

Staff Report

For City Council Meeting - 2/3/2022

Subject - Ordinances/Resolutions - Resolution #967 Fire / Police Station Bond Measure

Synopsis: To fund a new fire/police station, the citizens of Gearhart will need to approve a construction bond measure at the May 17th, 2022 election. The City Council is responsible for submitting the bond measure to the elections official no later than February 25th, 2022 for the May election.

Council Options:

- 1) Resolve to submit a fire / police station bond measure to the County for a May vote via the pending resolution;
- 2) Make changes to the pending document, resolving to approve as amended:
- 3) Do nothing.

Recommended Motion: Staff recommends the Council resolve to submit a fire / police station bond measure to the County for a May vote via (pending) Resolution #967.

Legal Analysis: Aside from dates, costs, and reiterating the inclusion of the police department ["Police department office and storage space."], the language in the Resolution and Exhibits are the same. Winning the November ballot title challenge court hearing on all counts proved no need to further amend the ballot title.

Financial Analysis: Cost estimates for the project are also attached. Inflation and cost of waiting did increase the bond from what was proposed in November. Jonas Biery of D.A. Davidson and Scott Clarke from PIVOT Architecture are present this evening to take us through the analysis.

Respectfully submitted,

Chad

RESOLUTION # 967

A RESOLUTION APPROVING REFERRAL TO THE ELECTORS OF THE CITY OF GEARHART AT THE MAY 17, 2022 ELECTION, THE QUESTION OF SHALL GEARHART ISSUE UP TO \$14.5 MILLION IN GENERAL OBLIGATION BONDS FOR A NEW FIRE / POLICE STATION

WHEREAS, State laws authorize a City Council to seek voter approval of General Obligation Bonds; and

WHEREAS, the City Council of Gearhart adopted Resolution #967, which authorizes up to \$14,500,000 in General Obligation Bonds; and

WHEREAS, the City Council of Gearhart desires to refer Resolution #967, to the electors of the City of Gearhart.

NOW, THEREFORE, BE IT RESOLVED by the Gearhart City Council that:

SECTION 1: Measure. A measure election is called in and for the City of Gearhart, Clatsop County, Oregon, for the purpose of submitting a measure that would authorize \$14,500,000 in General Obligation Bonds for a new fire / police station. A copy of the measure is attached and incorporated as "Exhibit 1".

SECTION 2: Election Conducted by Mail. The measure election shall be held on Tuesday, May 17, 2022, which is the next election. The precinct for the election shall be all of the territory within the corporate limits of the City of Gearhart. As required by ORS 254.465, the measure election will be conducted by mail by the Clatsop County Elections Department, according to the procedures adopted by the Oregon Secretary of State.

SECTION 3: Notice of Ballot Title. The City Elections Officer is directed to publish notice of receipt of the ballot title in the Daily Astorian in compliance with ORS 250.275(5).

SECTION 4: Ballot Title. Pursuant to ORS 250.285 and ORS 254.095, the Gearhart City Council directs the City Elections Officer to file a notice of the City Measure Election in substantially the form of "Exhibit 2", with the Clatsop County Elections Office, unless, pursuant to a valid ballot title challenge, the Gearhart City Council certifies a different Notice of City Measure Election to be filed, such filing will occur no earlier than the eighth business day after the date on which Exhibit 2 is filed with the City Elections Officer and not later than March 17, 2022.

SECTION 5: Explanatory Statement. Pursuant to ORS 251.345, the Gearhart City Council directs the City Administrator to prepare a Measure Explanatory Statement for publication in the County voters' pamphlet; said statement shall be filed with the Clatsop County Elections Office at the same time the Notice of City Election is filed by the City Elections Officer.

SECTION 6: Delegation. The Gearhart City Council authorized City Administrator or a designee to act on behalf of the City of Gearhart and to take such further action as is necessary to carry out the intent and purposes herein in compliance with the applicable provisions of law.

SECTION 7: Effect of "Yes" Vote. If a majority of eligible voters vote "yes" on the measure, Resolution #967, will become operative, and the City will be authorized

to issue up to \$14,500,000 in General Obligation Bo	onds for a new fire / police station.
SECTION 8: This resolution is effective immediate	ely upon passage.
PASSED AND ADOPTED by the Gearhart City C	ouncil and signed by the City
Administrator and myself in authentication of its pa	ssage this 2nd day of February, 2022.
	Paulina Cockrum, Mayor
ATTEST:	
Chad Sweet, City Administrator	
Chad Sweet, City Hammistator	

Explanatory Statement

The Gearhart Volunteer Fire Department provides fire protection and emergency medical services to nearly 28 square miles.

The Department responds to all fires, emergency medical calls, vehicle accidents, natural disasters, hazardous materials incidents, and requests for public assistance and search and rescue.

If approved the up to \$14.5 million bond would be used for capital construction costs to construct, equip and furnish a new Fire/Police Station. This facility will comply with seismic and safety standards for a fire station.

The existing station is concrete block construction and was built in 1958. The building has one toilet. It lacks showers and changing areas.

The current building lacks storage space. Contaminated materials come in contact with operations areas. Protective clothing is exposed to greater wear, due to limited storage space.

The building is at an elevation of 27 feet. The Oregon Department of Geology and Mineral Industries has provided estimates that the building will be inundated in all but a Small or Medium Tsunami.

Property owners with land at an elevation of 65 feet have offered to donate a portion of their land to the City for the new station. This property would not be inundated in the event of a Small through Extra Large Tsunami. The new building would include, but not be limited to:

Dedicated storage for equipment and protective clothing;

Day room, kitchen and sleeping quarters for interns, volunteers;

Restrooms, showers, and dressing rooms for women and men;

Office and storage space for the police department.

The total cost of the new Gearhart Fire / Police Station is estimated at \$14.5 million. The estimated tax rate increase will be approximately \$1.213 per 1,000 of assessed property value per year, or \$121.30 per year for each \$100,000 of Assessed Value of property to be paid over a maximum 20 years.

This rate is an ESTIMATE ONLY based on the most current information from the County Assessor's Office. Assessed Value should not be confused with Real Market Value.

Peter O. Watts Peter O. Watts P.C. (503) 657-0406 Ext 29 1969 Willamette Falls Dr. Suite 260 West Linn OR., 97068





NOTICE OF RECEIPT OF BALLOT TITLE REFERRAL BY THE CITY OF GEARHART CITY COUNCIL

NOTICE IS HEREBY GIVEN that a ballot title for a measure referred by the City of Gearhart City Council to seek voter approval to borrow funds for a new fire/police station on May 17, 2022. A complete copy of the ballot title which includes caption, question, and summary; as well as the text of the measure, is available at the Gearhart City Hall.

NOTICE IS FURTHER GIVEN that any voter of the City of Gearhart who believes the proposed measure contains more than one subject or who believes the ballot title is insufficient, not concise, or unfair may file a petition for judicial review under ORS 250.296 with the Clatsop County Circuit Court no later than 5:00 pm, February 11, 2022, which is seven business days after the Council approved the ballot title. Notification must also be given to the City Elections Officer (City Administrator) the same day of filing with the Circuit Court.

NOTICE IS FURTHER GIVEN that the Gearhart City Council has submitted the following ballot title for the proposal:

BALLOT TITLE

CAPTION:

City of Gearhart General Obligation Bonds New Fire/Police Station

QUESTION:

Shall Gearhart issue up to \$14.5 million in general obligation bonds for a new

fire/police station?

SUMMARY:

Approval of this measure would finance costs to construct, equip, and furnish a new fire/police station. The City's current station is an un-reinforced concrete block building. Built in 1958 at an elevation of 27 feet, it lacks separate restrooms for men and women.

The proposed new station would be built on land donated to the City at an elevation of 65 feet. Dr. Jonathan Allen of the Oregon Department of Geology and Mineral Industries (DOGAMI) has provided estimates that the site would likely survive a Small through Extra Large Tsunami.

The new building is anticipated to include but not limited to:

Restrooms, showers, and dressing rooms for women and men; Sleeping areas to maintain around the clock on duty staffing;

An area to decontaminate breathing apparatus and equipment from hazardous materials;

Police department office and storage space.

The City estimates the bonds would cost property owners \$1.213 per \$1,000 assessed value per year. Any series of Bonds would mature over a period not to exceed 20 years from the date of issuance.

This legal notice is to be published by the City Elections Officer in the City of Gearhart, Gearhart, Oregon and in a newspaper of general distribution within the City.

Chad Sweet,
City Administrator and Elections Officer

Published: Thursday, February 3, 2022



Memo for General Obligation Bond Pricing

Subject – Fire/Police Station General Obligation Bond Levy Information

City staff have been working with financial company, D A Davidson, to provide an estimated maximum levy rate for the fire/police station project. In order to meet the financial needs of the project, an estimated \$14.35 million is needed. The projections represent a bond structure with a 20-year level levy rate.

Scenario: Project Amount - \$14.35 million; Par Amount - \$13.155 million

If the City Council authorizes City staff to move forward with submitting to the electors the authorization to issue general obligation bonds in the principal amount of not more than \$14,500,000 to finance a new fire/police station, it is estimated based on current financial market conditions that the bonds would cost property owners an estimated maximum of \$1.213 per \$1,000 of assessed value per year. In the current market, the \$14,350,000 project is anticipated to generate a bond premium, which benefits taxpayers by lowering the total bond par amount and total debt service. The City would be authorized to issue up to \$14,500,000 in bonds, including the estimated project costs plus bond issuance cost; however, the City would only issue as much as is needed to fund the project and cost of issuance, which is an amount of \$13,155,000 in the current estimated scenario due to anticipated bond premium. On a home assessed at \$300,000, the estimated property tax *increase* would be \$363.90 per year and on \$500,000, \$606.50 per year. Property owners would also still be obligated for the already approved water facility general obligation bonds through 2031.

If the bond passes, voters authorize the City to issue a bond up to a specified borrowing amount; however, the amount of issuance can be less. Before the City finalizes the bond sale par amount, it can review the option of potentially reducing the amount of the bond issuance due to receiving outside revenues. The City will pursue any outside funding that comes available. The net result would reduce debt service owed by the City, and thereby reduce the associated taxes collected from property owners. The City would also still be authorized to sell the remaining amount if it was ever needed for the purposes stated in the measure approved by the voters. There would be some additional costs for the additional issuance and some added extra risk that interest rates go up between the two sales. Future Council action would be required to authorize any issuance of bonds.

The City is also obligated to Clatsop County for its proportioned costs of the ballot measure being placed on the May election. Until all election information is certified, total election cost will not be known; however, estimates have been quoted at between \$4,000-\$8,000.

City of Gearhart - GO Bond Levy Analysis 2022 Police/Fire Station General Obligation Bonds \$14.35 million Project Fund; 20-year Level Levy Rate Indicative Rates as of 1/19/2022 (with rate risk) - Premium Bond structure

Financina Deculto Cummon	2021 Definding
Financing Results Summary	
Issue Date	8/3/2021
Final Maturity	3/1/2031
Bond Par Amount	\$2,215,000
Project Fund	\$0
Bond Yield	0.899%
All-in True Interest Cost	1.545%

City Historical/Projected AV			
Levy Year (3/1 & 9/1)	Taxable AV Assumption	Assumed AV Growth Rate	
2019	560,209,598	4.83%	
2020	591,491,907	5.58%	
2021	618,472,750	4.56%	
2022	646,258,638	4.49%	
2023	665,646,397	3.00%	
2024	685,615,789	3.00%	
2025	706,184,263	3.00%	
2026	727,369,791	3.00%	
2027	749,190,884	3.00%	
2028	771,666,611	3.00%	
2029	794,816,609	3.00%	
2030	818,661,107	3.00%	
2031	843,220,941	3.00%	
2032	868,517,569	3.00%	
2033	894,573,096	3.00%	
2034	921,410,289	3.00%	
2035	949,052,598	3.00%	
2036	977,524,175	3.00%	
2037	1,006,849,901	3.00%	
2038	1,037,055,398	3.00%	
2039	1,068,167,060	3.00%	
2040	1,100,212,071	3.00%	
2041	1,133,218,434	3.00%	
2042	1,167,214,987	3.00%	

	Debt Service Requ	irements	
Series 2021 GO Refunding Bonds	New Total Debt Service	2021 GO Ref Bonds	Post- Issance Total Levy
0	728,866	0.000	1.241
225,404	719,079	0.367	1.414*
225,150	713,313	0.356	1.128
220,350	713,650	0.331	1.073
225,400	709,900	0.329	1.036
289,250	289,250	0.410	0.410
291,900	291,900	0.402	0.402
294,250	294,250	0.393	0.393
291,375	291,375	0.378	0.378
291,900	291,900	0.368	0.368
290,700	290,700	0.355	0.355
0	0	0.000	0.000
0	0	0.000	0.000
0	0	0.000	0.000
0	0	0.000	0.000
0	0	0.000	0.000
0	0	0.000	0.000
0	0	0.000	0.000
0	0	0.000	0.000
0	0	0.000	0.000
0	0	0.000	0.000
0	o	0.000	0.000

Average Levy Rate 2022-2031	0.369	0.696	

^{*} Levy was submitted to Assessor *prior* to completion of 2021 Refunding.

LEVEL BOND LEV	Y RATE	
Financing Results Summary - 2022 No	ew Money Bonds (\$14.35M)	
(Projected/Estimated)		
Issue Date	7/15/2022	
Final Maturity	3/1/2042	
Bond Par Amount	\$13,155,000	
Project Fund	\$14,349,764	
Bond Yield	2.617%	
All-in True Interest Cost	3.116%	

	Debt Service Requ	uirements	
re/Police Series 2022 GO Bonds	New Total Debt Service	Fire/Police Series 2022 GO Bonds	Post- Issance Total Levy
			1.309
-	700.000	0.000	1.274
0	728,866 719,079	0.000	1.241 1.414 *
730,637	1,443,950	1.155	2.283
765,600	1,479,250	1.155	2.224
789,900	1,499,800	1.153	2.189
812,800	1,102,050	1.152	1.562
839,200	1,131,100	1.155	1.556
864,000	1,158,250	1.154	1.547
887,200	1,178,575	1.151	1.529
913,700	1,205,600	1.151	1.518
943,300	1,234,000	1.153	1.509
970,900	970,900	1.152	1.152
1,001,400	1,001,400	1.154	1.154
1,029,700	1,029,700	1.152	1.152
1,060,700	1,060,700	1.152	1.152
1,089,300	1,089,300	1.149	1.149
1,125,300	1,125,300	1.152	1.152
1,158,500	1,158,500	1.152	1.152
1,193,800	1,193,800	1.152	1.152
1,231,000	1,231,000	1.153	1.153
1,265,000	1,265,000	1.151	1.151
1,305,600 \$19.977.537	1,305,600 \$25,311,720	1.153	1.153

Average Levy Rate 2023-2031	1.152	1.430
Maximum Levy Rate 2023-2031	1.155	2.283

- (1) Final year of levy for Series 2015 GO (Water) Bonds.
- (2) Final year of levy for Series 2021 GO (Water) Refunding Bonds.



⁽¹⁾ Final year of levy for Series 2015 GO (Water) Bonds.

⁽²⁾ Final year of levy for Series 2021 GO (Water) Refunding Bonds.

City of Gearhart - GO Bond Levy Analysis 2022 Police/Fire Station General Obligation Bonds \$14.35 million Project Fund; (Deferred Principal until 2026) Indicative Rates as of 1/19/2022 (with rate risk) - Premium Bond structure

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All-in True Interest Cost	1.545%

Levy Year (3/1 & 9/1)	Taxable AV Assumption	Assumed AV Growth Rate
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220,350	713,650	0.331	1.073
225,400	709,900	0.329	1.036
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291,900	291,900	0.402	0.402
294,250	294,250	0.393	0.393
291,375	291,375	0.378	0.378
291,900	291,900	0.368	0.368
290,700	290,700	0.355	0.355
0	0	0.000	0.000
0	0	0.000	0.000
0	0	0.000	0.000
0	0	0.000	0.000
0	0	0.000	0.000
0	0	0.000	0.000
0	0	0.000	0.000
0	0	0.000	0.000
0	0	0.000	0.000
0	0	0.000	0.000
0	0	0.000	0.000

Average Levy Rate 2022-2031	0.369	0.696
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 $^{^\}star\,\text{Levy}$ was submitted to Assessor $\textit{prior}\,$ to completion of 2021 Refunding.

DEFERRED PRINCIPAL UNTIL 2026				
Financing Results Summary - 2022 New Money Bonds (\$14.35M)				
(Projected/Estimated)				
Issue Date	7/15/2022			
Final Maturity	3/1/2042			
Bond Par Amount	\$13,115,000			
Project Fund	\$14,349,764			
Bond Yield	2.630%			
All-in True Interest Cost	3.124%			

Indicative New Money Series 2022 GO (\$14,35M) Premium Bond structure w/ Deferred Principal					
Debt Service Requirements					
Fire/Police Series 2022 GO Bonds	New Total Debt Service	Fire/Police Series 2022 GO Bonds	Post- Issance Total Levy		
			1.309		
			1.274		
0	728,866	0.000	1.241		
0	719,079	0.000	1.414 *		
591,632	1,304,945	0.936	2.064		
524,600	1,238,250	0.789	1.862		
524,600	1,234,500	0.766	1.802		
852,900	1,142,150	1.209	1.619		
878,700	1,170,600	1.209	1.611		
907,800	1,202,050	1.213	1.606		
935,100	1,226,475	1.213	1.591		
960,600	1,252,500	1.210	1.577		
989,200	1,279,900	1.209	1.565		
1,020,700	1,020,700	1.212	1.212		
1,050,000	1,050,000	1.210	1.210		
1,082,000	1,082,000	1.211	1.211		
1,116,500	1,116,500	1.213	1.213		
1,148,400	1,148,400	1.211	1.211		
1,182,600	1,182,600	1.211	1.211		
1,218,900	1,218,900	1.212	1.212		
1,257,100	1,257,100	1.213	1.213		
1,292,100	1,292,100	1.211	1.211		
1,328,800	1,328,800	1.209	1.209		
1,371,900	1,371,900	1.212	1.212		
\$20,234,132	\$25,568,315				

Average Levy Rate 2023-2031	1.154	1.431
Maximum Levy Rate 2023-2031	1.213	2.064

⁽¹⁾ Final year of levy for Series 2015 GO (Water) Bonds.

⁽²⁾ Final year of levy for Series 2021 GO (Water) Refunding Bonds.



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