



## **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,

A handwritten signature in black ink, appearing to be "Chad", written over a horizontal line.

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 Bonds for a new fire / police station.

**SECTION 8:** This resolution is effective immediately upon passage.

**PASSED AND ADOPTED** by the Gearhart City Council and signed by the City Administrator and myself in authentication of its passage this 2nd day of February, 2022.

\_\_\_\_\_  
Paulina Cockrum, Mayor

ATTEST:

\_\_\_\_\_  
Chad Sweet, City Administrator

## 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.

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**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.





