

# MINUTES

Eugene City Council  
McNutt Room—City Hall  
777 Pearl Street—Eugene, Oregon

June 15, 2011  
Noon

COUNCILORS PRESENT: Betty Taylor, George Brown, Andrea Ortiz, George Poling, Mike Clark, Chris Pryor, Alan Zelenka, Pat Farr.

Her Honor Mayor Kitty Piercy called the June 15, 2011, work session of the Eugene City Council to order.

**A. WORK SESSION:**  
**Status Report on Local Gas Tax**

Public Works Director Kurt Corey reviewed the recent history of City Council strategies to fund road improvements, which included adoption of a local gas tax in 2002 and a street preservation bond approved by the voters in 2008. He also noted enacted State legislation, House Bill 2001, which provided additional local transportation funding but precluded new gas taxes until 2014 and then only by voter referral. The legislature's preemption of new local gas taxes led the City Council to repeal the sunset provision included in the 2005 ordinance adopting a two-cent increase in the gas tax, set to expire in 2011, out of concern the increase would be considered a new gas tax.

Mr. Corey estimated the City's average annual investment in preservation at about \$10 million, which was slightly more than half the amount he believed the community should be investing. He called attention to the 2011 Pavement Management Report included in the meeting packet, which identified a street preservation backlog of \$139 million. Attachment A of the Agenda Item Summary, *History of Pavement Preservation Program Projects as of May 2011*, listed the projects funded by the gas tax and bond since the Pavement Preservation Program's inception in 2002.

Speaking to support for operations and maintenance (O&M), Mr. Corey briefly noted the funding sources available to the City and indicated Fund 131 was balanced through the forecast period, including about \$200,000 for the Enhanced Pothole Program. He said the increased funding from House Bill 2001 could be diverted to capital preservation but it would reduce the funding available for operations and maintenance.

Mr. Corey concluded by saying progress had been made but there was much to be done. The local gas tax was a key factor to the success of the City's capital preservation efforts. The City needed to continue to focus on a comprehensive set of solutions to eliminate the preservation backlog entirely.

Mayor Piercy said those with roads still to be repaired continued to contact the council with complaints but she believed progress on the maintenance backlog had been made, which felt good for both the council and community. She thanked the public for its support of the street preservation bond. She called on councilors for comments and questions.

Mr. Poling recalled that he had asked that a work session be scheduled on the local gas tax if the State legislature took action to increase the State gas tax. He wanted to know if the council was interested in referring the gas tax to the public. He acknowledged his constituents were divided on the topic.

At the request of Mr. Farr, Mr. Corey reviewed the actions taken by the council in regard to the gas tax and reiterated that the two-cent increase adopted in 2005 was subject to the sunset. Mr. Farr observed that he had heard from people who expected the two-cent increase to sunset. He did not minimize the progress that had been made with the tax proceeds but was curious about why the council voted to eliminate the sunset.

Mr. Zelenka attributed the council's removal of the sunset to the action taken by the legislature.

Mr. Zelenka determined from Mr. Corey that the \$135 million preservation backlog would not be eliminated by current rates of spending. Mr. Zelenka suggested that even doubling the spending would not eliminate the backlog for improved streets given how long the problem had been neglected. He also noted the backlog of unimproved streets. Mr. Corey estimated it would require \$90 million to address that backlog. Mr. Zelenka preferred to retain the gas tax at its current rate given the need that existed. He continued to support a transportation utility fee as an additional means to address the backlog and make progress on it as opposed to "treading water."

Ms. Taylor agreed with Mr. Zelenka. She wanted to maintain the current gas tax until another funding source was found. Ms. Taylor pointed out that the public did not vote on the sunset; the sunset had been imposed by the council. She believed the money for street preservation should come from the General Fund but she acknowledged that fund was not in any condition to accept the cost. She was pleased Fund 131 was balanced.

Ms. Taylor asked about the cost of stolen street signs. Mr. Corey did not have a figure. He acknowledged that such thefts were a growing problem. He said that signs were replaced as staff could get them to them, and confirmed the City had a budget for sign replacement. Ms. Taylor asked what penalties existed for the theft of a street sign. Mr. Poling suggested the theft of a street sign was a misdemeanor unless there was a traffic control situation compounded by the loss of the sign, in which case the penalty would be stiffer.

Mr. Pryor recalled that the condition of the community's streets had been one of his major issues when he joined the council and he was pleased at the progress that had been made. He suggested the council had made commitments it needed to consider when considering the amount of the local gas tax. He contrasted the council's commitment to the sunset of the two-cent increase against its commitment to improve the roads. He believed that if the council maintained its commitment to the sunset that action would jeopardize its ability to maintain its commitment to road preservation.

Mr. Pryor acknowledged the council's lack of alternative revenue sources. He appreciated the concerns of those who objected to the fact the council made the additional two cents permanent. He did not know what would happen if the council referred the increase to the public. However, Mr. Pryor was reluctant to give up the additional funding and, like Mr. Poling, was curious about other councilors' positions.

Ms. Ortiz said she had heard nothing about the gas tax from her constituents and attributed that to the relatively small amount of the tax in contrast with the high price of gasoline. She did not think that residents were leaving her ward to buy gas in other communities.

Ms. Ortiz commended Mr. Corey for the adjustments he made to the City's approach to road improvements, particularly regarding the scale of the improvements that were built. The City was now

allowing unimproved streets to receive slurry seals. The Trainsong neighborhood in her ward lacked sidewalks, curbs, and gutters but its residents deserved good streets and were very happy about the work that had been done in that neighborhood.

Mr. Clark agreed with the remarks of Ms. Ortiz. He also appreciated the good job being done by Public Works. He said he frequently heard compliments about that work as well as complaints from those awaiting their own maintenance overlay. He acknowledged the department was working as hard as the budget allowed. He hoped the City was developing a plan to address the backlog of unimproved streets and encouraged staff to get such a plan before the council as quickly as possible.

Mr. Brown said he had not received any constituent comments about the gas tax. He did hear comments expressing appreciation for the street improvements that had been completed. He suggested the benefit of the gas tax was demonstrated by those improvements. Mr. Brown supported retention of the two-cent increase, suggesting it would become increasingly insignificant as gas prices increased.

Mayor Piercy recalled that council discussion about the removal of the sunset included agreement that the action depended on whether progress was being made on the maintenance backlog. She believed there was considerably more work to be done. She also concurred with Ms. Ortiz about the City's efforts to build the best and most appropriate road improvement and be responsive to what the public wanted, even if that did not include complete urban-scale improvements.

Mr. Zelenka had also heard nothing from his constituents about the gas tax, although he heard constant complaints about the condition of the roads. He recalled he had agreed to eliminate the two-cent increase if the State legislature had provided sufficient transportation funding, but it did not do so. He supported retaining the two-cent increase. He did not think it drove any gas stations out of business and doubted many people drove very far away from the community to avoid the tax.

Mr. Zelenka did not think the current rate of progress on the preservation backlog was sufficient and wanted to see more progress. He reiterated his support for a transportation utility fee to accomplish that goal. Mr. Corey reminded the council of the need for a billing system to collect the fee, and suggested it would require council advocacy to persuade the Eugene Water & Electric Board to administer it.

Mr. Zelenka indicated interest in a council work session poll on a transportation utility fee.

Mr. Farr agreed with much of what had been said, particularly Ms. Ortiz's remarks about the size of the tax relative to the cost of gas. He said he heard less about the actual increase than he did about the erosion of trust created by the council's action to eliminate the sunset, which was a concern to him and which he thought the council should be aware of. He acknowledged he also heard complaints about potholes, and commended the department's responsiveness to those complaints.

Mr. Poling believed the council had heard few complaints about the tax increase because it was using the revenues from the tax as promised. The City was making some gains on the backlog. He suggested that widely varying gas prices throughout the community also made it challenging for people to detect the impact of the local gas tax.

Mayor Piercy believed the council had used the term "sunset" in the case of the added two cents to indicate it would reexamine its action in the future, and suggested that it might consider being more precise about what it meant when it used the term in the future.

**B. WORK SESSION:  
Rental Housing Code Program Update**

Assistant City Manager/Planning and Development Director Sarah Medary introduced the item, reminding the council that the Rental Housing Code Program was scheduled to sunset at the end of 2011. She anticipated that at some point in the near future, staff would ask the council for direction on whether to sunset, extend, or modify the program. Rachelle Nicholas of the Planning and Development Department then led the council through a PowerPoint presentation on the Rental Housing Program. The presentation included background on the establishment of the code and its original focus on structural integrity, safe and sanitary plumbing, heating, and weatherproofing and its later expansion to include smoke detectors, security, and mold. The presentation also included a list of other Oregon jurisdictions with similar regulations as well as numeric and geographic information on Eugene rental properties and a map showing the location of complaints received by the City. The complaint, penalty, and appeal processes were illustrated in the presentation. Ms. Nicholas shared slides of violations.

Assistant City Manager Medary shared information about program revenues and acknowledged the large reserve that had been built up. However, she projected that program expenditures would soon catch up with revenues and suggested current revenue levels were appropriate. She emphasized staff time spent on the program was carefully tracked and the expenditures reflected true costs.

Assistant City Manager Medary placed the program in a larger context by reminding the council of the program's relationship to the strategies coming out of Envision Eugene related to compact growth, affordable housing, and neighborhood livability and to the Climate & Energy Action Plan. She anticipated a Triple Bottom Line (TBL) analysis of the program would be done as well as additional public outreach.

Councilors asked questions clarifying the information presented regarding program revenues, staffing levels, and scope. Mr. Clark asked staff to be prepared to identify the distinctions between the State program and local program and any possible duplications of effort at a future work session. Other councilors expressed general support for the program and the current \$10 per unit fee, although Ms. Taylor had reservations about the amount of time it took to remedy a violation and requested records of complaints that did not get remedied in the time provided. Ms. Taylor also asked staff to provide the council with a review of the housing rental program that existed in the 1970s before the council discussed the topic again. Mayor Piercy encouraged staff to share its observations and recommendations for improvements with the council.

Mayor Piercy adjourned the work session at 1:20 p.m.

Respectfully submitted,



Beth Forrest  
City Recorder

*(Recorded by Kimberly Young)*