation bonds and the most likely approach: a street utility fee.

Even with additional funding, it is unlikely that all of the street deficiencies will be addressed by local solutions alone. Newberg expects the struggle for street maintenance funding to be a constant battle until a stable funding source is secured.

Newberg’s Critical Street Project List:

- 1. Downtown Core (2,500 linear ft.):** Condition - Several severely degraded streets are at risk of structure failure and in need of a complete reconstruction. Estimated Cost: \$175,000.
 - 2. Villa Road (5,000 linear ft.):** Condition - The condition of this major collector street varies from poor to failed. Sections of this street need overlays, and other sections need complete reconstruction. Estimated Cost: \$210,000.
 - 3. Elliot Road (1,000 linear ft.):** Condition - This local street is the main student entrance to the High School. The street is failing and now requires a complete reconstruction. Estimated Cost: \$70,000.
 - 4. Deborah Road (1,500 linear ft.):** Condition - This local street is the main access to an Elementary School, and is an access road to the middle and high schools. The street is in fair to poor condition and is in need of an overlay in order to preserve the pavement. Estimated Cost: \$35,000.
 - 5. Meridian Street (1,500 linear ft.):** Condition - This minor collector street serves George Fox University and local residents. The street is currently in poor condition and is in need of an overlay in order to preserve the pavement. Estimated Cost: \$35,000.
-

CITY OF NORTH PLAINS

The city's \$1 per month transportation utility fee generates \$22,000 per year. This does not go a long way given the rising cost of construction. The city must save these fee revenues for several years in order to fund any major street maintenance project.

NORTH PLAINS QUICK FACTS

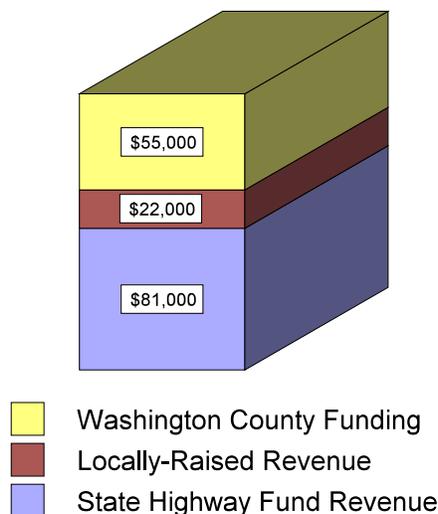
- 2006 Population: 1,755
(an increase of 19 percent in 10 years)
- Funding Need: An additional \$100,000 annually is needed to maintain North Plains' 28 lane miles. A total cost of \$4 - 5 million is needed to bring all streets up to "good" condition.
- Local Economy: Wood Products - Oregon-Canadian Forest Products (150 Employees); Jewett-Cameron (50 employees). Small Businesses.



Currently, the city of North Plains is not able to adequately fund street maintenance and preservation. The city has completed one slurry seal in eight years, and that was on a small portion of streets. Due to declining revenues in the general fund, which pays for police services and city administration, the street fund is the only local resource for street maintenance. Although some revenue is available for routine maintenance and preservation, the city must handle emergency repairs first.



North Plains St. Fund Revenue FY 05-06



The street fund consists of the city's share of both the state highway fund and county gas tax revenue, and local "major streets transportation improvement program" (MSTIP) funds, traffic impact fees, and transportation utility fee (TUF) revenue.

The TUF was adopted in 2004, and again in 2006, as a local revenue tool for funding street maintenance and preservation. It adds about \$1 to monthly residential water bills, generating approximately \$22,000 per year. Although the low fee of \$1 per month made the TUF viable for North Plains, \$22,000 does not go very far, especially

CITY OF NORTH PLAINS

with drastically increasing construction costs. The city must save the TUF revenues for several years in order to fund any major maintenance project.

The county's MSTIP funds and traffic impact fee revenues are used for street improvements and development - not maintenance. North Plains is located next to Hillsboro, and is growing rapidly, however, there are still several gravel roads within the city. Traffic impact fees can only be used for new development, and MSTIP funds only amounted to \$55,000 per year. The city used to complete projects using Community Development Block Grants, but the city no longer qualifies for those funds.



Revenue for improvements and developments allows North Plains to designate more revenue to maintenance and preservation, however there is still inadequate funding for the city's street system. North Plains has unpaved roads and deteriorating streets. As a small city in the Portland metropolitan area, it faces unique challenges regarding growth and economic development. To be successful, North Plains needs a sound transportation infrastructure.

North Plains' Critical Street Project List:

- 1. Highland Court:** Condition - Alligator cracks in pavement — needs reconstruction.
 - 2. Cottage Street - 321st St. to 324th St.:** Condition - gravel road in need of street construction.
 - 3. A Majority of City Streets:** Condition - needs slurry seals or overlays in order to preserve the life of the pavement.
-

CITY OF PORTLAND

During the past 20 years, city streets in “good/very good” condition have declined from 68 percent to 54 percent of Portland’s roads. Arterial condition is even worse (35 percent “good/very good”) contributing to safety concerns, congestion, and expensive repair costs.

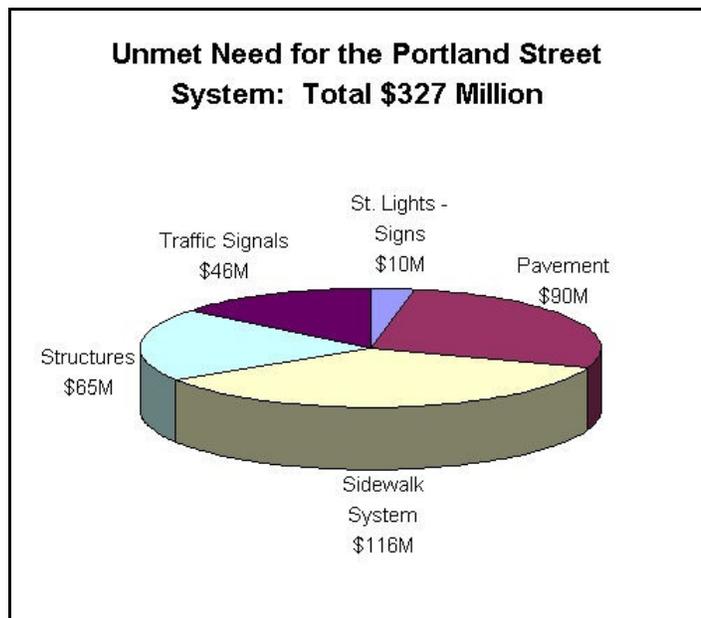
PORTLAND QUICK FACTS

- 2006 Population: 562,690
(An increase of 12 percent in 10 years)
- Funding Need: \$327 million is needed to bring all street assets up to standard or to a “good” condition.
- Local Economy: Higher Education - Oregon Health and Sciences University; Portland State University. The Port of Portland and Portland International Airport. Industrial - Gunderson; Freightliner and other major industries.



Portland estimates \$327 million in unmet need for transportation funding. This funding would bring pavement, street signs, traffic signals, bridges and sidewalks up to standard, or “good” condition.

Portland’s street system consists of nearly 3,941 lane miles of improved streets with an estimated asset value of \$4.7 billion. Out of the \$327 million, the unmet need for pavement alone is \$10.5 million per year for 10 years to address a backlog of 627 miles of roads. The pavement backlog has grown 27 percent in the last ten years due to inadequate funding. Over the past 20 years, the number of streets in good/very good condition has declined from 68 percent to 54 percent. Arterial condition is even worse (35 percent good/very good) contributing to safety concerns, congestion, and expensive repairs.



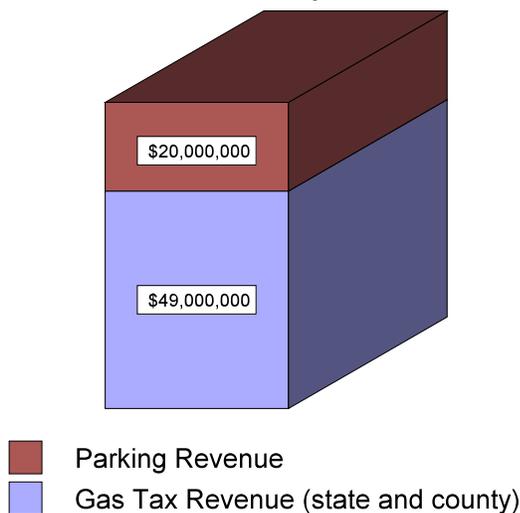
The maintenance backlog has a direct impact on safety and congestion. For example, from 2001 to 2004, just 40 intersections within the city limits accounted for 3,721 crashes, 10 fatalities, and 1,425 injuries. The economic cost of these crashes was over \$46 million. Furthermore, a recent

CITY OF PORTLAND

report, entitled “The Cost of Congestion to the Economy of the Portland Region” estimated that a “failure to invest adequately in...improvements will result in a potential [economic] loss valued at \$844 million annually by 2025.” By diverting traffic from unmaintained arterials to neighborhood streets, congestion and safety problems will mount and traffic delays will continue.



Portland General Transp. Revenue FY 06-07



In 2003, the Oregon Legislature passed the Oregon Transportation Investment Act (OTIA III), which provided a desperately needed infusion of resources for local systems in addition to millions of dollars for state, county and local bridges.

Even with OTIA III, present funds do not allow cities to preserve their existing transportation infrastructure nor address the increased safety, seismic, public transit and growth-related needs of the people and businesses of Oregon. Without additional funding, the existing system will continue to deteriorate, leaving a legacy of decaying roads, inadequate transit, and unsafe pedestrian facilities.

Portland’s Critical Street Maintenance Project List:

1. **122nd Avenue (5.7 miles):** Estimated Cost: \$20,000,000.
2. **Martin Luther King Blvd. (3.8 miles):** Estimated Cost: \$10,000,000.
3. **Beaverton-Hillsdale Highway (2.2 miles):** Estimated Cost: \$8,000,000.
4. **Columbia Blvd. (2.5 miles):** Estimated Cost: \$8,000,000.
5. **Glisan Street (2.3 miles):** Estimated Cost: \$6,000,000.

CITY OF ROGUE RIVER

Rogue River's Street Maintenance Priority List reflects \$925,774 in needed street repairs for 2007. This figure is expected to rise 3 percent annually - delaying maintenance increases the cost four-fold.

ROGUE RIVER QUICK FACTS

- 2006 Population: 2,010
(An increase of 2 percent in 10 years)
- Funding Need: An additional \$200,000 annually is needed to maintain Rogue River's 21 lane miles. A total cost of \$926,000 is needed to bring all streets up to "good" condition.
- Highway 99 is located within City of Rogue River.
- Local Economy: Seasonal Tourism - The Greenway Bicycle Path. Wood Product Manufacturing - Panel Products.



Divided by Interstate 5 and the Rogue River, the city of Rogue River maintains 20.84 lane miles of streets. The city is a major point of access to I-5 for neighboring communities for those who commute to other cities for work or shopping. Commuting subjects the city's streets to wear from considerable traffic from outside of its jurisdiction - all of which is more than the city street fund can keep pace with.

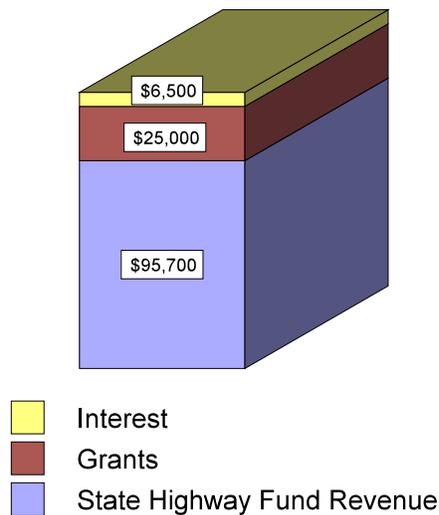
In 2007, the city anticipates considerable tourist traffic with the completion of the Greenway, a pedestrian and bicycle path from Rogue River south to Valley of the Rogue Park. Businesses anticipate an increase in revenue, but the added traffic will leave its mark on city streets.

Both the city and the surrounding area have been experiencing growth during the past 12 months. The city is expecting a measurable increase in population within the next few years from existing and proposed development applications. An increase in population alone will place a greater burden on the aging street infrastructure. Deterioration will accelerate because, due to the city's configuration, all construction vehicles must travel the four most populated collectors to gain access to their construction sites within the city limits and into the outlying areas.



CITY OF ROGUE RIVER

Rogue River St. Fund Revenue FY 05-06



Most of the streets are more than 30 years old and in need of repair. The city has secured a \$25,000 grant from the Special City Allotment Program biannually for several years. In an effort to raise additional funds for needed street repairs, the city proposed a 3-cent per gallon gas tax in 2006. The two gas stations and citizens reacted negatively; therefore, the city began looking at other options.

Rogue River has no funding mechanism for major street maintenance projects. The current cost for a 2” overlay is approximately 95 cents per square foot. The street maintenance priority list, based on the significance of the street to the community and its existing condition, reflects needed repairs at a cost of \$925,774 in 2007. This figure is expected

to rise 3 percent annually. A delay in maintenance will quadruple the cost - what was a \$100,000 project becomes a \$400,000 project.

The city is considering levying a street impact fee upon all development to be collected at time of building permit issuance. While an impact fee will be insufficient to catch up and keep pace with needed repairs, it will supplement the \$103,956 the city expects to receive in 2007 from the state Highway Fund. Meanwhile, the city will continue to explore other possible sources of revenue for pavement maintenance and preservation.

Rogue River Critical Street Project List:

- 1. Pine Street - E. Main St. to City Limits:** Condition - Pavement is in poor condition and in need of a grind and overlay. Estimated Cost: \$307,000.
- 2. Broadway - to Valley View:** Condition - Pavement is in poor condition and in need of a grind and overlay. Estimated Cost: \$233,300.
- 3. W. Main Street - Pine St. to W. Evans Creek Rd.:** Condition - Pavement is in poor condition and in need of a grind and overlay. Estimated Cost: \$140,000.
- 4. E. Main Street - Depot St. to N. River Rd.:** Condition - Pavement is beyond poor condition and in need of a grind and overlay. Estimated Cost: \$122,000.
- 5. N. River Road - Classic Dr. to City Limits:** Condition - Pavement is in poor condition and in need of a grind and overlay. Estimated Cost: \$101,760.

CITY OF SALEM

From 2003 to 2009, Salem needed \$109 million in order to maintain the street pavements in good or better condition. Five years into this seven-year assessment, Salem has only been able to direct \$12 million toward addressing these needs.

SALEM QUICK FACTS

- 2006 Population: 149,305
(An increase of 24 percent in 10 years)
- Funding Need: An additional \$9.9 million is needed annually to maintain Salem's 1,081 lane miles. \$97 million is needed to bring all streets up to "good" condition.
- Highways 22, 221, and 99E Business, are located within Salem's city limits.
- Local Economy: Government - Oregon State Capital. Education - Willamette University. Food Processing. Mixed-Commercial.



In 2003, Salem city staff estimated a need of \$109 million over the next seven years (2003-2009) in order to maintain the street pavements in good or better condition. Corrective, rehabilitative, and preservation maintenance projects are included in the needs assessment. Five years into this assessment, Salem has been able to direct only \$12 million toward addressing these needs.

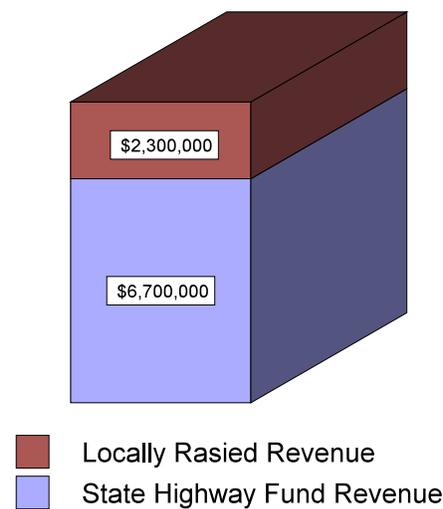
Salem has sustained a modest in-house maintenance paving program of patches and thin overlays designed to hold its arterial and collector streets together until sufficient funding can be secured to undertake larger, structural overlays. The city has made progress toward improving the worst-condition local residential streets, but lacks resources for a significant number of paving contracts needed for arterial streets.



In the current fiscal year (2006-07) Salem budgeted \$9 million for street operations and maintenance, a decrease of 8.2 percent from fiscal year 2005-06. More notably, the current budget contains a 44 percent decrease in pavement maintenance spending, with traffic signal operations, street lights, and other maintenance spending requiring a larger percentage of total resources.

CITY OF SALEM

Salem Street Fund Revenue FY 05-06



The city expects approximately \$6.9 million in allocation of State Highway Funds in fiscal year 2006-07. This decrease from \$7.1 million in 2005-06, coupled with decreases in construction fund support and other funding sources is responsible for the dramatic decrease in the overall street system maintenance budget, especially in pavement maintenance.

Historically, Salem funds its street capital projects from a variety of sources such as: general obligation bonding; development exactions; transportation system development charges; and federal funds. The city relies on its allocation of State Highway Funds as its primary source of funding for street operations and maintenance.

Salem’s street fund has many competing demands. For example, street lights, sidewalk repair, street trees, and right of way landscaping are all entirely funded through the city’s share of State Highway Funds without assistance from the city’s general fund. These needs place increased pressure on already limited transportation funds.

The City Council adopted a streetscape utility fee in July 2002 in an attempt to solve a portion of its street maintenance funding problem. The fee would have raised \$3 million per year in new funding that would have paid for sidewalk construction/repair, street tree/landscaping maintenance, and operation of the city’s street lights. More importantly, this fee would have reallocated up to \$2 million annually of the street fund towards much needed pavement maintenance. Salem’s voters repealed the streetscape utility fee in May 2003, leaving the city without a significant local funding source for its street system.

In 2003, the city began incrementally transferring water/sewer utility franchise fee revenues to street maintenance over a ten-year period. Coupled with the OTIA III-based increase in state title and registration fees, the city was able to set street funding back in a positive direction.

Unfortunately, the additional water/sewer franchise fees and State Highway Funds have not kept pace with the rising costs and a growing street maintenance backlog. Inflationary cost increases in fuel, asphalt, concrete, steel, electric and employee wages have eroded the limited funding that is available for street maintenance. The summer of 2006 saw a 37 percent increase in the cost of asphalt mix alone. Electricity costs have risen 22 percent over a three-year period from fiscal years 2003-04 to 2005-06.

The city is considering placing a general obligation transportation bond measure on the November 2008 ballot. Nearly one third of the expected bond sale amount will likely go to major street pavement reconstruction and rehabilitation.

CITY OF SALEM

The Salem General Fund also has demands to increase expenditures on public safety, parks and library services, as well as a backlog of deferred building and facility maintenance. The incremental transfer of water/sewer franchise fees reflects the city council's priority for street maintenance funding at a time when the limits and demands on general fund revenues are increasing. Despite Salem's effort to solve the problem locally, the additional revenues raised are not enough to adequately preserve and maintain the streets of Oregon's capital city.



Salem's Critical Street Project List:

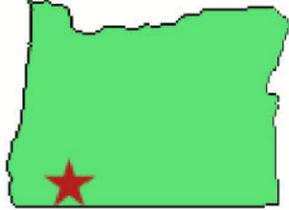
- 1. Downtown Core Grid - Commercial St., Union St., 12th St., Ferry/Bellevue St.:** Condition - Poor - Severely stressed pavements with rutting, structural failures, alligating, potholes, and other major defects. Needs Milling and reprofiling along with entirely new pavement for most street segments. Estimated Cost: \$8 million.
 - 2. Center Street NE (9,600 lineal ft.) - 17th St. NE to Hawthorne Ave NE:** Condition - Poor/Fair - Needs milling and 4 inch structural resurfacing and base repairs due to severe cracks, rutting and structural failures. Estimated Cost: \$1.4 million.
 - 3. Lancaster Drive NE (1,000 lineal ft. x 4 lanes) - Wolverine Dr. to Beverly Ave.:** Condition - Poor/Fair - Needs milling and resurfacing due to severe cracks and rutting. Estimated Cost: \$72,000.
 - 4. Cherry Avenue NE (1,500 linear ft.):** Condition - Poor - Needs 3 inch structural overlay and full depth repairs due to severe cracks and rutting. Estimated Cost: \$75,000.
 - 5. D Street NE (900 linear ft.):** Condition - Poor - Needs 3 inch structural overlay and full depth repairs due to severe cracks, rutting and structural failures. Estimated Cost: \$31,000.
-

CITY OF SHADY COVE

Shady Cove receives little state highway funding and has no local source beyond the periodic \$25,000 Small City Allotment Grant issued by the Oregon Department of Transportation. These grant funds cover the cost of designing a project, but cannot meet the cost of completing it.

SHADY COVE QUICK FACTS

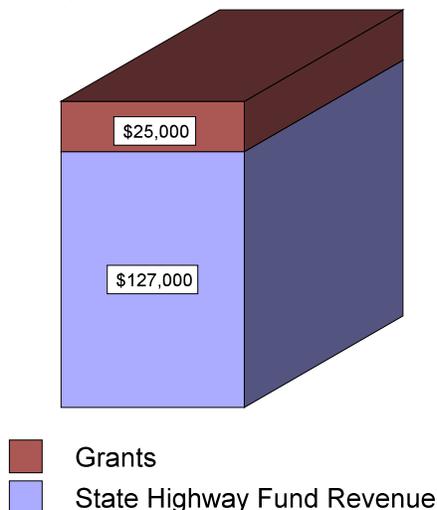
- 2006 Population: 2,760
(An increase of 29 percent in 10 years)
- Funding Need: An additional \$180,000 is needed to maintain Shady Cove's 21 lane miles. \$6 million is needed to bring all streets up to "good" condition (mostly gravel roads).
- The city is located on the Highway 62 - The Rogue Umpqua National Scenic Byway.
- Local Economy: Seasonal Tourism - Rafting, Fishing; Recreational Lodging. Small Businesses.



The city of Shady Cove, located on the Rogue Umpqua National Scenic Byway, is the closest full service, incorporated community to Crater Lake National Park. Shady Cove has approximately 21 street lane miles, of which approximately 14 are paved. Most of the residential streets are cul-de-sacs with no outlet. Freight and tourist traffic runs through the city,



Shady Cove Street Fund Revenue FY 05-06



which has left its mark on the city's roads. The city is responsible for street maintenance and does not spend more than it receives in spite of increasing operating and maintenance costs. Street maintenance costs include maintenance on storm drains and street lighting – vital components of the total transportation infrastructure.

The street fund pays the street light utility bill, and a share of the public works wages, fuel and

CITY OF SHADY COVE

insurance costs for street equipment. Street fund revenues are also used for maintenance of light poles and electricity for the Shady Cove bridge. This leaves little revenue for routine street maintenance.

When sufficient funds are available, major improvements are paid by grants and systems development charges. In previous years, Shady Cove received the \$25,000 Small City Allotment Grant issued by the Oregon Department of Transportation. These funds cover the cost to design a project, but cannot meet the cost needed to complete it.

In order to bring all of Shady Cove's streets up to a good condition (including paving the gravel roads), the city needs an estimated \$6 million. Due to a low permanent property tax rate, Shady Cove relies on state highway funds as its only source of annual street fund revenue. The city's \$127,000 share of gas tax revenues does not meet the need.



Shady Cove's Critical Street Project List:

- 1. Rogue River Drive (6,900 linear ft.) - Connector to Highways 62 and 234:** Condition - Due to heavy traffic (including freight), shoulders are breaking down and in need of repair. Is in need of several safety improvements, including walkway/bikepaths, widening, etc. Estimated Cost: \$1,932,000.
 - 2. Erickson Avenue (1,000 linear ft.) - Hudspeth Ln. to Cleveland St. (near the elementary school):** Condition - Rock/gravel street that needs to be constructed to collector street standards. Estimated Cost: \$280,000.
 - 3. Hudspeth Lane (1,650 linear ft.) - Sarma Dr. to Kathleen Terrace:** Condition - Rock/gravel street that needs to be constructed to local street standards. Estimated Cost: \$353,000.
 - 4. Park Drive (1,340 linear ft.) - Edgewood Pk. Dr. to Cedar St.:** Condition - Rock/gravel street that needs to be constructed to local street standards. Estimated Cost: \$288,000.
 - 5. Schoolhouse Lane (1,650 linear ft.):** Condition - 400 feet has severe pavement cracking and potential potholes. The remainder of the street is single lane width. The whole are needs full construction to collector street standards. Estimated Cost: \$462,000.
-

CITY OF SISTERS

Locally-raised revenues make up more than two-thirds of Sisters' transportation fund, but the city's revenues are still inadequate to provide proper street maintenance. Because of its location, Sisters spends a significant part of its street system maintenance budget on snow removal and vehicle maintenance. Only \$10,532 (less than 5 percent) was available for pavement maintenance.

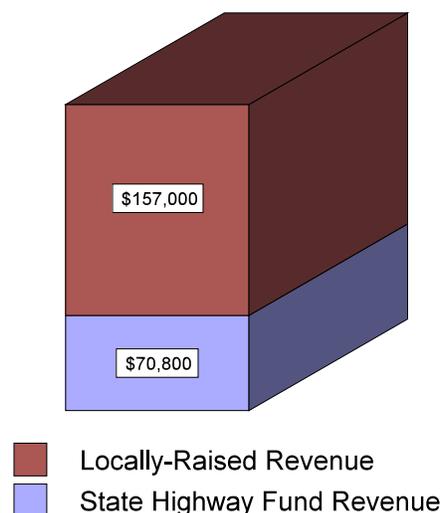
SISTERS QUICK FACTS

- 2006 Population: 1,745
(An increase of 125 percent in 10 years)
- Funding Need: An additional \$100,000 is needed to maintain Sisters' 33 lane miles. \$300,000 is needed to bring all streets up to "good" condition.
- Highway 20 is the main artery through Sisters.
- Local Economy: Tourism and Small Businesses.



Over time, the quality of city streets in Sisters has deteriorated. The city's main street, Cascade Avenue (Highway 20), is in serious need of attention due to rutting and impacts of snow and ice. Had it not been for a sewer project which allowed for some of the streets to be resurfaced, more of Sisters' streets would be in worse condition. Sisters has grown 17 percent in the last two years. Growth has produced many new roads constructed by private development.

Sisters Street Fund Revenue FY 05-06



Most of the city's street fund revenue come from a \$100,000 transfer from the city's general fund. Other local revenues include utility franchises and leases. The second major source of revenue is the city's share of the State Highway Fund. Sisters spent \$145,340 on various street system maintenance activities including: labor; snow removal; street lighting; street sweeping; and vehicle maintenance. Only \$10,532 was spent on pavement maintenance, and included mostly pothole patching.

In fiscal year 2006-07, Sisters spent approximately \$75,000 to chip seal three-quarters of the city's commercial downtown area. This was the first major expenditure for street maintenance since the

CITY OF SISTERS

city's streets were resurfaced during the sewer system construction between 1999 and 2002. As a cost saving measure, the work was conducted by the Deschutes County Road Department instead of a private contractor.

The city has been able to take advantage of grant opportunities such as ODOT's Small Cities Allotment grant for new roads like the new East Cascade connector link through the new Sisters Civic Center campus.

The city has not imposed a local gas tax or street maintenance fee, but is contemplating such a move. Sisters' water rates have not been adjusted since 1994 and the water fund is now in a deficit situation. The city's sewer rates will also need to be adjusted in fiscal year 2007-08. Imposing water and sewer rate adjustments and a new street maintenance fee is likely to have a negative financial impact on residents with fixed incomes. The City Council will continue discussing street funding options.

Sisters is a gateway to Central Oregon from the mid-Willamette Valley, and a popular tourist destination. The city's goal is to maintain streets in good condition through regular preventive maintenance projects. The challenge will be to find a constant and stable revenue source needed to achieve this goal.

Sisters Critical Street Project List:

- 1. Downtown:** Condition - Streets are in need of chip seal projects.
 - 2. Residential Areas:** Condition - Streets are over 10 years old and in need of chip sealing.
 - 3. Sidewalks:** Condition - Deteriorating sidewalks are in need of repair or replacement.
 - 4. Collector and Arterial Streets:** Condition - Overlays are needed due to damage from tree roots and/or normal deterioration.
-

CITY OF SPRINGFIELD

Springfield currently raises more than three times what it receives in state funding for roads. However, the threatened loss of federal timber revenues and Lane County's revenue sharing will force Springfield to search for additional local revenues.

SPRINGFIELD QUICK FACTS

- 2006 Population: 57,065
(an increase of 14 percent in 10 years)
- Funding Need: An additional \$800,000 is needed to maintain Springfield's 390 lane miles. \$2.5 million is needed to bring all streets up to fair condition.
- The City's Main Street is Highway 126.
- Local Economy: Health Care - Sacred Heart Hospital River Bend Campus (opens 2008 - 2,500 employees); Oregon Medical Labs (600-800 employees); Pacific Source Health (300 employees). Wood Manufacturing - Symantec (expanding to 2,200 employees) and Royal Caribbean Cruises (expanding to 900 employees). Mixed Commercial.



For many years, Springfield relied on a variety of revenue sources to fund transportation construction, maintenance and preservation. Historically, the general fund has faced challenges to support other essential city services because of Springfield's low assessed property values and low median income. Since 1980, no significant amount of general fund money has been used to fund the transportation system.

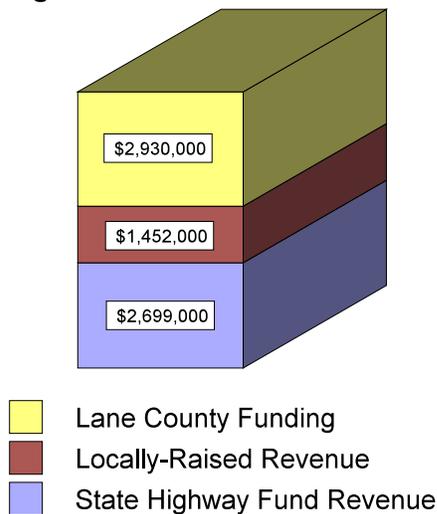
In the mid-1980s, Lane County agreed to begin sharing a portion of its highway trust fund revenues with Springfield and other Lane County cities. That revenue represented 25 to 30 percent of Springfield's street fund revenues at the time, with receipts from the state fuel taxes as most of the remainder.

Springfield funded all transportation related activities from those sources, but in the early 1990s the city adopted a transportation systems development charge (SDC) which supplemented street fund revenue as a source for



CITY OF SPRINGFIELD

Springfield Street-Related Revenue FY 05-06



new construction. The SDC enabled Springfield to devote all of the state fuel tax money and Lane County funding to operations, maintenance and preservation.

Over time, the county money became a greater source of revenue until the late 1990s when the county decreased its contributions based on declining forest receipts. The decrease drove Springfield’s street fund to near insolvency. The city had adequate SDC revenue to support the level of new construction, but inadequate revenue to maintain existing infrastructure or improve the infrastructure needed for areas developed prior to the enactment of transportation SDCs.

The near failure of many city streets was averted in 2003 when the Springfield City Council adopted a local fuel tax of \$0.03 per gallon. The local fuel tax provided crucial funding to restore the level of maintenance and preservation activity and limit the ongoing deterioration of the existing street system. The situation has changed once again, however. The potential loss of funding through the federal Secure Rural Schools Act of 2000 has resulted in the elimination of Lane County’s road assistance to cities. If that were to happen, the result would be a loss of more than one third of Springfield’s current street fund revenue.

Funding for street improvements is further complicated by an increased desire by the Oregon Transportation Commission (OTC) to have local governments provide funding for improvements on the state and Interstate highway system that occur in their vicinity. OTC has set a goal of moving freight and traffic throughout the state, but when local maintenance resources are diverted to highway expansion projects, local streets suffer. To achieve OTC’s full mission, attention must be paid to local streets — once freight moves off the state highway system, these streets are needed to move people and goods to their final destination.

With its current funding levels, Springfield can continue modest preservation efforts. However, even at a reduced level of support for maintenance, the street fund will again



CITY OF SPRINGFIELD

reach a perilous state in about three years, especially if county funding is eliminated. At that point, the city must identify alternative local revenue sources, such as an increase to the local fuel tax or the implementation of a transportation maintenance fee.



While the city has successfully worked its way through cycles of resource-rich and resource-poor times, the demand for new transportation facilities has never ceased growing, and has accelerated. If Springfield continues to divert maintenance resources for street improvements, either local fees and taxes will increase or maintenance and preservation will decrease.

Springfield's Critical Street Project List:

- 1. Sidewalks (mostly residential):** Condition - Damaged due to street trees. Estimated Cost: \$5,000,000.
 - 2. Unimproved City Streets:** Condition - Need to be reconstructed to current urban standards. Estimated Cost: \$15,000,000.
 - 3. Street on Bus Routes (5 miles):** Condition - Bus route streets are damaged due to heavy bus traffic. Need to rebuild them to standards that can handle the weight of bus traffic. Estimated Cost: \$10,000,000.
 - 4. Street Sweeping:** Condition - The city would like to increase street sweeping to twice a week, which would help preserve the pavement. Estimated Cost: \$500,000.
 - 5. Street Lighting:** Condition - Need more street lighting as a safety improvement measure. Estimated Cost: \$500,000.
-

CITY STREET NEEDS SURVEY

Summer 2014





City of McMinnville's works on pavement preservation during the summer of 2013.

Oregon Cities Face a \$300 Million Funding Gap for Street Maintenance and Preservation

Oregonians rely on the state's integral transportation network on a daily basis and have come to expect a safe and dependable system. According to the Oregon Department of Transportation's 2012 State of the System report, goods-dependent industries like manufacturing, agriculture, construction and retail provided nearly 600,000 jobs and generated \$26 billion of personal income in 2011 alone.

Unfortunately, Oregon's transportation infrastructure is getting older and more expensive to maintain, preserve and expand. Many important structures are between 50-80 years old, and increased maintenance investments will be necessary to keep older facilities safe and operational. In addition to the challenge of maintaining aging infrastructure, Oregon's population is expected to increase more than 25 percent between 2010 and 2030, creating increased demand and new and continuing challenges for the transportation system.

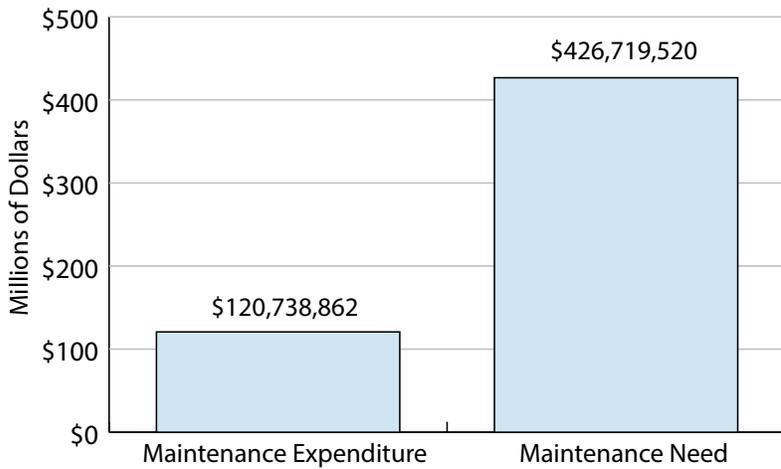
Funding vs. Need

Oregon's road system is showing significant signs of distress; and transportation funding is not keeping up with the need. For example, the federal gas tax has not increased since 1993. These funds make up the majority of revenues flowing into the Federal Highway Trust Fund for surface transportation programs. In 2009, the Oregon Legislature approved the Jobs and Transportation Act, which increased the state gas tax, vehicle title and registration fees, and weight-mile fees. However it was not enough. Cities are still facing a funding gap of more than \$300 million for street maintenance and preservation.

This funding gap was discovered through an LOC email survey sent to city executive staff in Oregon's 242 cities. The League

Population	Number of Responding Cities	Percent of Responding Cities	Percent of Oregon Cities
999 or less	43	28%	34%
1,000 to 4,999	50	32%	35%
5,000 to 19,999	35	23%	20%
20,000 to 49,999	15	10%	7%
50,000 to 149,999	8	5%	3%
150,000 or above	3	2%	1%

Fiscal Year 20123-13 City Maintenance Expenditure vs. Need



received 154 responses (64 percent of all cities) representing 90 percent of Oregon’s city population.

Pavement preservation is the most cost-effective method of street maintenance. However it requires the completion of key projects at critical points in the pavement cycle. Currently, most cities do not have adequate resources to conduct proper street maintenance. The city of Florence noted that “with the lack of adequate funding, the city streets continue to deteriorate.” The lack of funding has forced cities to make tough choices on where money is spent, and a number of cities can only maintain arterials and collectors at the cost of the city’s residential streets. Cannon Beach is continuously deferring residential street maintenance, and for some neighborhoods it has been as long as 40 years since the last surface maintenance. In St. Helens, street maintenance activities have become reactive—filling potholes, emergency repairs, etc.—until the street reaches the point of total failure because they do not have sufficient funding for a proactive pavement maintenance/repair program. Meanwhile, Salem eliminated preventative pavement maintenance four years ago. Lacking proper maintenance and timely repairs, paved roadways will fail and require costly reconstruction—six to 10 times the cost of regular maintenance.

Cities of all sizes are struggling to fund street maintenance, but larger cities have a greater unmet need, due to the fact that they are responsible for maintaining a larger transportation system.

IMPACTS OF DEFERRED MAINTENANCE

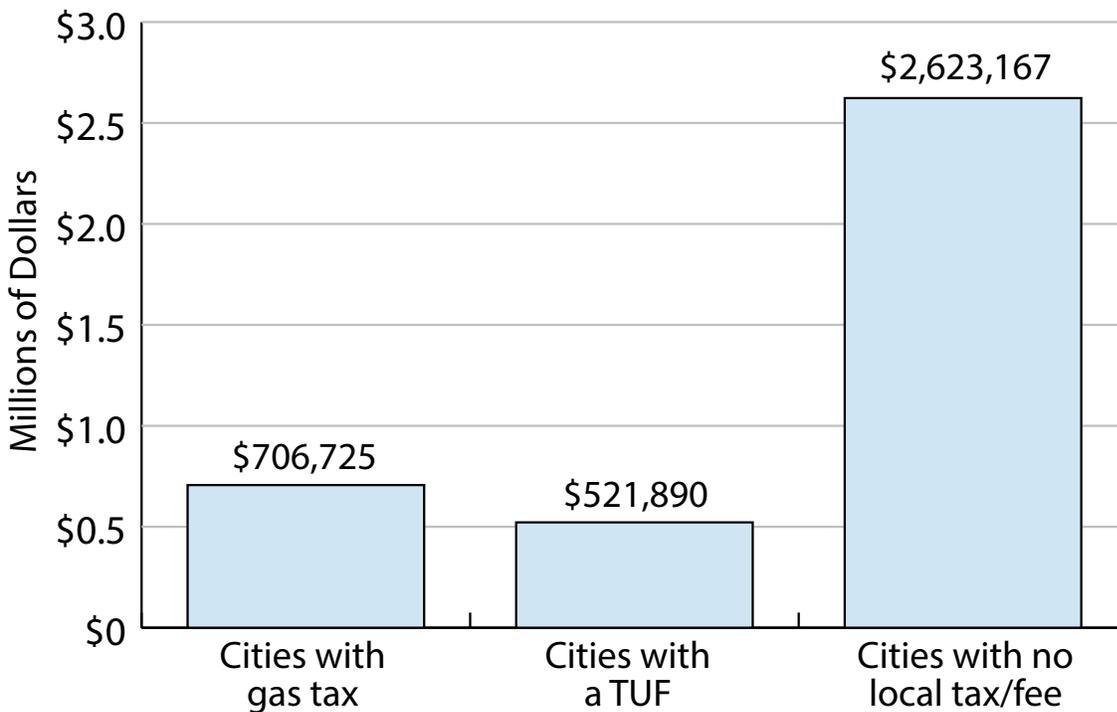
“The street system is definitely impacting economic development prospects for the city.” – *City of Mt. Angel*

“Some of the major business owners in the city have been complaining about the access to their facilities, which could affect economic viability if they relocate.” – *City of Newberg*

“A recent traffic accident was blamed on a sunken road section that caused the driver to lose control of their vehicle.” – *City of Coos Bay*

Population	Median Number of Lane Miles	Median Funding Gap
999 or less	7	\$29,000
1,000 to 4,999	21	\$120,000
5,000 to 19,999	79	\$328,568
20,000 to 49,999	215	\$679,694
50,000 to 149,999	508	\$1,611,208
150,000 or above	1,328	\$8,306,655

Average Maintenance Funding Gap



Exploring Other Funding Options

In order to close the street maintenance funding gap, cities are looking into other revenue raising options. Two options available to local governments are transportation utility fees (TUF) and a voter-approved local gas tax. According to the League’s survey, 32 cities (21 percent) have enacted a TUF. In 2008, Hillsboro passed a TUF based on trip generation, but the city is still facing a deferred maintenance deficit of \$11.7 million. According to League studies and the Oregon Department of Transportation, there are currently 22 cities with a local gas tax—14 responded to the League’s survey.

On average, cities that have a local street maintenance fee/tax are better able to meet their maintenance needs than cities without one. For example, because Sandy has a local gas tax, the city does well on street maintenance funding. However, a gas tax is not necessarily a panacea—the city still has little or no funding for capital improvements. According to survey respondents, 41 (27 percent) cities are currently looking into new revenue raising options in order to help address the growing backlog of street maintenance and preservation. For example, the city of Coos Bay convened a Citizen Street Task Force in the summer of 2013 to consider potential funding sources for street maintenance, and the Dallas City Council appointed a Citizen Involvement Committee in June 2012 to examine the issue of funding residential street repair and maintenance. These city councils will be faced with difficult decisions on the best option for funding street maintenance in their city, and will need to evaluate which funding mechanism is the right one for their community.

More Information: Cities are asked to contact the League with questions or to obtain additional information regarding this survey.



City of McMinnville, summer of 2013

LEAGUE OF OREGON CITIES

GAS TAX & TRANSPORTATION UTILITY FEE SURVEY RESULTS

MARCH 2015



Published by the League of
Oregon Cities

Gas Tax and Transportation Utility Fee Survey Results

The League’s gas tax and transportation utility fee (TUF) surveys were conducted in advance of the 2015 legislative session to be responsive to the Governor’s Transportation Vision Panel concerning local transportation funding tools. These brief surveys sought specific information to support the League’s legislative efforts. Surveys were sent to cities which currently have either a gas tax or TUF; three cities—Canby, Milwaukie and Tigard—have both. Below is a summary of the results.

Gas Tax Survey Results:

Twenty cities responded to the following three survey questions:

1. What is your rate (cents/gallon)?
2. How much revenue did it generate in FY13-14?
3. For what purpose(s) was the revenue used—construction, repair-maintenance-preservation, bike-pedestrian, sidewalks?

Among the cities surveyed, the average tax is 3 cents per gallon, with a range of 1-5 cents per gallon. The average revenue generated by these cities is \$390,797, with a range of \$36,638 to \$2,868,768.

Table 1 below provides a breakdown of taxing levels, while Table 2 provides the breakdown of uses. Refer to Appendix 1 for complete results.

Table 1

Tax – cents per gallon	Number of Cities
0.01	1
0.02	3
0.03	15
0.05	1

Table 2

Funds used for:	Number of Cities
Construction	15
Repair-maintenance-preservation	19
Bike-pedestrian	7
Sidewalks	6

Transportation Utility Fee (TUF) Survey Results:

Thirty cities responded to the survey, which consisted of three questions:

1. Briefly describe the methodology by which you charge the TUF (for both residential and commercial)
2. How much revenue did you generate in FY13-14?
3. For what purpose(s) were these revenues used—construction, repair-maintenance-preservation, sidewalks, bike-pedestrian, operations, administration, other?

For the responding cities, the average total revenue raised was \$853,370, with a range of \$1,900 to \$8,121,940.

Below, Table 3 breaks down the methods used for both residential and commercial categories, while Table 4 breaks down the uses of TUF revenue. Refer to Appendix 2 for complete results.

Table 3

Method	Residential	Commercial
Flat	20	8
Trip Generation	7	17
Other	3	5

Table 4

Funds used for:	Number of Cities
Construction	12
Repair/maintenance/preservation	28
Sidewalks	8
Bike-pedestrian	7
Operations	12
Administration	9
Other	2

Table 5 below shows the average revenue generated based upon their combined methodologies. As seen, cities that used the trip generation methodology for both residential and commercial generated on average the most revenue, while a flat fee methodology for both resulted in the lowest average.

Table 5

Method—Residential-Commercial	Count	Average Revenue
Flat-Flat	8	\$240,109
Trip Gen-Trip Gen	7	\$1,661,856
Other-Other	3	\$741,929
Flat-Trip Gen.	10	\$891,960
Flat-Other	2	\$703,440

Note – None of the cities used the trip generation methodology for residential (R) and a flat fee for commercial (C).

Appendix 1

Gas Tax		Revenue used for:				
City	Cents/gallon	Revenue generated in FY2013-14	Construction	Repair/maintenance/preservation	Bike/pedestrian	Sidewalks
Astoria	0.03	\$200,000	Yes	Yes	No	No
Canby	0.03	\$231,438	Yes	Yes	No	No
Coburg	0.03	\$67,297	Yes	Yes	Yes	No
Coquille	0.03	\$93,955	Yes	Yes	No	No
Cottage Grove	0.03	\$353,461	Yes	Yes	No	No
Dundee	0.02	\$36,638	Yes	Yes	Yes	Yes
Eugene	0.05	\$2,868,768	Yes	Yes	No	No
Hood River	0.03	\$275,100	Yes	Yes	Yes	Yes
Milwaukie	0.02	\$166,019	No	Yes	No	No
Newport	0.03	\$155,462	Yes	Yes	No	Yes
Oakridge	0.03	\$47,976	Yes	Yes	Yes	Yes
Sandy	0.02	\$259,504	Yes	Yes	No	No
Sisters	0.03	\$140,000	No	Yes	No	No
Springfield	0.03	\$1,042,494	Yes	Yes	Yes	Yes
The Dalles	0.03	\$449,660	Yes	Yes	No	No
Tigard	0.03	\$830,000	Yes	No	No	No
Tillamook	0.03	\$125,799	No	Yes	Yes	Yes
Veneta	0.03	\$94,300	No	Yes	No	No
Warrenton	0.03	\$276,314	Yes	Yes	Yes	No
Woodburn	0.01	\$101,761	No	Yes	No	No

Transportation Utility Fee	Methodology:		Revenue used for:							
	City:	Residential	Commercial	Revenue generated in FY2013-14	Construction	Repair/maintenance/preservation	Sidewalks	Bike/pedestrian	Operations	Administration
Ashland	Flat Fee	Other	\$1,358,379	Yes	Yes	Yes	Yes	Yes	Yes	No
Bay City	Flat Fee	Other	\$48,500	No	Yes	No	No	No	No	No
Brookings	Flat Fee	Flat Fee	\$186,000	No	Yes	No	No	No	No	Yes
Canby	Flat Fee	Trip Generation	\$538,102	Yes	Yes	No	No	No	No	No
Central Point	Flat Fee	Trip Generation	\$495,000	Yes	Yes	Yes	Yes	Yes	No	No
Corvallis	Trip Generation	Trip Generation	\$482,169	No	Yes	No	No	No	Yes	No
Eagle Point	Flat Fee	Trip Generation	\$300,000	No	Yes	No	No	Yes	Yes	No
Florence	Flat Fee	Flat Fee	\$287,800	Yes	Yes	No	No	No	No	No
Grants Pass	Trip Generation	Trip Generation	\$899,979	Yes	Yes	No	No	Yes	No	No
Hillsboro	Trip Generation	Trip Generation	\$1,748,281	No	Yes	No	Yes	Yes	No	No
Hubbard	Flat Fee	Flat Fee	\$68,660	No	Yes	No	No	No	No	No
La Grande	Flat Fee	Flat Fee	\$400,000	Yes	No	No	No	No	No	No
Lake Oswego	Flat Fee	Trip Generation	\$2,400,000	Yes	Yes	No	No	Yes	Yes	No
Medford	Trip Generation	Trip Generation	\$8,121,940	No	Yes	No	No	Yes	Yes	No
Milwaukie	Flat Fee	Trip Generation	\$618,943	No	Yes	No	No	No	No	No
Myrtle Creek	Flat Fee	Flat Fee	\$4,000	No	Yes	No	No	Yes	No	No
North Plains	Trip Generation	Trip Generation	\$25,538	Yes	Yes	Yes	Yes	Yes	Yes	No
Oregon City	Flat Fee	Trip Generation	\$2,033,790	No	Yes	No	No	No	No	No
Philomath	Flat Fee	Trip Generation	\$52,600	No	Yes	No	No	Yes	Yes	No
Phoenix	Trip Generation	Trip Generation	\$143,883	Yes	Yes	No	No	Yes	Yes	No
Sherwood	Other	Other	\$277,603	No	Yes	No	No	No	No	No
Silverton	Flat Fee	Flat Fee	\$210,564	Yes	Yes	No	No	No	No	No
Stayton	Flat Fee	Flat Fee	\$84,000	No	Yes	No	No	No	No	No
Talent	Flat Fee	Trip Generation	\$155,384	Yes	Yes	Yes	Yes	Yes	Yes	No
Tigard	Other	Other	\$1,946,284	No	Yes	No	No	No	No	No
Toledo	Other	Other	\$1,900	No	No	Yes	Yes	No	No	No
Tualatin	Flat Fee	Trip Generation	\$975,000	No	Yes	Yes	No	No	No	No
West Linn	Flat Fee	Trip Generation	\$1,350,783	Yes	Yes	Yes	Yes	No	No	No
Wilsonville	Flat Fee	Flat Fee	\$679,846	No	Yes	No	No	No	No	Yes
Wood Village	Trip Generation	Trip Generation	\$211,199	No	Yes	Yes	No	No	No	No

City of Tigard, Oregon

STREET MAINTENANCE FEE

The street maintenance fee is a monthly user fee dedicated to the maintenance of existing roadways and rights-of-way within Tigard. The fee was recommended by a citizen task force and established by the City Council in 2003.

Customer Type	Fee <i>(effective 1/1/15)</i>
Residential/Multi-Family (per unit)	\$6.12
Non-Residential Rate <small>(per minimum required parking space)</small>	\$1.38

Rate Exceptions

- Religious Institutions**
 Religious institutions are charged half the normal fee assessed to non-residential businesses, resulting in a 125 space maximum for those that reach the 250 space limit. This decision was made because parking requirements for these institutions are relatively high to accommodate large services, while the parking lots are not fully utilized during the week.
- Vacant Property**
 A property must be occupied to be assessed the fee. If a property is unoccupied for 30 days or more, the owner may apply for a fee waiver for that period.

How are the rates determined?

Existing rates were set under [Council Resolution 14-31](#).

How do we pay for street maintenance?

Historically, Tigard roads have been maintained by the state gas tax, a source of funding that has risen in 20 years, while road usage, operations and maintenance costs have increased at an overwhelming rate. As a result, Tigard is one of 18 Oregon cities that have adopted street maintenance fees to close the gap between local needs and increasingly stretched state dollars. By having a locally based fee, communities are provided with a stable source of revenue to pay for preventive maintenance and repairs in a timely and efficient manner.

You can read the entire code by visiting the link to [Tigard Municipal Code 15.20](#).

Lake Oswego Public Works

STREET FEE QUESTIONS

Question 1: What is a Street Maintenance Fee?

A Street Maintenance Fee (sometimes known as a Transportation Utility Fee, Road User Fee, or Street Utility Fee) is a monthly fee based on use of the transportation system that is collected from residences and businesses within Lake Oswego city limits. The fee is based on the number of trips a particular land use generates and is collected through the City's regular utility bill. It is designated for use in the maintenance and repair of the City's transportation system. Users of the road system share the costs of the corrective and preventive maintenance needed to keep the street system operating at an adequate level.

Question 2: What does the Street Maintenance Fee do?

It helps preserve the City's investment in the street infrastructure by providing revenue to maintain and repair the City's streets.

Question 3: Why a Street Maintenance Fee in Lake Oswego?

In the past, the largest funding source for maintenance of the City's street system was the State Gas Tax which has been used to pay for street maintenance and the energy and maintenance costs for the street lights and traffic signal systems citywide.

The City Council determined that the gas tax must be supplemented by additional funding sources to complete pavement overlays, pavement treatments and reconstruction work that are necessary to keep the street system functioning satisfactorily.

On November 4, 2003, the Lake Oswego City Council approved the implementation of a Street Maintenance Fee as the preferred alternative source of funding for the City's street infrastructure investment.

Question 4: What kind of street system do we have?

Of Lake Oswego's 181 miles of streets, 12% are arterials (e.g., Boones Ferry Road); 16% are collectors (e.g., Bryant Road); and 72% are residential streets (e.g., Twin Fir Road). The investment value is currently valued at \$270.7 million.

Question 5: Why is there a need for timely maintenance of Lake Oswego's streets?

Through timely maintenance of streets, cities are better able to provide safe roads on which people may travel. Studies have shown that pavement condition worsens at an increasing rate as the pavement gets older. Restoration of pavement near the end of its service life will typically cost 4 to 5 times more than rejuvenation performed in a timely manner.

Question 6: How are our SMF dollars invested?

The City Council established a policy that residents within Lake Oswego city limits would be the sole beneficiaries of the investments made in the City's street system. To that end, revenue will only be invested in streets under the ownership and maintenance control of the City. Streets outside the City's boundary are maintained by other agencies.

Question 7: What kind of street treatments are available?

Crack Sealing - Injection of hot tar or asphalt into cracks and paving seams.

Slurry Seal - Very thin layer of liquid asphalt and sand used to seal street surfaces.

Overlay - A new layer of asphalt or concrete, which adds structural strength and seals the surface.

Rehabilitation - Surface repairs to streets. Examples include slurry seals and overlays.

Reconstruction - The most expensive street treatment, reconstruction entails extensive street repair work that involves excavating the existing street and rebuilding road bed and surface layers. At least four to five times more costly than rehabilitation.

Question 8: How are the Street Maintenance Fee determined?

An inventory of all the existing uses on occupied parcels in the City provided the starting point for calculating the Street Maintenance Fee rates for the City of Lake Oswego.

The Institute of Transportation Engineers (ITE) trip generation rates were then used to determine trip generation values for each use. Residential and non-residential groups were established to help generate a maintenance fee rate to be applied to each group. The trip generation rates for non-residential uses most commonly are "number of trips per thousand gross square feet of building per day".

Single Family (Detached)

- Multi-family
- Group 1 - Land uses with less than 29 vehicle-trip-miles per day per 1,000 sf. of building space
- Group 2 - Land uses with more than 29, but less than 90, vehicle-trip-miles per day per 1,000 sf. of building space
- Group 3 - Land uses with more than 90 vehicle-trip-miles per day per 1,000 sf. of building space

Question 9: What are the rates that each trip generation group will pay? **BASED ON 2010 DATA, INFORMATION TO BE UPDATED**

Typical Investments, rates current through June 30, 2010 (per unit or 1,000 square feet)

Residential (per SFR*)	Multi-Family (per MFR**)	Non-Residential Group 1	Non-Residential Group 2	Non-Residential Group 3
\$4.00	\$2.68	\$2.45	\$5.51	\$20.58

*Single Family Residential

**Multi-Family Residential

Question 10: How much does the fee cost local service providers and businesses? **BASED ON 2010 DATA, INFORMATION TO BE UPDATED**

Non-residential fees vary based upon the type and gross floor area (GFA) of businesses. Typical ranges are between \$4.00 and \$20.58 per 1,000 sf of GFA. Some examples are shown as follows:

- Example 1: A medical-dental office building falls into non-residential Group 2. The unit of measure is 1,000 square feet of gross floor area. Assuming the office building has 10,000 square feet of gross floor area, the multiplier would be 10,000/1,000 = 10. The group rate of \$5.51 multiplied by 10 equals \$55.10 per month.
- Example 2: A 24-hour convenience market falls into non-residential Group 3. If the market has 5,000 square feet of gross floor area, the monthly rate for that market would be the group rate of \$20.58 per month multiplied by 5 (5,000/1,000) to produce a monthly bill of \$102.90.

McMinnville Street Improvement and Repair Bonds

Election Information

Measure #36-165

SAMPLE BALLOT

McMinnville Street Improvement and Repair Bonds

QUESTION: Shall the City of McMinnville issue general obligation bonds not to exceed \$24,000,000 to construct priority street system improvements? 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: If approved, this measure would authorize the City to issue general obligation bonds to improve and repair streets within the City. The measure is expected to provide funds to:

- Widen 2nd Street (Adams St – Cowsls St);
- Improve 5th Street (Lafayette Ave – Adams St);
- Upgrade Hill Road (2nd St – Baker Creek Rd);
- Widen Old Sheridan Road (99W – Cypress);
- Improve a portion of Alpine Avenue;
- Repave approximately 14 miles of streets;
- Construct missing sidewalks near schools, parks, and public facilities;
- Install pedestrian improvements along 1st and 2nd Street downtown;
- Complete related traffic control, pedestrian, bicycle, utility, and safety improvements; and
- Pay bond issuance costs.

The bonds would not exceed \$24,000,000, and may be issued in several series. Each series would mature over a period up to 15 years. In the first year, the increase from the current debt service tax rate is estimated to be \$0.85 per \$1,000 of assessed value. For a home assessed at \$160,000, the estimated property tax increase would be \$136 per year.

Measure #36-165 Election Information

2014 Street Improvements & Repair Bond Projects

Capital Improvement Projects

Improvements to NE 2nd Street between Adams Street and Cowls Street to address traffic congestion, including installing an additional left turn lane; a westbound right turn lane; upgraded traffic signals, bike lanes; and pedestrian improvements

Upgrades to NE 5th Street between Lafayette Avenue and Adams Street to improve downtown traffic flow, including new traffic signals, intersection curb extensions to improve pedestrian safety and new pavement surfacing

Reconstruction of SW Old Sheridan Road between 99W and Cypress Lane, including traffic signal upgrades, new turn lanes, bridge reconstruction, bike lanes and pedestrian improvements to improve traffic flow and safety.

Widening and Improvement of NW Hill Road between 2nd Street and Baker Creek Road, including new travel lanes, traffic control, turn lanes, bike lanes, sidewalks, landscaping and realignment of the existing s-curves to improve safety along the corridor.

Improvement of a portion of NE Alpine Avenue in the City's Northeast Gateway District including street surfacing, pedestrian facilities, utility upgrades and landscaping to encourage economic development.

Sidewalk/Pedestrian Safety Projects

SE Ford: add sidewalk to SE Ford from Washington to Cozine Creek

School/Public Facility Sidewalk/Pedestrian Improvements: add sidewalks and pedestrian safety improvements in various areas adjacent to schools and public facilities. An example would be Star Mill Way adjacent to Lower City Park (project not shown)

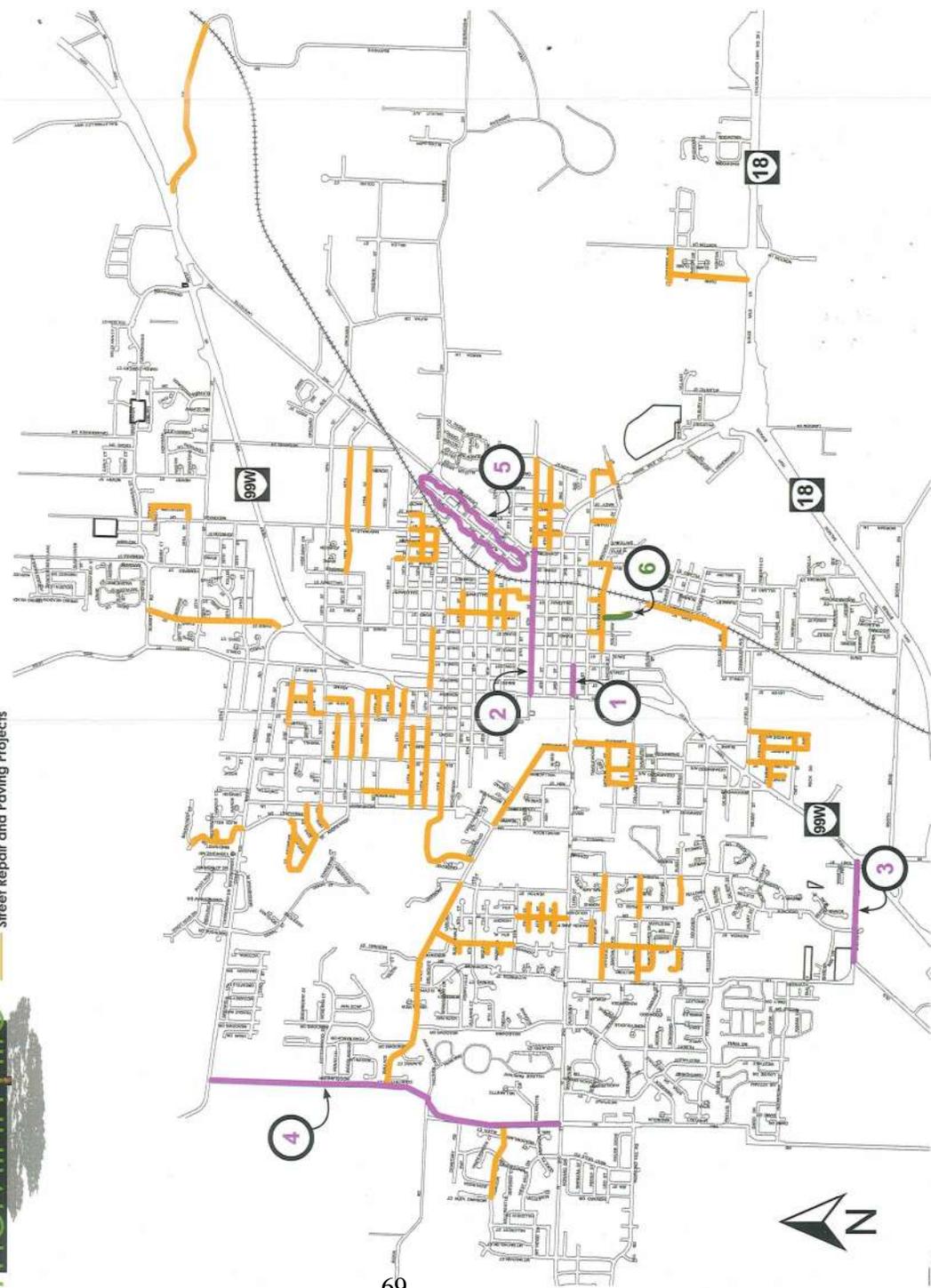
1st/2nd Street Pedestrian Safety Improvements: Curb extensions and pedestrian safety improvements at various intersections on 1st and 2nd Streets in the downtown area (project not shown)

Street Repair and Repaving

Rehabilitation and Repaving of portions of 84 City Streets: totaling about 1.4 miles, locations as shown on the map. A complete list of streets can be found on the City's website at www.ci.mcminnville.or.us



- Capital Improvement Projects
- Sidewalk/Pedestrian Safety Projects
- Street Repair and Paving Projects



Questions & Answers

ON THE CITY OF SALEM **STREETLIGHT PROGRAM**

Updated July 8, 2015



Overview

On July 1, 2015, Salem’s new streetlight program will start. The purpose of the streetlight program is to provide a reliable and independent source of funding to: (1) pay electrical costs for operating existing streetlights; (2) upgrade City-owned streetlights to energy-saving Light-Emitting Diode (LED) lamps; and (3) install new streetlights in neighborhoods where lights are needed and desired by residents.

Approved by City Council in March 2015, a streetlight fee will appear on the monthly utility bills of Salem area residents and businesses beginning in August 2015.

Streetlight Fee Schedule

The following table shows the streetlight fee schedule, which is based on the customer’s City of Salem utility account classification.

Customer Classification	Monthly Fee	Total Annual Fee Amount
Single Family Residential	\$2.80	\$33.60
Multi-Family 4 or less units*	\$2.80	\$33.60
Multi-Family 5 to 25 units*	\$10.40	\$124.80
Multi-Family 26 or more units*	\$18.00	\$216.00
Small Commercial	\$2.80	\$33.60
Commercial	\$13.50	\$162.00
Industrial	\$13.50	\$162.00
Institutional	\$13.50	\$162.00
Public	\$13.50	\$162.00
Irrigation	\$2.80	\$33.60

* Multi-Family rates are for the entire complex, not per individual building.

Salem’s Streetlight System

There are more than 10,600 streetlights in Salem. Of these, approximately 8,400 streetlights are within the PGE service area and 2,200 are within the Salem Electric service area.

Generally, streetlights are spaced approximately 150 feet apart to meet national lighting standards. An estimated additional 1,760 streetlights are needed to meet this standard in neighborhoods that have a limited number of streetlights or no streetlight service.

Frequently Asked Questions

1. Why did the City create the streetlight fee?

The purpose of the streetlight fee is to provide a reliable source of funding for Salem's streetlight program that is independent from the City of Salem's share of Oregon State Highway Funds.

2. How has the City paid for streetlights in the past?

Historically, funding for streetlights has been drawn from the City of Salem's allocation of State Highway Funds (gas taxes). These funds are collected by the State of Oregon from retail sales of motor vehicle fuels, commercial truck weight-mile taxes, and vehicle registration and title fees.

3. How are streetlights funded in other cities?

Most cities in Oregon fund streetlights through special lighting districts, property tax revenue, state highway funds, or through a combination of one or more of these funding sources.

4. How much will Salem's streetlight program cost?

The City of Salem will invest approximately \$1.8 million each year in its streetlight program.

5. How will the revenue generated by the streetlight fee be spent?

The revenue raised by the streetlight fee will be placed into a separate fund and will *only be used* for the City of Salem streetlight program. The Streetlight Fund will provide funding for: (1) electricity; (2) maintenance of light fixtures and electrical circuits; (3) replacement of streetlights and poles that are at the end of their useful life; (4) conversion of existing streetlights to energy-efficient, long-life LED lamps; and (5) installation of new fixtures in neighborhoods needing streetlights. A small percentage of the total will also be used for administrative costs and to create a Streetlight Fund contingency reserve.

6. What will happen to the money that used to pay for the City's streetlights?

The new streetlight fee funds the City of Salem streetlight program independently of State Highway Funds. The City's share of State Highway Funds that had been used to pay costs associated with streetlights—approximately \$1.4 million—will now be used to fund transportation-related needs, including maintaining local streets, rehabilitating sidewalks, and constructing bicycle and pedestrian improvements to the transportation system.

7. Why do I have to pay for streetlights?

Every resident of Salem benefits—both directly and indirectly—from streetlights. Residents and business owners benefit directly from streetlights immediately adjacent from their properties, and everyone in Salem benefits from streetlights, which help prevent crime and improve safety for motorists, bicycle riders, and pedestrians. Because every resident in Salem benefits in some manner from lighted streets, everyone will now be contributing toward the cost to operate, maintain, and improve the streetlight system.

8. How were the rates for the streetlight fee determined?

Generally, the streetlight fee is based on the type of customer (for example, single-family, multi-family, or commercial) and the estimated share each customer has in the total cost of the program. For example, there are 38,140 single-family residential customers in Salem. Their share of the \$1.8 million cost for the streetlight program is \$1.28 million, or 71.3 percent. When \$1.28 million is divided equally among all 38,140 single-family residential customers, the resulting share per customer is \$2.80 per month.

Small commercial customers and multi-family customers with four or fewer units are considered roughly equivalent to single-family residential customers and also pay a streetlight fee of \$2.80 per month. Multi-family customers with more than four units pay a flat monthly fee of either \$10.40 (if between 5 to 25 units) or \$18.00 (if more than 25 units). Other non-residential customers pay a flat fee of \$13.50 per month.

For more detailed information regarding how your streetlight fee was determined, please see “Streetlight Fee Methodology” available online at www.cityofsalem.net/StreetlightFee.

9. How was the community involved? Did the City Council hold a public hearing on the streetlight fee proposal?

In the spring of 2013, staff conducted an extensive outreach effort, which included 23 presentations to neighborhood associations, business organizations, and civic groups. In July 2013, City Council held a public hearing on streetlight fee proposals. A postcard announcing this hearing was sent to all households in Salem. Twenty-five people testified, and almost 200 emails and letters were entered into the record.

At their February 9, 2015, meeting, the Salem City Council discussed the streetlight fee and proposed rates in detail. Coverage of this topic in local press and on the City's Facebook page in January received significant interest. Council received copies of all the written comments and conducted a public hearing on the proposal for a streetlight fee on February 23, 2015.

To see the discussion, go to www.cctvsalem.org and click on "Streaming" and "City of Salem" to watch the February 9 or February 23 meetings.

Then, on March 9, 2015, the City Council passed a resolution setting the fees for the Streetlight utility.

10. How is my streetlight fee determined if I live in a mobile home park?

Mobile home parks are classified the same as multi-family customers and will be assessed a streetlight fee accordingly. It is up to the owner of the mobile home park to determine how renters should pay their share of the streetlight fee.

11. Do senior or disabled households receive a discount?

The City of Salem currently offers a discount program for utility customers who qualify as low-income or disabled heads of household, ages 62 and above. The discount available through this program has been increased from \$9.00 per month to \$11.80 per month to cover the \$2.80 streetlight fee charge.

12. Why is the streetlight fee on my utility bill?

Streetlights are a utility similar to the water, sewer, and stormwater services provided by the City of Salem or the electric, phone, and cable services that private utilities provide. Adding the streetlight fee to the existing City of Salem utility billing statements *significantly* reduces administrative costs, allowing more funds to be used for operating and maintaining streetlights.

13. Why are residents with no streetlights paying a fee?

Every resident in Salem benefits in some manner from lighted streets, so everyone will now be contributing toward the cost to operate, maintain, and improve the streetlight system. Additionally, revenue from the streetlight fee will provide funding to install new streetlights. The long-term goal of the City of Salem streetlight program is to provide streetlights on all streets where residents want to have them.

14. How do I request a streetlight for my street?

Residents can request a streetlight by using the online form, by emailing **streetlight@cityofsalem.net**, or by calling 503-588-6211. All requests will be reviewed and prioritized. Public Works anticipates funding from the program to support 60 to 70 new streetlights per year, but this rate is not expected to keep up with demand. Ranking the requests allows for installing streetlights in the locations based on the highest need and greatest benefit. The long-term goal is to have streetlights on all streets where residents have requested them.

15. Why do I still have to pay if I live on a private street?

Residents on private streets may already be paying for their private streetlights through a homeowner association fee. However, these residents benefit from public streetlights whenever they drive, walk, or bicycle on public streets, so they, too, will be sharing the cost for public streetlights.

16. How do I report a streetlight problem?

The Public Works Department is developing an online map showing the location of all streetlights. You will be able to select the problem streetlight and provide information about the issue. You may also call 503-588-6211 or send an email to **streetlight@cityofsalem.net**. A notice will be sent to the responsible utility (PGE, Salem Electric, or the City of Salem), so the problem can be corrected.

17. Will my streetlight fee go up every year?

City Council determines biennially whether to increase utility fees based on the recommendation of the Public Works Director. The financial plan for the streetlight fee program is to maintain the initial rates for at least five years, through 2020. An increase to the fee may be proposed at a different time depending on factors such as electricity cost escalations, costs associated with the LED conversion, and the community's desire to install new poles.

For More Information

For more information about the City of Salem streetlight program, please visit www.cityofsalem.net/StreetlightFee or contact the Public Works Department at 503-588-6211 or at streetlight@cityofsalem.net.

If you need help understanding this information, please call 503-588-6211.

It is the City of Salem's policy to assure that no person shall be discriminated against on the grounds of race, religion, color, sex, marital status, familial status, national origin, age, mental or physical disability, sexual orientation, gender identity, and source of income, as provided by *Salem Revised Code* Chapter 97. The City of Salem also fully complies with Title VI of the Civil Rights Act of 1964, and related statutes and regulations, in all programs and activities.

Si necesita ayuda para comprender esta información, por favor llame 503-588-6211.

Es la política de la Ciudad de Salem asegurar que ninguna persona será discriminada por motivos de raza, religión, color, sexo, estado civil, situación familiar, origen nacional, edad, discapacidad mental o física, orientación sexual, identidad de género, ni fuente de ingresos, de acuerdo con el *Salem Revised Code* Chapter 97. La Ciudad de Salem también cumple plenamente con el Title VI of the Civil Rights Act of 1964, y los estatutos y reglamentos relacionados, en todos los programas y actividades.

REQUEST FOR COUNCIL ACTION

DATE ACTION REQUESTED: January 19, 2016

Order ___	Ordinance ___	Resolution <u>X</u>	Motion ___	Information ___
No. ___	No. ___	No. 2016-3251		

SUBJECT: Adopt Procedure for the Recruitment and Selection of a City Manager

Contact Person (Preparer) for this Motion: Truman Stone Dept.: Legal Dept File No.:

RECOMMENDATION:

Adopt Resolution No. 2016-3251 adopting a procedure for the recruitment and selection of a city manager.

EXECUTIVE SUMMARY:

The office of city manager became vacant as a result of the resignation of Jacque Betz on August 20, 2015. The City Council first appointed Terry Mahr, then Stephen Rhodes, as city manager pro tem.

The City Council requires an updated procedure for recruitment and selection of a city manager. The purpose of the procedure is to establish standards that will guide the process in compliance with ORS 192.660(7)(d).

The procedures set out in this resolution has six stages: Employment of the Search Firm, Profile Development, Recruitment, Candidate Screening, Interviews, and Offer of Employment. The stages are broadly written to allow the City Council discretion to vary procedures to meet Council’s specific needs as circumstances warrant.

FISCAL IMPACT:

On December 7, 2015 the Council passed Resolution 2015-3243, authorizing the City Manager Pro Tem to enter into a contract with Bob Murray & Associates for recruitment services. The fiscal impact was reflected in that Request for Council Action, no additional fiscal impact is anticipated by adoption of this resolution.

STRATEGIC ASSESSMENT:

The city manager is the chief executive officer of the City and implements all policies of the City at the direction of the City Council. In order for the City to comply with its charter and fulfill the policies established by the City Council, a city manager is a necessary public officer of the City.



RESOLUTION No. 2016-3251

**A RESOLUTION ADOPTING PROCEDURES FOR THE RECRUITMENT
AND SELECTION OF THE CITY MANAGER**

RECITALS:

1. City Manager Jacque Betz resigned on August 20, 2015. The Council first appointed Terry Mahr as City Manager Pro Tem, who was then followed by Stephen Rhodes.
2. The City Council will undertake the task of recruiting and hiring a new city manager.
3. The Mayor appointed a Council subcommittee ("Recruitment Committee") for the selection process. The Recruitment Committee and Council will follow the adopted City Manager Recruitment and Selection Procedures.
4. The City Manager Pro Tem, Interim Human Resources Director, and City Attorney ("staff") are assisting and advising the Recruitment Committee.
5. During the regularly scheduled January 19, 2016 Council Meeting, the public was given an opportunity to comment on the procedures set out in this resolution.

THE CITY OF NEWBERG RESOLVES AS FOLLOWS:

CITY MANAGER RECRUITMENT AND SELECTION PROCEDURES

1. **EMPLOYMENT OF SEARCH FIRM:**
 - The Mayor has appointed a Council Sub-committee ("Recruitment Committee") for the selection process, consisting of Councilors McKinney, Corey and Essin. The Mayor and Council President are ex officio, non-voting members of the Recruitment Committee.
 - The Recruitment Committee interviewed three search firms and after the interviews, recommended to the Council that the City employ Bob Murray & Associates.
 - On December 7, 2015, the Council passed Resolution 2015-3243, authorizing the City Manager Pro Tem to enter into a contract with Bob Murray & Associates for recruitment services.
2. **PROFILE DEVELOPMENT:**
 - On November 16, 2015, the Council adopted Resolution 2015-3240, which revised and updated the City Manager Position Description.

- The Recruitment Committee will coordinate with staff and Bob Murray & Associates to develop a candidate profile. The profile will be used to develop recruitment materials.

3. RECRUITMENT:

- Recruitment materials will be developed by Bob Murray & Associates in consultation with the staff and the Recruitment Committee to create a job announcement that provides background information on the Newberg area, community organizations, the City government and minimum qualifications and salary range;
- Bob Murray & Associates will conduct the search, employing approaches such as direct marketing and networking, in addition to traditional employment platforms.

4. CANDIDATE SCREENING:

- Bob Murray & Associates will conduct initial screening of applicants, including evaluation of qualifications, and screening interviews.
- The Recruitment Committee, with assistance from staff and Bob Murray & Associates, will develop interview questions.

5. INTERVIEWS:

- The City Council, with assistance from staff and Bob Murray & Associates, will review applications and develop a list of up to the seven top candidates. Council shall meet in Executive Session to review applications and conduct interviews to preserve the confidentiality of applicants.
- The City Council will conduct interviews with each candidate and select two or three candidates for further consideration.
- Individuals invited for an in person interview will have travel expenses paid by the City, as approved by the City Manager Pro Tem.
- The final interview process may include:
 - ✓ An interview with representatives of city employees, community members, and business people.
 - ✓ An interview with the City Council.

6. OFFER OF EMPLOYMENT:

- Bob Murray & Associates will complete reference and background checks on up to three finalists.
- The City Council will meet in executive session to select the finalist and direct Bob Murray & Associates to extend an offer of employment to the finalist (which is conditional on City Council approval at a public meeting). The City Council will also determine Bob Murray & Associates' authority regarding salary and benefits.
- Bob Murray & Associates will negotiate a tentative contract as directed by the Council.
- The Recruitment Committee may visit the finalists' communities to gather more information regarding the candidates.

- The Recruitment Committee will make a recommendation at a City Council meeting regarding final approval of the finalist.
- The Council will vote in the open Council Meeting regarding approval of the finalist and the tentative contract.
- Upon final Council approval, the City will enter into an employment contract with the finalist.

7. OTHER CONSIDERATIONS:

- Public Involvement: Citizens will be given an opportunity to review and comment on the process and the standards the City Council will use to review and select candidates.
- Confidentiality: All applicants are assured the strictest confidentiality during the process until they are selected as a finalist. The City Council will meet in Executive Session to review applications and conduct interviews. Members of the Council shall not disclose the names of applicants until a finalist is selected. The City and City Council will honor this commitment of confidentiality to the fullest extent possible while complying with the Oregon Public Records and Meeting Law. Nothing in this procedure shall create liability to the City for breach of confidentiality in the process.
- The City will provide regular updates on the process through news releases and updates on the City's website and other electronic media.
- Nothing in this procedure, in any resolution, or other document shall obligate the City Council to offer the position of city manager to any candidate, select any candidate or person, or appoint any candidate or person to the position of city manager.
- Nothing in this procedure shall prevent the City Council from soliciting input, comments or other information from any group, groups, or the general public concerning the candidates.

➤ **EFFECTIVE DATE** of this resolution is the day after the adoption date, which is: _____, 2016.

ADOPTED by the City Council of the City of Newberg, Oregon, this ____ day of _____, 2016.

Sue Ryan, City Recorder

ATTEST by the Mayor this _____ day of _____, 2016.

Bob Andrews, Mayor

REQUEST FOR COUNCIL ACTION

DATE ACTION REQUESTED: January 19, 2016

Order ___	Ordinance ___	Resolution <u>XX</u>	Motion ___	Information ___
No.	No.	No. 2016-3250		

SUBJECT: A resolution to authorize the City Manager Pro Tem to finalize and execute a Cooperative Improvement (Utility) Agreement (No. 30647) with the Oregon Department of Transportation for the Oregon Route 18: Newberg-Dundee Bypass – Phase 1G (Springbrook Road)

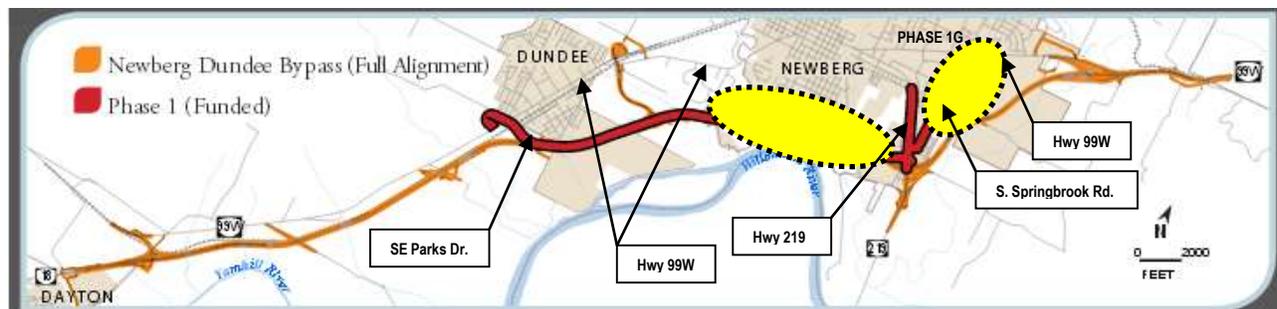
Contact Person (Preparer) for this Motion: Kaaren Hofmann, P.E., City Engineer
Dept.: Engineering Services Department
File No.:

RECOMMENDATION:

Adopt Resolution No. 2016-3250 authorizing the City Manager Pro Tem to finalize and execute Agreement No. 30647 with the Oregon Department of Transportation for the Newberg-Dundee Bypass Phase 1G.

EXECUTIVE SUMMARY:

The Oregon Department of Transportation (ODOT) is working to complete Phase 1 of the Newberg-Dundee Bypass Project, which upon completion will divert Highway 99W traffic onto the new bypass from S. Springbrook Road in the City of Newberg to a point west of SE Parks Drive in the City of Dundee, as illustrated in the map below. Phase 1G of the bypass is a separate portion of the work that extends from Highway 219 on S. Springbrook Road north to Highway 99W, as shown below. The City has existing water and wastewater lines in Springbrook Road. As a part of the roadway construction, the existing water line will need to be relocated. Since the water line will be under construction it is reasonable to complete the upsizing now also.



This portion of the project is scheduled to be awarded in February. Construction of this project is scheduled to be fully complete in 2017.

The attached agreement sets out the responsibilities of each entity for design and construction of our water line.

- ODOT will be responsible for design and construction of the relocation part of the water line construction.
- The City will be responsible for the difference in cost between the existing 12"-14" pipe and the

installation of a 24" pipe.

FISCAL IMPACT:

The City of Newberg's portion of the water line construction is estimated to be \$538,000. The amount budgeted in water projects is adequate to cover this cost.

STRATEGIC ASSESSMENT:

This agreement will memorialize our negotiations with ODOT and who will be responsible for what portion of the project.



RESOLUTION No. 2016-3250

A RESOLUTION TO AUTHORIZE THE CITY MANAGER PRO TEM TO FINALIZE AND EXECUTE A COOPERATIVE IMPROVEMENT (UTILITY) AGREEMENT (NO. 30647) WITH THE OREGON DEPARTMENT OF TRANSPORTATION FOR THE OREGON ROUTE 18: NEWBERG-DUNDEE BYPASS – PHASE 1G (SPRINGBROOK ROAD)

RECITALS:

1. The Oregon Department of Transportation (ODOT) is in the process of constructing Phase 1 of the Newberg-Dundee Bypass.
2. The last construction contract is scheduled to be awarded in February 2016 with completion in 2017.
3. The City has public water and wastewater lines in Springbrook Road. As a part of the roadway construction the existing water line will need to be relocated.
4. The City's Water Master Plan indicates that this line will need to be 24" in the future. Since the water line will need to be relocated, it is reasonable to upsize the line at the same time.
5. On December 14, 2015, Oregon Department of Transportation (ODOT) submitted a Cooperative Improvement Agreement that deals with the coordination of the water line work.

THE CITY OF NEWBERG RESOLVES AS FOLLOWS:

1. The City Council does hereby authorize the City Manager Pro Tem to finalize and execute and Agreement with ODOT that sets out the responsibilities associated with design, and construction of the water line in Phase 1G of the Newberg-Dundee Bypass. The draft agreement is attached.

➤ **EFFECTIVE DATE** of this resolution is the day after the adoption date, which is: January 20, 2016.

ADOPTED by the City Council of the City of Newberg, Oregon, this 19th day of January, 2016.

Sue Ryan, City Recorder

ATTEST by the Mayor this 21st day of January, 2016.

Bob Andrews, Mayor

REQUEST FOR COUNCIL ACTION

DATE ACTION REQUESTED: January 19, 2016

Order ___	Ordinance ___	Resolution <u>X</u>	Motion ___	Information ___
No.	No.	No. 2016-3252		

SUBJECT: Accept grant award from DLCD and authorize City Manager Pro Tem to execute grant documents

**Contact Person (Preparer) for this Motion: Jessica Pelz, AICP
Dept.: Community Development
File No.: GR-15-001**

RECOMMENDATION: Adopt Resolution No. 2016-3252 accepting a grant award from the Department of Land Conservation and Development for UGB pre-work and authorizing the City Manager Pro Tem, Steve Rhodes, to execute all necessary grant documents.

EXECUTIVE SUMMARY: On September 8, 2015, City Council adopted Resolution No. 2015-3222, supporting an application to the Department of Land Conservation and Development (DLCD) for a Technical Assistance grant for planning project assistance. The targeted planning projects at the time of application were an updated Economic Opportunities Analysis and potentially an updated Housing Needs Analysis, which are necessary background documents for a future urban growth boundary (UGB) expansion using the “old” method of OAR 660 Division 24. Since the time of Newberg’s grant application, the Land Conservation and Development Commission (LCDC) adopted new rules for streamlined UGB amendments, known as OAR 660 Division 38. The new rules are intended to remove ambiguity related to future land need calculations, better define study area parameters, and add clarity regarding constrained lands, among other changes. DLCD is now interested in cities using the new rules for future UGB amendments, and according to discussions with DLCD staff, they are not willing to fund UGB amendments using the “old” method. Therefore, DLCD has asked if Newberg would be willing to amend its grant application proposal to better enable Newberg to use the “new” UGB rules in the future.

On December 11, 2015, DLCD awarded Newberg \$30,000.00 to complete tasks 1, 2, and 5 of our original grant proposal: 1) draft goals and objectives to guide future planning efforts; 2) a buildable lands inventory; and 5) draft action plan/implementation policies for economic development, residential development, and community goals and objectives. In further discussion with DLCD staff, the scope of work has been refined to include the following tasks:

- 1) Goals and Objectives; Public Process: Use existing city documents and a collaborative public process to help establish a vision for the community related to future growth in both the residential and employment sectors. The analysis will result in Comprehensive Plan amendments to update goals and policies.
- 2) Residential and Employment Building Lands Inventory: This would result in an updated buildable lands inventory the city can rely upon for future analysis to support a streamlined UGB process.
- 3) Establishment and Evaluation of UGB Study Areas: This task would evaluate potential UGB study areas as established in Division 38.
- 4) Action Plan and Implementation Policies: This task will identify strategies to reinforce the city’s economic development objectives and opportunities; identify actions and policies necessary to achieve the identified residential density mix to meet the UGB streamlining rules; identify strategies to achieve community goals and objectives; and identify actions necessary to proceed with the analysis produced by Tasks 3 and 4.

Acceptance and completion of the identified grant work would ensure the city is ready to proceed with a UGB amendment using the new Division 38 streamlined path after June 2017, when the city will receive its coordinated population forecast. If approved, the grant work is expected to begin on February 1, 2016, and end by May 31, 2017. This is a reimbursement grant, so the city would be tasked with hiring a consultant, paying all other grant related tasks, and would get reimbursed by DLCD at a midpoint of the grant and at the end of the grant.

FISCAL IMPACT: The grant award amount is \$30,000.00, which will be reimbursed by DLCD at a midpoint of the grant work and at the end of the grant work (after Task 2 and after Task 4). The funds for the city to pay up front for the consultant will come out of funds budgeted for Fiscal Year 15/16 from Account 01-4110-580000 and Account 01-4120-580000 for Professional Services. Additional, non-reimbursable funds may be necessary to supplement the grant work, and those would come out of the same accounts. In addition, staff will contribute significant time to the project.

STRATEGIC ASSESSMENT (RELATE TO COUNCIL GOALS): The grant work will help the city meet Council goals #1: Create a clear vision for the future of Newberg, maintaining its small town feel, and #4: Foster and encourage economic development in the community.



RESOLUTION No. 2016-3252

**A RESOLUTION ACCEPTING A GRANT AWARD FROM THE
DEPARTMENT OF LAND CONSERVATION AND AUTHORIZING THE
CITY MANAGER PRO TEM TO EXECUTE ALL GRANT DOCUMENTS**

RECITALS:

1. On September 8, 2015, City Council adopted Resolution No. 2015-3222, supporting an application to the Department of Land Conservation and Development (DLCD) for a Technical Assistance grant for planning project assistance. The targeted planning projects at the time of application were an updated Economic Opportunities Analysis and an updated Housing Needs Analysis, which are necessary background documents for a future urban growth boundary (UGB) expansion using the “old” method of OAR 660 Division 24.
2. Since the time of Newberg’s grant application, the Land Conservation and Development Commission adopted new rules for streamlined UGB amendments, known as OAR 660 Division 38. The new rules are intended to remove ambiguity related to future land need calculations, better define study area parameters, and add clarity regarding constrained lands, among other changes. DLCDC asked Newberg to amend its grant application proposal to better enable Newberg to use the “new” UGB rules in the future.
3. Staff has worked with DLCDC to refine the scope of work for the grant to include tasks that better match the new Division 38 UGB process. Completion of these tasks will enable the city to proceed with a UGB amendment using the new Division 38 streamlined path after June 2017, when the city will receive its coordinated population forecast.

THE CITY OF NEWBERG RESOLVES AS FOLLOWS:

1. The City accepts the grant from the Department of Land Conservation and Development in the amount of \$30,000.00. The City will hire a consultant to assist with the project for reimbursement from the state as part of the grant process.
2. The City Manager Pro Tem, Steve Rhodes, is granted the authority to execute all necessary documents related to this grant award, including agreements with the Department of Land Conservation and Development and contracts with the selected consultant.

➤ **EFFECTIVE DATE** of this resolution is the day after the adoption date, which is: January 20, 2016.

ADOPTED by the City Council of the City of Newberg, Oregon, this 19th day of January, 2016.

Sue Ryan, City Recorder

ATTEST by the Mayor this 21st day of January, 2016.

Bob Andrews, Mayor

REQUEST FOR COUNCIL ACTION

DATE ACTION REQUESTED: January 19, 2016

Order ___ No.	Ordinance ___ No.	Resolution ___ No.	Motion ___	Information <u>XX</u>
--------------------------	------------------------------	-------------------------------	-------------------	------------------------------

**SUBJECT: Newberg Financial Report for
November 2015**

**Contact Person (Preparer) for this
Item: Matt Zook
Dept.: Finance**

EXECUTIVE SUMMARY:

Included with this report are the financial summary statements for November 2015. These are provided for your information only. No action is required.

In general, the November report is on track with the budget. As described in the previous reports, a few departments have higher than expected costs due to extraordinary activity. Management continues to monitor future expenditures within the existing budget where possible. Some expenditures will be addressed through a supplemental budget on January 19, 2016.

SUMMARY REPORT

NOV 2015

FUNDS	2015-16 BUDGET	MONTH OF NOV 2015	2015-16 YTD	Current YTD	2014-15 PRIOR YTD
				Compare to Budget 42%	
City Budget Totals					
Total Beg Fund Balance	\$ 33,133,594	\$ 38,243,710	\$ 38,243,710	115%	31,493,673
Total Revenues	55,031,136	8,845,472	21,598,365	39%	29,630,905
Total Beg Fund Bal & Revenues	88,164,730	47,089,183	59,842,076		61,124,578
Total Expenses	63,999,403	3,810,048	15,529,320	24%	21,975,271
Total Contingencies / Reserves	24,165,327	-	-	0%	-
Total Exp & Contingen / Reserves	88,164,730	3,810,048	15,529,320	18%	21,975,271
Total Monthly Activity Net Gain / (Loss)		\$ 43,279,134			
Total Ending Fund Balance			\$ 44,312,756		39,149,307

City Services

General Fund

Beg Fund Balance	\$ 2,528,413	\$ 2,797,675	\$ 2,797,675	111%	2,835,743
Revenues					
General Government	-	-	-	0%	15,155.00
Municipal Court	31,000	2,204	12,134	39%	12,183
Police	1,074,135	77,805	470,708	44%	469,708
Fire	330,504	45	90	0%	31,576
Communications	59,686	-	29,787	50%	28,308
Library	112,859	2,864	34,532	31%	59,159
Planning	476,700	92,389	230,614	48%	137,732
Property Taxes	7,200,000	5,305,743	6,498,324	90%	6,215,594
Other Taxes	1,400	25	125	9%	203,977
Franchise Fees	1,486,882	55,655	81,076	5%	79,637
Intergovernmental	1,246,755	85,437	491,952	39%	472,939
Miscellaneous	2,500	8	5,743	230%	1,489
Interest	7,300	1,347	1,682	23%	2,162
Transfers	555,000	-	-	0%	-
Revenue Total	12,584,721	5,623,523	7,856,765	62%	7,729,619
Expenses					
General Government	178,758	11,696	87,786	49%	163,717
Municipal Court	356,023	25,338	136,540	38%	134,667
Police	5,695,178	484,068	2,277,573	40%	2,220,415
Fire	3,356,599	267,144	1,539,250	46%	1,379,479
Communications	1,061,396	71,722	468,758	44%	447,039
Library	1,251,056	97,785	577,038	46%	538,465
Planning	613,035	49,772	247,275	40%	237,111
Transfers	39,067	-	12,323	32%	-
Contingency	1,462,022	-	-	0%	-
Unappropriated Ending Balance	1,100,000	-	-	0%	-
Total Expenses	15,113,134	1,007,525	5,346,542	35%	5,120,893
Monthly Activity Net Gain / (Loss)		\$ 7,413,673			
Ending Fund Balance			\$ 5,307,898		5,444,469

SUMMARY REPORT

NOV 2015

FUNDS					Current YTD	2014-15 PRIOR YTD
	2015-16 BUDGET	MONTH OF NOV 2015	2015-16 YTD	Compare to Budget 42%		
<u>Public Safety Fee</u>						
Beg Fund Balance	\$ 134,969	\$ 197,858	\$ 197,858	147%	196,153	
Revenues	480,600	40,782	202,188	42%	119,468	
Expenses	522,796	39,627	196,870	38%	178,893	
Contingencies / Reserves	92,773	-	-	0%	-	
Monthly Activity Net Gain / (Loss)		\$ 199,013				
Ending Fund Balance			\$ 203,176		136,728	
<u>EMS</u>						
Beg Fund Balance	\$ 595,725	\$ 806,952	\$ 806,952	135%	457,509	
Revenues	1,791,600	235,267	1,012,979	57%	854,581	
Expenses	1,789,930	134,289	660,513	37%	797,604	
Contingencies / Reserves	597,395	-	-	0%	-	
Monthly Activity Net Gain / (Loss)		\$ 907,931				
Ending Fund Balance			\$ 1,159,418		514,486	
<u>911 Emergency</u>						
Beg Fund Balance	\$ 19,768	\$ 20,940	\$ 20,940	106%	89,061	
Revenues	196,200	(1)	52,634	27%	50,895	
Expenses	197,566	19,936	81,434	41%	90,610	
Contingencies / Reserves	18,402	-	-	0%	-	
Monthly Activity Net Gain / (Loss)		\$ 1,003				
Ending Fund Balance			\$ (7,860)		49,345	
<u>Civil Forfeiture</u>						
Beg Fund Balance	\$ 19,596	\$ 20,146	\$ 20,146	103%	-	
Revenues	4,100	9	4,061	99%	3,418	
Expenses	23,696	-	-	0%	-	
Contingencies / Reserves	-	-	-	0%	-	
Monthly Activity Net Gain / (Loss)		\$ 20,155				
Ending Fund Balance			\$ 24,206		3,418	
<u>Library Gift & Memorial</u>						
Beg Fund Balance	\$ 48,169	\$ 86,434	\$ 86,434	179%	92,623	
Revenues	129,389	4,816	15,239	12%	20,242	
Expenses	171,000	4,020	13,330	8%	22,633	
Contingencies / Reserves	6,558	-	-	0%	-	
Monthly Activity Net Gain / (Loss)		\$ 87,231				
Ending Fund Balance			\$ 88,343		90,232	

SUMMARY REPORT

NOV 2015

FUNDS	2015-16 BUDGET	MONTH OF NOV 2015	2015-16 YTD	Current YTD	2014-15 PRIOR YTD
				Compare to Budget 42%	
<u>Building Inspection</u>					
Beg Fund Balance	\$ 404,838	\$ 620,378	\$ 620,378	153%	339,929
Revenues	407,850	43,771	252,005	62%	216,030
Expenses	456,453	35,010	181,585	40%	171,453
Contingencies / Reserves	356,235	-	-	0%	-
Monthly Activity Net Gain / (Loss)		\$ 629,140			
Ending Fund Balance			\$ 690,798		384,506
<u>Streets (Operating)</u>					
Beg Fund Balance	\$ 808,548	\$ 798,186	\$ 798,186	99%	689,103
Revenues	1,343,520	119,776	497,263	37%	492,563
Expenses	1,516,339	195,022	696,150	46%	564,127
Contingencies / Reserves	635,729	-	-	0%	-
Monthly Activity Net Gain / (Loss)		\$ 722,940			
Ending Fund Balance			\$ 599,299		617,539
<u>Water (Operating)</u>					
Beg Fund Balance	\$ 3,294,255	\$ 3,773,455	\$ 3,773,455	115%	4,783,887
Revenues	9,851,130	381,100	3,120,344	32%	3,155,973
Expenses	8,298,954	301,145	1,324,854	16%	1,833,094
Contingencies / Reserves	4,846,431	-	-	0%	-
Monthly Activity Net Gain / (Loss)		\$ 3,853,411			
Ending Fund Balance			\$ 5,568,946		6,106,766
<u>Wastewater (Operating)</u>					
Beg Fund Balance	\$ 4,403,799	\$ 4,944,662	\$ 4,944,662	112%	7,576,184
Revenues	11,780,602	572,613	2,902,968	25%	2,517,021
Expenses	8,419,662	570,133	2,451,511	29%	3,047,267
Contingencies / Reserves	7,764,739	-	-	0%	-
Monthly Activity Net Gain / (Loss)		\$ 4,947,141			
Ending Fund Balance			\$ 5,396,119		7,045,939
<u>Stormwater (Operating)</u>					
Beg Fund Balance	\$ 573,645	\$ 731,487	\$ 731,487	128%	1,004,730
Revenues	1,924,972	103,173	521,885	27%	495,629
Expenses	1,680,019	116,445	611,040	36%	372,719
Contingencies / Reserves	818,598	-	-	0%	-
Monthly Activity Net Gain / (Loss)		\$ 718,215			
Ending Fund Balance			\$ 642,332		1,127,641

SUMMARY REPORT

NOV 2015

FUNDS	2015-16 BUDGET	MONTH OF NOV 2015	2015-16 YTD	Current YTD	2014-15 PRIOR YTD
				Compare to Budget 42%	
Administrative Support					
Beg Fund Balance	\$ 563,272	\$ 588,457	\$ 588,457	104%	684,851
Revenues	3,652,103	304,440	1,529,065	42%	1,519,019
Expenses					
City Manager	529,362	41,516	323,766	61%	114,750
Human Resources	-	-	-	0%	55,415
City Recorder	-	-	-	0%	52,937
Emergency Management	-	-	-	0%	-
Finance	544,827	60,990	243,372	45%	245,081
Gen Office(Postage/Phones)	155,000	11,359	59,149	38%	57,466
Utility Billing	275,106	20,930	113,223	41%	108,777
Information Technology	683,610	58,273	288,237	42%	271,945
Legal	497,180	32,257	188,242	38%	177,995
Fleet Maintenance	178,772	14,320	74,077	41%	63,306
Facilities Repair/Replacement	417,695	41,723	159,921	38%	152,570
Insurance	353,168	24,718	297,260	84%	202,274
Transfers	-	-	-	0%	500,000
Contingencies / Reserves	580,655	-	-	0%	-
Total Expenses	4,215,375	306,087	1,747,248	41%	2,002,515
Monthly Activity Net Gain / (Loss)		\$ 586,809			
Ending Fund Balance			\$ 370,274		201,355

Capital Improvement Projects

Streets CIP's

Beg Fund Balance	\$ 164,193	\$ 164,209	\$ 164,209	0%	109,838
Revenues	778,425	236,282	549,903	71%	271,185
Expenses	777,625	236,181	549,359	71%	270,888
Contingencies / Reserves	164,993	-	-	0%	-
Monthly Activity Net Gain / (Loss)		\$ 164,310			
Ending Fund Balance			\$ 164,753		110,135

Water / Wastewater / Stormwater CIP's

Beg Fund Balance	\$ -	\$ -	\$ -	0%	-
Revenues	6,346,875	386,938	943,731	15%	2,794,506
Expenses	6,346,875	386,938	853,980	13%	817,490
Contingencies / Reserves	-	-	-	0%	-
Monthly Activity Net Gain / (Loss)		\$ 0			
Ending Fund Balance			\$ 89,751		1,977,015

Wastewater Financed CIP's

Beg Fund Balance	\$ -	\$ (749,096)	\$ (749,096)	0%	-
Revenues	-	-	-	0%	5,838,879
Expenses	-	145,653	173,023	0%	4,938,269
Contingencies / Reserves	-	-	-	0%	-
Monthly Activity Net Gain / (Loss)		\$ (894,749)			
Ending Fund Balance			\$ (922,119)		900,610

SUMMARY REPORT

NOV 2015

FUNDS	2015-16 BUDGET	MONTH OF NOV 2015	2015-16 YTD	Current YTD	2014-15 PRIOR YTD
				Compare to Budget 42%	
Street SDC					
Beg Fund Balance	\$ 1,918,739	\$ 2,574,473	\$ 2,574,473	134%	2,534,551
Revenues	47,839	220,404	396,284	828%	142,274
Expenses	259,125	41,325	120,241	46%	108,759
Contingencies / Reserves	1,707,453	-	-	0%	-
Monthly Activity Net Gain / (Loss)		\$ 2,753,552			
Ending Fund Balance			\$ 2,850,516		2,568,066
Water SDC					
Beg Fund Balance	\$ 36	\$ 1,239,405	\$ 1,239,405	3442793%	468,918
Revenues	927,540	57,013	197,790	21%	134,444
Expenses	846,856	166	166	0%	355,734
Contingencies / Reserves	80,720	-	-	0%	-
Monthly Activity Net Gain / (Loss)		\$ 1,296,253			
Ending Fund Balance			\$ 1,437,030		247,629
Wastewater SDC					
Beg Fund Balance	\$ 3,475,181	\$ 4,175,483	\$ 4,175,483	120%	1,794,112
Revenues	75,120	103,471	295,216	393%	178,901
Expenses	739,361	1,040	4,573	1%	44,363
Contingencies / Reserves	2,810,940	-	-	0%	-
Monthly Activity Net Gain / (Loss)		\$ 4,277,914			
Ending Fund Balance			\$ 4,466,126		1,928,650
Stormwater SDC					
Beg Fund Balance	\$ 138,259	\$ 131,416	\$ 131,416	95%	351,007
Revenues	3,980	7,400	23,297	585%	7,976
Expenses	3,125	166	166	5%	603
Contingencies / Reserves	139,114	-	-	0%	-
Monthly Activity Net Gain / (Loss)		\$ 138,651			
Ending Fund Balance			\$ 154,547		358,379

SUMMARY REPORT

NOV 2015

FUNDS	2015-16 BUDGET	MONTH OF NOV 2015	2015-16 YTD	Current YTD Compare to Budget	2014-15 PRIOR YTD
				42%	
Debt					
<u>Debt Service (General Op)</u>					
Beg Fund Balance	\$ 206,309	\$ 210,221	\$ 210,221	102%	195,259
Revenues	896,711	322,007	466,524	52%	700,084
Expenses	895,317	74,306	82,848	9%	310,146
Contingencies / Reserves	207,703	-	-	0%	-
Monthly Activity Net Gain / (Loss)		\$ 457,922			
Ending Fund Balance			\$ 593,897		585,197
<u>City Hall</u>					
Beg Fund Balance	\$ 529,638	\$ 535,601	\$ 535,601	101%	576,115
Revenues	89,400	7,704	38,957	44%	22,550
Expenses	108,240	-	-	0%	76,977
Contingencies / Reserves	-	-	-	0%	-
Unappropriated Ending Balance	510,798	-	-	0%	-
Monthly Activity Net Gain / (Loss)		\$ 543,305			
Ending Fund Balance			\$ 574,558		521,688
Reserves					
<u>Water Replacement Reserve</u>					
Beg Fund Balance	\$ 5,018,630	\$ 5,151,846	\$ 5,151,846	103%	2,961,007
Revenues	-	-	-	0%	610,294
Expenses	5,018,630	-	-	0%	27,021
Contingencies / Reserves	-	-	-	0%	-
Monthly Activity Net Gain / (Loss)		\$ 5,151,846			
Ending Fund Balance			\$ 5,151,846		3,544,280
<u>Wastewater Replacement Reserve</u>					
Beg Fund Balance	\$ 5,193,602	\$ 6,446,100	\$ 6,446,100	124%	1,234,745
Revenues	-	-	-	0%	1,012,159
Expenses	5,193,602	-	-	0%	389,770
Contingencies / Reserves	-	-	-	0%	-
Monthly Activity Net Gain / (Loss)		\$ 6,446,100			
Ending Fund Balance			\$ 6,446,100		1,857,133
<u>Stormwater Replacement Reserve</u>					
Beg Fund Balance	\$ 814,722	\$ 684,702	\$ 684,702	84%	-
Revenues	-	-	-	0%	51,533
Expenses	814,722	-	-	0%	-
Contingencies / Reserves	-	-	-	0%	-
Monthly Activity Net Gain / (Loss)		\$ 684,702			
Ending Fund Balance			\$ 684,702		51,533

SUMMARY REPORT

NOV 2015

FUNDS	2015-16 BUDGET	MONTH OF NOV 2015	2015-16 YTD	Current YTD	2014-15 PRIOR YTD
				Compare to Budget 42%	
<u>Vehicle / Equipment Replacement</u>					
Beg Fund Balance	\$ 1,367,710	\$ 1,362,426	\$ 1,362,426	100%	1,658,968
Revenues	\$ 653,111	\$ 52,728	\$ 282,835	43%	525,059
Expenses					
General Government	1,348	-	-	0%	-
City Manager's Office	4,856	-	-	0%	-
Human Resources	-	-	-	0%	-
City Recorder/Clerk	-	-	-	0%	-
Finance	17,267	-	284	2%	-
Information Technology	241,635	-	64,183	27%	164,397
Legal	411	-	-	0%	-
Municipal Court	4,548	-	560	12%	-
Police	530,369	110,350	123,181	23%	72,736
Fire	494,099	-	-	0%	-
Communications	97,865	2,694	2,694	3%	6,149
Library	11,374	-	751	7%	-
Planning	-	-	-	0%	11,085
Building	49,573	280	280	1%	-
PW Administration	381,089	-	49,403	13%	99,745
Fleet Maintenance	14,521	16	213	1%	231
Facilities Repair/Replacement	157,000	-	2,199	1%	-
Contingencies / Reserves	14,866	-	-	0%	-
Total Expenses	2,020,821	113,340	243,748	12%	354,343
Monthly Activity Net Gain / (Loss)		\$ 1,301,814			
Ending Fund Balance			\$ 1,401,512		1,829,684
<u>Fire & EMS Equip Fee</u>					
Beg Fund Balance	\$ 244,012	\$ 246,483	\$ 246,483	101%	174,453
Revenues	143,700	12,337	61,107	43%	60,061
Expenses	387,712	-	-	0%	-
Contingencies / Reserves	-	-	-	0%	-
Monthly Activity Net Gain / (Loss)		\$ 258,820			
Ending Fund Balance			\$ 307,589		234,514
<u>Community Projects</u>					
<u>Cable TV Trust</u>					
Beg Fund Balance	\$ 38,171	\$ 37,339	\$ 37,339	98%	41,744
Revenues	200	14	69	34%	75
Expenses	38,371	-	50	0%	-
Contingencies / Reserves	-	-	-	0%	-
Monthly Activity Net Gain / (Loss)		\$ 37,353			
Ending Fund Balance			\$ 37,358		41,819
<u>Economic Development</u>					
Beg Fund Balance	\$ 629,395	\$ 646,472	\$ 646,472	103%	643,183
Revenues	66,448	3,954	30,938	47%	106,468
Expenses	446,640	70,041	132,713	30%	79,101
Contingencies / Reserves	249,203	-	-	0%	-
Monthly Activity Net Gain / (Loss)		\$ 580,385			
Ending Fund Balance			\$ 544,698		670,550

REQUEST FOR COUNCIL ACTION

Date of Council Meeting: January 19, 2016

Order ___ No.	Ordinance ___ No.	Resolution ___ No.	Motion ___	Information <u>XX</u>
--------------------------------	------------------------------------	-------------------------------------	-------------------	-------------------------------------

**SUBJECT: Forward Looking Calendar,
Business Licenses**

**Contact Person (Preparer) for this
Item: Sue Ryan, City Recorder
Dept.:
File No.:**

EXECUTIVE SUMMARY: These items are informational for the Council and the public.

The City of Newberg now offers online business license registration with secure credit card payment.

When you have completed your business license registration, you will be able to retrieve your business license online as a PDF document.

You need a City of Newberg business license if you are operating a business of any sort within City limits, even if your business is located outside Newberg city limits.

To find out more, go to <https://www.newbergoregon.gov/finance/page/online-business-license-application>

STRATEGIC ASSESSMENT (RELATE TO COUNCIL GOALS): To keep the citizenry informed.

**NEWBERG CITY COUNCIL
2016 FORWARD LOOKING CALENDAR**

Monday, February 1, 2016

Work Session on Workers Compensation insurance
Wastewater Treatment Plant Wrap-Up
Resolution 3242 IGA with ODOT & City for Newberg Dundee Bypass
Resolution 3253 Recreational Marijuana Wholesalers, retailers, laboratories, research certs
Ordinance 2793 Medical Marijuana Growers and Processors time, place & manner

Tuesday, February 16, 2016

December Financial Statements
Resolution: To hire a Tourism Consultant
Ordinance: College Street Local Improvement District
Resolution: Contract with Tualatin Valley Fire & Rescue

Monday, March 7, 2016

Work Session on Urban Forestry Program
Presentation on Cultural District Report
Presentation on Sportsman Airpark

Monday, March 21, 2016

Work Session – Committee Reports
Ordinance: Recreational Marijuana Producers and Processors – time, place and manner