

RESOLUTION NO. 1377

A RESOLUTION CALLING AN ELECTION TO SUBMIT TO THE VOTERS THE QUESTION OF CONTRACTING A GENERAL OBLIGATION BONDED INDEBTEDNESS IN THE AMOUNT OF \$16,000,000 TO ACQUIRE PROPERTY AND CONSTRUCT, EQUIP AND FURNISH A NEW SEWAGE TREATMENT PLANT AND A LABORATORY/ADMINISTRATION BUILDING AND RELATED FACILITIES; AND TO PAY ALL COSTS INCIDENTAL THERETO.

WHEREAS, the City Council of the City of Troutdale, Multnomah County, Oregon (the "City"), has determined that there is a need to acquire property and construct, equip and furnish a new sewage treatment plant and a laboratory/administration building and related facilities, demolish the existing treatment plant and pay all costs incidental thereto; and

WHEREAS, the costs to be borrowed are estimated to be \$16,000,000, all of which are costs of capital construction or improvements or costs of issuing bonds.

NOW THEREFORE BE IT RESOLVED BY THE COUNCIL OF THE CITY OF TROUTDALE

- A. An election is hereby called for the purpose of submitting to the qualified voters of the City the question of contracting a general obligation bonded indebtedness in the name of the City in the sum not to exceed \$16,000,000. Bond proceeds will be used to acquire property and construct, equip and furnish a new sewage treatment plant and a laboratory/administration building and related facilities, demolish the existing treatment plant and to pay all costs incidental thereto. The bonds shall mature over a period of not more than 25 years; and,
- B. The election hereby called shall be held in the City on November 3, 1998. The polls shall be open between the hours of 7:00 a.m. and 8:00 p.m. The election shall be conducted pursuant to ORS 254.465 et seq.; and,
- C. The City Recorder shall cause to be delivered to the Elections Officer of Multnomah County, Oregon the attached Notice of Bond Election, not later than 61 days prior to the election; and,
- D. The Elections Officer is hereby requested to publish a receipt of notice of ballot title and a facsimile ballot containing the polling places and hours the polls are open in the Gresham Outlook, a newspaper of general circulation in the City, in accordance with ORS Chapter 254; and,

- E. The Elections Officer is requested to provide a timely notice of deadlines for the filing of voters pamphlet statements to each person who has requested in writing that they receive such notices; and,
- F. The City Recorder shall cause the attached Notice of Bond Election to be published twice in the Gresham Outlook, a paper of general circulation in the City, prior to the election.

YEAS: 6
NAYS: 1 (Smith)
ABSTAINED: 0


Paul Thalhofer, Mayor

Dated: 5-28-98


Debbie Stickney, Deputy City Recorder

Adopted: 5/26/98

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NOTICE OF BOND ELECTION

City of Troutdale Multnomah County, Oregon

NOTICE IS HEREBY GIVEN that on November 3, 1998, an election will be held in Multnomah County, Oregon. The following question will be submitted to the qualified voters thereof:

City of Troutdale

CAPTION:

GENERAL OBLIGATION BOND AUTHORIZATION

QUESTION:

Shall the City be authorized to contract a general obligation bonded indebtedness in an amount not to exceed \$16,000,000? If the bonds are approved, they will be payable from taxes on property or property ownership that are not subject to the limits of Section 11 and 11b of Article XI of the Oregon Constitution.

SUMMARY:

This measure authorizes the City to issue general obligation bonds, of not to exceed \$16,000,000, to provide funds to acquire property and construct, equip and furnish a new sewage treatment plant and a laboratory/administration building and related facilities, demolish the existing treatment plant and pay all costs incidental thereto. Bonds would mature over a period of not to exceed 25 years.

City of Troutdale
Multnomah County, Oregon


Mayor

EXPLANATORY STATEMENT

The Troutdale City Council has referred to the voters a proposed \$16 million general obligation bond to construct a new sewage treatment plant.

BACKGROUND

The City's sewage treatment plant was originally built in 1969 and currently has the capacity to treat about 1.6 million gallons of sewage each day. Our residential and business uses in Troutdale now generate over 1.4 million gallons of sewage daily. We expect increases over the next twenty years to grow to about 3 million gallons a day. The City must increase its sewage treatment capacity.

OPTIONS

Faced with the need to create additional sewage treatment capacity, the City, in partnership with the U.S. Army Corps of Engineers, examined a range of alternatives. These two seemed to best meet the community's needs:

Option No. 1 -- Dismantle the existing plant and construct a new one just northeast of the Troutdale Airport at a cost of approximately \$18 million..

Option No. 2 -- Expand the existing treatment plant at its current location in the downtown business district next to the Columbia Gorge Factory Stores at a cost of approximately \$10,000,000.

Either option would adequately treat the projected volumes of sewage.

FUNDING

The proposed general obligation bond would raise \$16 million, which, when added to \$2 million of other City funds, would enable the City to implement Option No. 1. If the bond is approved by the voters, the City would purchase land for a new plant, design and construct a new sewage treatment facility and dismantle the existing plant. About 28% of the debt would be repaid from increases in sewer rates, about 39% from system development charges on new sewage users and about 33% from property taxes. Based on the current costs of borrowing, sewer rates would increase from \$22.75 to \$24.75 a month per equivalent residential unit, and the first year (1999-2000) tax levy would be approximately \$0.68 per \$1,000 of assessed value, or \$89 per year for a house assessed at \$130,000. As new development causes the City's assessed valuation to increase in future years, the property tax rate for this bond issue would decrease accordingly.

If the proposed general obligation bonds are not approved, the City Council may use existing authority to issue \$10,000,000 in revenue bonds to implement Option No. 2. Revenue bonds can not be repaid by property taxes and must depend on sewer rates and system development charges. Revenue bonds also require a debt reserve and a significant debt coverage ratio. Under this option, sewer rates would increase from \$22.75 to approximately \$31.75 a month per equivalent residential unit until the appropriate debt reserve and debt coverage ratio are achieved and stabilized. At that time, some rate relief might be possible.