

The Big Picture Dashboard

Finance

1. Upgraded AA- Rating from Standard & Poor's
2. Debt Limitation (\$2.4M)
3. Current Obligations (2049)
4. Loan Futures (Rate Audits)
5. Legacy Decisions
 - a. Not Assessing Sewer Collection Lines
 - b. Not Assessing Water Distribution Lines
 - c. Street Construction Implications
6. Franchise Fee Authority
 - a. Currently in jeopardy...
7. State Revenue Sharing
 - a. Continues to Dwindle...

State Legislature Priorities

1. Housing Crisis Impacts
2. Homelessness
3. Healthcare
4. Mental Health Investment
5. Environmental Regulations
 - a. TMDL
 - b. Wetlands
 - c. WOTUS
 - d. FEMA & Flood Requirements
6. Land-Use Regulations
 - a. Accessory Dwelling Units
 - b. Camping & Ninth Circuit Court Ruling
 - c. Third-Party Building Inspections
7. Recycling Crisis
8. Preemption of Local Control

2024

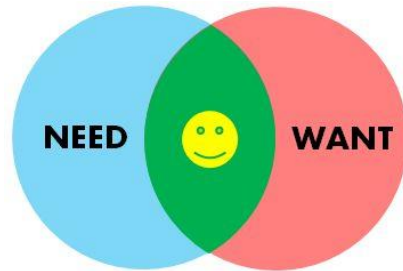
1. Water Treatment Plant Improvements (\$4M - \$6M)
 - a. Distribution System Improvements
 - b. New Water Reservoir
 - c. New Water Treatment Plant
 - i. Two (2) Filters
 - ii. UV Disinfection System
 - iii. All New Controls

Capital Improvements Plan

1. At-a-glance Summary
2. Huge Liability
 - a. Total Assets = \$42M
 - b. Assets in Need = \$17M

Pipeline

1. TMDL
2. Water Regulations
3. Wastewater Compliance Issues
4. Wellhead Protection
5. WOTUS Implications
6. FEMA Rule Changes
7. Infill Impacts
 - a. Parking
 - b. Utilities
7. Comprehensive Plan Update Implications
8. Utility Infill & Extension Implications



Economic & Community Development

1. McFarland Cascade
2. Azalea Rojo Vineyard
3. Dollar General
4. Housing Developments
5. Storage Units Facility

- ▶ Understanding Private Development
- ▶ RAIN & the Entrepreneurial Role
- ▶ Civic Organizations & Agreements
- ▶ Code Development
- ▶ Public Works Standards

In the Works

1. Downtown Sewers (\$600K)
2. Cemetery Bridge (\$68K)
3. Rec Center (\$800K-\$1.2M)
4. Pavilion (\$400K - 600K)
5. Other Park Facilities (\$80K+)
6. Water Meters (\$180K+)
7. Cyber Security (\$15K)
8. Land Inventory (\$30K+)

Citizen Wants

1. Kirk Avenue Improvements (\$600K-\$2.4M)
2. Skate Park (\$380K+)
3. Dog Park (\$20K+)
4. Community Kitchen (\$35K+)
5. Crime Deterrent Cameras (\$15K+)
6. Water Feature (\$125K+)
7. Free Wi-Fi Downtown
8. Community Theater
9. Senior Housing
10. Transport Vehicle



8/20/2019

The Big Picture

Narrative



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CITY OF BROWNSVILLE, OR



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This document is the narrative that accompanies The Big Picture. It is designed to provide insight to Council decisions and for everyone to understand past decisions and the implications on future decisions.



Finance

Council originally borrowed money from the the United States Department of Agriculture (USDA-RD) for the upgrade of the Water Treatment Plant (1998) and the upgrade of the Wastewater Treatment Plants (2008). Council had inquired about refinancing between the years of 2010 through 2016. Finally, due to very competitive private financing rates in 2016, USDA-RD decided to allow political subdivisions to refinance debt incurred under the USDA-RD program.

Council decided to move forward in May 2016 to refinance the City's long-term debt. One major hurdle was the calculation of the City's bond rating. Fortunately, the City was initially rated an A- which made the refunding/refinancing financially viable. Below is a rating chart explaining the S & P rating:

	Moody's	S&P	Fitch	Meaning
Investment Grade	Aaa	AAA	AAA	Prime
	Aa1	AA+	AA+	
	Aa2	AA	AA	
	High Grade	Aa3	AA-	AA-
		A1	A+	A+
		A2	A	A
		A3	A-	A-
		Baa1	BBB+	BBB+
		Baa2	BBB	BBB
Baa3	BBB-	BBB-	Lower Medium Grade	
Junk	Ba1	BB+	BB+	Non Investment Grade Speculative
	Ba2	BB	BB	
	Ba3	BB-	BB-	
	B1	B+	B+	Highly Speculative
	B2	B	B	
	B3	B-	B-	
	Caa1	CCC+	CCC+	Substantial Risks
	Caa2	CCC	CCC	Extremely Speculative
	Caa3	CCC-	CCC-	In Default w/ Little Prospect for Recovery
	Ca	CC	CC+	
		C	CC	
			CC-	In Default
D	D	DDD		

The City had several general obligation instruments as follows: 1) two Water Bonds, a) \$704,500 at 4.5%, and b) \$295,500 at 4.75%, and 2) two Wastewater Bonds, c) \$3,200,000 at 4.5%, and d) \$3,017,000 at 4.25%. The City also had a revenue bond from the Oregon Economic Community Development Department (OECD) in the amount of \$300,000 at 5.17% however, due to the financing window the City could have lost the rate and the ability to refinance the debt. Council decided not to refinance this revenue bond due to the associated additional costs and the risk associated with adding this debt to the refunding. In September 2016, the general obligation debt was consolidated for a total of \$6,070,000 for 30 years, 15 years at

3% and 15 years at 4%. This debt instrument cannot be refinanced until the year 2024. Along with the contract documents for this debt instrument came in general obligation limitation of \$2.4 million until 2025. Obligations continue until the year 2049.

The total cost savings for utility users and property owners is calculated to be \$1,278,866.

Loan Futures

Any future loans through USDA-RD will require utility rate audits. Utility rates will increase substantially should loans be necessary to finance major capital infrastructure in the future.

Legacy Decisions

Past Councils made decisions based on the information available at the time. Some of those decisions impact current and future decisions made by subsequent Councils.



Water Distribution & Sewer Collection Lines

Past Councils decided to include the costs associated with the replacement of water distribution & sewer collection lines in the general obligation bonds levied by the City. State law allows cities to assess these costs to the property owner when the line is past its useful life. Past Councils felt it in the best interest of all to include these costs in the bond.

The implication is that future Councils cannot assess lines to property owners when those same property owners are paying for the lines in front of other property owners land and homes. The City could have saved \$2,300,000 had this financing option been available in 2008.

Street Construction Implications

Many years ago, the City decided to pave over gravel, and in some cases, dirt and install asphalt. Repairing the streets to current Public Works Standards would be extremely cost prohibitive. Reconstruction would be necessarily to properly add storm drainage in nearly all areas of town.



Typical cross section of a flexible pavement

Franchise Fee Authority

Each year, new ways of thwarting political subdivisions from levying a franchise fee against major utility companies such as gas, power, cable, and telecom come to light. Many cities nationwide rely on franchise fees to provide street maintenance and other general public works.

State Shared Revenue

The State continues to eat away at this revenue source. Currently, the City uses these funds to provide street lighting for town. The City could use these funds in other ways, it is always decided to use them for this purpose.

Capital Improvements Plan

Council recently updated the Capital Improvements Plan. It can be found online at:

<https://www.ci.brownsville.or.us/publicworks/page/2019-capital-improvements-plan-cip-approved>

The City is responsible for maintaining over \$42 million worth of assets with about \$17 million of those assets in poor or critical condition.



2024 Future Water Treatment Plant Improvements

The City will need to start planning to replace the Water Treatment Plant in the year 2024. Council would like to include multiple distribution system improvements, construct a new reservoir (\$1.2 M), add two filters, new controls and a UV disinfection system.

In the Works

Downtown Sewers

The City is currently saving to replace downtown wastewater collection lines which will cost \$600,000. Council & the Budget Committee set aside \$380,000, moving money from an equipment line item account, Vehicle Acquisition – Vactor Truck, to bolster the account for future expenditure. The downtown sewers have been a concern for the last three years.

Cemetery Bridge

The City did extensive maintenance to the cemetery bridge in the Spring of 2019. Total cost for the maintenance for \$68,000.

Central Linn Recreation Center

The City is looking at a future expenditure of nearly \$1.5 million for the renovation of the Rec Center. Currently, a structural engineering firm is reviewing the structural integrity of the building for the possible future renovation. If the community wants the building to continue to serve for the next 30 years, a major renovation is due within the next 3 to 5 years.

Pioneer Park Pavilion

The City is also looking at relocating the Pioneer Park Pavilion due to the age of the Pavilion and the deterioration of the riverbank which is in general proximity to the facility.

Other Pioneer Park Facilities

The City is reviewing the Community Arts Building, the Stage, and the Flower Building for future consideration as well.

New Water Meters

The City installed a new water meter system in the Spring of 2019. The new system adds efficiencies for Public Works, more accurately measures water usage and allows the City to properly bill customers while collecting data that will help detect water leaks and consumption patterns. The Oregon Water Resources Department (OWRD) required the City to adopt a Water Management & Conservation Plan. The meters will greatly assist the City in meeting this requirement.

Cyber Security

The City is in the initial phases of safeguarding and protecting computer network resources. The City uses cloud services for essential services such as the general ledger and utility billing.



Land Inventory

Council is working on the land inventory which is a requirement of the Department of Land Conservation & Development (DLCD). The City is running low on light industrial and volume commercial inventory and is looking at housing inventory as well.

Economic & Community Development

The Planning Commission and Staff have endured negative public comments due to recent commercial and residential projects. Fortunately, Brownsville is experiencing controlled growth. Private developers have the right to develop private property in certain planning zones as outright permitted uses. Outright permitted uses for each zone can be found in the Brownsville Municipal Code. Outright permitted uses still must comply with the Public Works Standards and requirements of Linn County, and the State of Oregon.

The Planning Commission approves conditional uses. Conditional uses can also be found in the Brownsville Municipal Code as well. The City is bound by this formal process of State requirements. The Planning Commission can place reasonable conditions on a development requesting such permission.

The City does not dictate or tell private property owners or private developers what to do with their property. The City does ensure that standards, requirements and codes are met in order to protect the public's investment in the utility systems and roads.

There seems to be a common misconception about how development works in Brownsville. Again, the City ensures that a development follows all applicable rules of the Brownsville Municipal Code.

Council continues to update the Public Work Standards and the Brownsville Municipal Code to best protect the public's interests.

Citizen Wants

Council and Staff receive many requests for a variety of interests. All requests come with a price tag and certain other requirements that make them less than desirable. The City has many other assets that require financial attention. Council must prioritize all competing interests.

State Priorities & The Pipeline

The State of Oregon continues to preempt local control at an unprecedented pace. To that end, Council is working with the Cascade West Council of Governments and the League of Oregon Cities to slow down unwanted laws, requirements, and standards that will cost local taxpayers thousands of dollars.

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