



CITY of THE DALLES

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AGENDA STAFF REPORT CITY OF THE DALLES

MEETING DATE	AGENDA LOCATION	AGENDA REPORT #
June 24, 2013		

TO: Mayor and City Council

FROM: Nolan K. Young, City Manager *nyj*

DATE: June 21, 2013

ISSUE: Supplemental Information regarding Street Funding Challenges

BACKGROUND: Since the last City Council meeting the City and County Administration have been considering a single ballot measure to help resolve both of our road and street operation and maintenance funding challenges. Attached is a copy of a preliminary concept in which a road district would be formed for funding purposes, to allow the City and County to meet their respective needs as well as enhancing and building upon current levels of cooperation that exist in the maintenance and operations of the street systems.

After hearing testimony on the proposed gas tax increase at the June 24 meeting, if the Council is interested in further investigating this proposal, we would propose postponing any action on the gas tax and calling for a second public hearing on July 8 to discuss the road/street taxing district concept. We would have until July 22 to make a decision, unless the Council wishes to call for an additional meeting sometime in August to discuss the final details. Any tax measure would need to be submitted to the County Clerk by September 5.

WASCO COUNTY/CITY OF THE DALLES ROAD/STREET TAXING DISTRICT

Challenge The City of The Dalles and Wasco County are both experiencing a funding crisis for the continued maintenance and operation of streets and roads over which they have jurisdiction. The funding crisis is slightly different for each agency, but does require significant additional revenue to solve, as any further spending reductions would result in lower levels of service, and continued street/road deterioration.

In the paragraphs below we will briefly explain the crisis for each agency.

1. Wasco County: Since 2007, Wasco County has not been adequately funded for operations and maintenance of their 700 miles of public roads. Wasco County has worked very hard to keep up with much of the necessary road maintenance and as a result, their overall road system is currently still in fairly good shape. However, the condition of their paved roads has dropped significantly: The overall Pavement Condition Index (PCI) was 85 and that number is now down to 80 and continues to drop. The revenue forecast continues to worsen as the federal government has now eliminated the "Safety Net" timber payments the county receives. Just a few years ago, the County received close to \$2 million dollars in timber payments and these funds represented almost 60% of the roads department's budget. After making several difficult spending cuts, the County still finds itself \$1.25 million dollar short of being able to sufficiently maintain and preserve its valuable road system.

2. City of The Dalles: For several years the City of The Dalles has had a funding shortage. As a result, over the last ten years 60% of its streets have gone from "good" or "very good" rating to a "fair" or "poor" rating. Recent changes in state transportation funding, and additional revenue from the current 3 cent local gas tax has provided better funding levels, which if received ten years ago would have allowed the City to implement a preventative maintenance program that would have prevented the current challenge. This leaves the City with a huge backlog of street repair work that would require a bond issue of a minimum of \$6.1 million to correct. The bond would require approximately \$450,000 per year in debt retirement. In addition, the City has about 350 blocks of local streets needing repair. Of those, it is felt that they will only be able to address 60 to 100 of those blocks, in the proposed bonds. Additional annual revenue in the amount of \$300,000 would allow the City to catch up on the backlog in the next 10 to 13 years and to have an adequate maintenance program in the future.

Funding Solution: The City is considering an additional 3 cent gas tax, which would go before the voters during the November 2013 election. This would allow the City to address its backlog of arterial and collector streets, but still leaves them with fragile funding for local street maintenance, and a long term preventative maintenance program.

Wasco County is considering the formation of a road district tax base of \$1.25 million. There is concern about taking competing ballot measures to the voters, placing them in the potential position of having to decide between two measures. The solution may be to combine the City's and County's need for funds in a single tax district that would raise approximately \$2 million to

help solve the problem for both agencies. The tax district would contract with each agency to provide funds for operation and maintenance of their respective road/street systems

Under this concept Wasco County would form a street/road taxing district and the City and County would maintain their existing streets and roads departments and current funding sources. Through agreements negotiated prior to the election, the City and County would establish a distribution of the funds that would be contingent on the successful passing of the ballot measure. The City and County would agree to continue the practice of sharing certain resources (staff and equipment) to create more efficient operations of both systems.

Concern: There is also a general concern in the community, over high property taxes in Wasco County. There may also be competing property tax measures from other taxing districts.