

CITY OF COOS BAY CITY COUNCIL

Agenda Staff Report

MEETING DATE February 20, 2018	AGENDA ITEM NUMBER 15.
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TO: Mayor Benetti and City Councilors

FROM: Rodger Craddock, City Manager

THROUGH:

ISSUE: Consideration of Approval of a Proposed City Charter Amendment – Approval Would Require Adoption of Resolution 18-06 Calling a Measure Election to Submit to the Electors of the City

SUMMARY:

On February 18, 2017, the Council held a work session to discuss priorities for 2017-2019. The work session was facilitated by consultants from Solid Ground Consulting. Based on a consensus of the Council, priorities were categorized into five areas: (1) Wastewater; (2) Street Maintenance; (3) Library facility; (4) Economic Development; and (5) City Charter. On April 4, 2017, the Council approved the attached goals which included possible amendments to the City Charter. In addition, the City Attorney had reviewed the current City Charter and is suggesting that the Council consider additional amendments which would remove language referencing consolidation and consolidation continuances.

ACTION REQUESTED:

If it pleases the Council, adopt Resolution 18-06 to place a ballot measure on the May 2018 Election regarding amending the City Charter in regards to: (1) Section 4.1 Meeting requirements of the Council; (2) Section 9.11 Funds for Police Officers and Firefighters; and (3) Section 9.12 Sales of Bonds and Warrants.

BACKGROUND:

On February 18, 2017, the Council held a work session to discuss priorities for 2017-2019. The work session was facilitated by consultants from Solid Ground Consulting. Based on a consensus of the Council, priorities were categorized

into five areas: (1) Wastewater; (2) Street Maintenance; (3) Library facility; (4) Economic Development; and (5) City Charter. On April 4, 2017, the Council approved the attached goals which included possible amendments to the City Charter.

- Section 4.1 of the Charter requires in part that the "...Council shall hold a regular meeting at least twice each month..." Currently the Council meets and has traditionally met on the 1st and 3rd Tuesdays evening of each month for their "regular meetings." There have been times when such regular meetings were not necessary and where the business of the Council could have been conducted during one monthly meeting rather than in two. The following is the proposed amended Section 4.1 language in its entirety:

Section 4.1 Meetings. The Council shall hold regular meetings as the business of the City requires, at a time and at a place in the City which it designates and may adopt rules for the government of its members and proceedings. The mayor, manager, or three members of the Council may, by giving notice to all members of the Council then in the City, call a special meeting of the Council.

- The City Charter was amended by the voters in 1988 by adding Section 9.11 Funds for Police Officer and Firefighters. Section 9.11 requires mandatory minimum staffing for public safety personnel. Under Oregon's current taxing structure the City is unable to and has been unable for more than a decade to fund all of the required positions. Section 9.11 was deemed unconstitutional in 2003. As the language is not enforceable and unattainable, it should be deleted from the City Charter.
- The Charter was amended in 1996 by adding Section 9.12 of the Charter precludes the City from the selling of all bonds or warrant without an approval of the voters. The intent of the Charter amendment was to stop the Coos Bay Urban Renewal Agency from issuing bonds to undertake for a library expansion project. While the voters approved the ballot measure which precluded the City from issuing bonds and warrants, it was not and is not legally binding on the Coos Bay Urban Renewal Agency which under Oregon law is a separate corporate political entity.

Most cities find it necessary to borrow money from time to time (e.g., to buy a fire truck or build a new wastewater treatment plant). Oregon cities can borrow money in a wide variety of ways and from a variety of sources. The choices a city makes in how to borrow can have a significant effect on the cost of the borrowing and the speed at which the borrowing can be done. A city might be able to borrow money for a project from a state agency, from a commercial bank, or through an underwriter who will sell the city's bonds in the public securities markets. That city might be able to use general obligation bonds, full faith and credit loans, notes or revenue bonds to finance the project. Market conditions can change, and a method of financing that was ideal for one city project may be inappropriate for another project.

For many borrowings, an Oregon city can choose to do any of the following kinds of borrowings:

- **GENERAL OBLIGATION BONDS** pledge the "full faith and credit" of the city, and permit the city to levy an additional property tax that is sufficient to pay the bonds. Because these bonds are secured by this additional property tax, voter approval is required. General obligation bonds are usually the most secure form of borrowing available to a city, and therefore usually have the lowest cost.
- **REVENUE BONDS** are secured by a pledge of a specific revenue source or tax source, typically do not require voter approval and are usually subject to referral. The interest rates and other costs of revenue bonds are usually higher than for general obligation bonds, and depend greatly on the type of revenues that are pledged to pay the bonds.
 - Local improvement district or "**Bancroft**" **bonds** are bonds that are issued to finance the costs of local improvements that are assessed against neighboring property. Assessed property owners are entitled to pay the assessment, with interest, over at least ten years. Cities use those payments to pay the local improvement district bonds.
 - **CERTIFICATES OF PARTICIPATION** (sometimes referred to as COPs) on which annual debt service payments are subject to annual appropriation. Borrowings that are subject to appropriation usually have higher interest rates than borrowings that are not. Recent changes in Oregon law allow most cities to do general fund obligations, and certificates of participation have become

relatively uncommon.

- **GENERAL FUND OBLIGATIONS, OR LIMITED TAX OBLIGATIONS**, which are similar to COPs but are a binding obligation payable from all resources of the general fund rather than to annual appropriation. Some city charters do not permit this kind of borrowing.
- **LOAN AGREEMENTS** are often used when a city borrows from a bank.

Since the inclusion of Section 9.12, the City has secured funding (loans) from federal and state agencies, from banks, and by the sale of bonds (approved by the voters for the building and equipping of the Fire Station). Given that the time process involved in securing voter approval for revenue bonds combined with the reality that the financial market is in constant flux, the City has chosen not to avail itself to this funding possibility. As is stated above, revenue bonds do not typically require approval of the voters as cities have existing revenue sources to repay the debt (doesn't require enactment of a new tax). While revenue bonds generally don't require voter approval, they are generally subject to referral to the voters through the referral process.

As Section 9.12, as currently worded limits financing options, staff recommends amending the language. Financing options, such as GO Bonds and other bonds which require the implementation of an additional tax should require voter approval. Amending the language would provide the City greater flexibility, without the ability to impose additional taxes, for financing the business of the City.

In addition, the City Attorney had reviewed the current City Charter and is suggesting that the Council consider additional amendments which would remove language referencing consolidation and consolidation continuances.

BUDGET

IMPLICATIONS:

None.

ATTACHMENT(S):

 [Resolution 18-06 Charter Amendment](#)

 [Charter Amendment - SEL802](#)

 [Charter Amendment](#)

 [City Council Goals](#)
