

Council Study Session

December 3, 2018

Agenda Item	Update on Food and Beverage Tax Funded Street Projects	
From	Paula C. Brown, PE	Public Works Director
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Item Type	Requested by Council <input checked="" type="checkbox"/> Update <input type="checkbox"/> Request for Direction <input type="checkbox"/> Presentation <input type="checkbox"/>	

SUMMARY

This item updates Council on the use of food and beverage tax funds utilized for street projects. Staff originally brought this item to Council on November 7, 2017.

POLICIES, PLANS & GOALS SUPPORTED

2.2 *Engage boards and commissions in supporting the strategic plan*

4 *Evaluate real property and facility assets to strategically support city mission and goals*

Department Goals:

- Maintain existing infrastructure to meet regulatory requirements and minimize life-cycle costs
- Deliver timely life cycle capital improvement projects
- Maintain and improve infrastructure that enhances the economic vitality of the community
- Evaluate all city infrastructure regarding planning management and financial resources

BACKGROUND AND ADDITIONAL INFORMATION

The food and beverage tax was established in 1993 and is one of the few voter-approved sales taxes in Oregon. A 5% tax is charged on all prepared foods and non-alcoholic beverages sold in Ashland by restaurants, grocery store delis, caterers, coffee shops, etc. The businesses that collect the tax keep 5% of the collected amount to cover accounting expenses associated with collecting the tax. Originally the tax was collected to purchase open space for parks (20%) and to offset the cost and provide debt service payments for improvements and expansions at the wastewater treatment plant (80%). With the voter approved extension in 2009, the food and beverage tax “sunset” was extended to December 31, 2030.

In August 2016, Council adopted City of Ashland Ordinance 3133, amending Ashland’s food and beverage tax in AMC 4.34 to allow use of a portion of the food and beverage tax revenue for street repair and rehabilitation, but making the amendment effective only upon approval by Ashland voters in the November 2016 election. On November 8, 2016, the voters approved measure 15-156, effectively ratifying the amendment approved in Ordinance 3133. This amendment reallocated revenues from the food and beverage tax, setting specific dollar amounts to be repaid for the outstanding wastewater treatment plant debt service payments from FY 2017 through 2022 and allocating remaining revenues for parks land acquisition (25%), for program administration (2%), and the remainder to the streets division for a street repair and rehabilitation program. The full language of the pertinent section of Ordinance 3133, which is now codified as Section 4.34.020C in the Ashland Municipal Code, is shown on page 4 of this item. Beginning in FY23, the portion going to streets reaches the full 73% of the food and beverage tax revenues collected.

Public Works plans to use these funds initially on the City’s arterials and collector streets. Arterials (boulevards) include N. Main, Lithia, Siskiyou, Ashland Street (east of Siskiyou), and a portion of Tolman Creek and Mistletoe. Collector (avenue) streets include Ashland Mine Road, Nevada, Mountain, Hersey, Helman, Oak, Maple, Church, B Street, E. Main, Iowa, Gresham, Guthrie, Beach, Walker, Normal, the majority of Tolman Creek Road, Washington, Oak Knoll, Crowson, and Dead Indian Memorial Road. A map of functional street classifications is included on page 5 of this document.

FISCAL IMPACTS

The City’s 2017-2019 Biennial Budget (BN) was adopted on June 20, 2017. The budget included approved capital improvement projects (CIP) and the general operating and maintenance budgets by fund in a 2-year budget program. The City anticipated receiving approximately \$6 million overall in food and beverage tax revenue of which, \$1.24 million would be allocated to the street repair program for the current 2017-19 BN (see page 3-15 in the BN 2017-19 budget). Budget approval enabled the appropriation and authorization of expenditures shown in the budget document. Without budget approval, funds could not be expended.

Beginning in July 2017, the following street improvement capital projects were approved. The three reconstruction projects for N. Mountain and Hersey Street (outlined in orange below) for a total of \$5 million are eligible for food and beverage tax revenue funding, yet the food and beverage tax revenues anticipated for these projects is just \$1.2 million. To date, the City has received a total of \$3.9 million from the food and beverage tax, of which \$790,600 is allocated to street revenues. Staff has spent over \$300,000 on the three specific CIP projects and anticipates spending nearly \$700,000 by the end of this BN. Construction for these projects will continue into the next BN.

CAPITAL IMPROVEMENT PROJECTS BN 2017-19										
STATUS *	PW Project #	PROJECT NAME	ADOPTED		ACTUAL	DESIGN	DESIGN	CONST	START	CONST
			BN 2017-19	anticipated	BN 2017-19	START	COMP	START	COMP	
		Roadway								
	2011-36	Railroad Crossing Improvements; Hersey & Laurel	\$450,000	\$50,000	\$34,995	X	X			
	2013-25	Independent Way - Washington St to Tolman Creek Rd (design const only)	\$1,590,000	\$500,000	\$100,800	X				
	2018-03	N. Main Refuge Island	\$80,000	\$80,000	\$0	X	X			
	2012-28	East Nevada Street Extension	\$6,494,400	\$0	\$0					
		Grandview Drive Improvements - Phase II	\$350,000	\$0	\$0					
	2013-37	City Wide Chip Seal Project	\$93,404	\$0	\$0					
		Subtotal Roadway	\$2,563,404	\$630,000	\$135,795					
		Street Improvements/Overlays per Pavement Management System								
	2010-10	Overlay/Partial Rebuild - N Mountain Avenue - Hersey to I-5	\$840,000	\$40,000	\$4,495	X	X			
	2015-01	Overlay - Wightman Street - Quincy to Siskiyou	\$225,000	\$25,000	\$630	X	X			
	2017-09	Repave/Rebuild - Hersey Street - N. Main to N. Mountain	\$4,000,000	\$600,000	\$288,056	X				
	2013-02	Overlay/Partial Rebuild - N Mountain Avenue - E.Main to R/R Tracks	\$200,000	\$20,000	\$0	X	X			
		Subtotal Street Improvements/Overlays	\$5,265,000	\$685,000	\$293,181					

A detailed status of these projects is included on page 6 of this report.

In addition to capital projects, the City allocates funds for operational street maintenance. So far in BN 2017-19, the street department has spent approximately \$300,000 for projects that included a skin patch on A-Street between 1st and 5th; chip sealing and slurry seals on E. Main, Scenic, N. Mountain and Tolman Creek railroad crossings, all of which should be capitalized and increase the life of the street. In some cases, food and beverage tax funds could be utilized for this work.

The City can borrow ahead and payback the early project costs with future food and beverage revenues or if the City chooses, the City can also bond for projects that can be completed within a 3-year bond construction window. All overlays and rebuilds are required to fully meet the Americans with Disabilities Act (ADA) accessibility requirements, specifically curbs ramps and pedestrian crossings. This has required

additional design efforts for several previously designed projects and will likely increase the costs for construction.

DISCUSSION QUESTIONS

Staff requests Council’s support in using the funds for not only major capital projects on arterial and collector streets included in the CIP, but also for capitalizable significant maintenance projects that extend the wearing life of the roadway (skin patching, slurry seals and chip seals).

SUGGESTED NEXT STEPS

Staff is very pleased with the progress made in the past year with all City projects. In general, project designs for these large street overlays or reconstructions are complicated and take 9 to 12 months to complete. Permitting, if these streets are not wholly owned by the City, take another 3 months. Project bidding and construction takes another 8 to 12 plus months. As such, very few projects can be totally completed within the two-year biennium. Staff will be presenting a 20-year CIP program to Council in the next few months which will detail the costs, timing and timeframes for the street program. Staff looks forward to Council’s participation in the upcoming CIP discussions.

REFERENCES

Update on Food and Beverage Tax Funded Street Projects [Council Business Meeting, November 7, 2017](#)

ATTACHMENTS

- Attachment 1: Ordinance 3133: Section 4.34.020 Tax Imposed (page 4)
- Attachment 2: Street Functional Classification Map (page 5)
- Attachment 3: Status of CIP Roadway Projects (BN 2017-19) (page 6)

City of Ashland Ordinance 3133
SECTION 4.34.020 Tax Imposed

- C. The taxes collected by the City under this chapter shall be used as follows:
1. Twenty-five percent (25%) shall be paid into a parks account for purposes of acquisition, planning, development, repair and rehabilitation of City parks per adopted plans of the Ashland Parks and Recreation Commission.
 2. The City may retain up to two percent (2%) of the tax collected for costs of administration and collection.
 3. The following amounts for fiscal years 2017 through 2022 must be used to pay for wastewater treatment plant debt and wastewater capital improvement projects, per the City of Ashland's Capital Improvement Plan.
 - a. In fiscal year 2017: \$1,868,290
 - b. In fiscal year 2018: \$1,608,600
 - c. In fiscal year 2019: \$1,600,600
 - d. In fiscal year 2020: \$1,600,000
 - e. In fiscal year 2021: \$1,650,000
 - f. In fiscal year 2022: \$1,650,000
 4. Any taxes collected by the City under this chapter and not used as described in subsections 4.34.020C.1-3 shall be paid into the Street Fund and used for street maintenance and reconstruction.
 5. Beginning in fiscal year 2023, the council may, through the statutory budget process, appropriate taxes under this chapter as follows:
 - a. Not less than twenty-five percent (25%) for the acquisition, planning, development, repair and rehabilitation of City parks.
 - b. Not less than an amount necessary to pay for debt service on any borrowing for street repair and rehabilitation per the City of Ashland Pavement Management Program.
 - c. Up to two percent (2%) for the collection and administration of the tax.

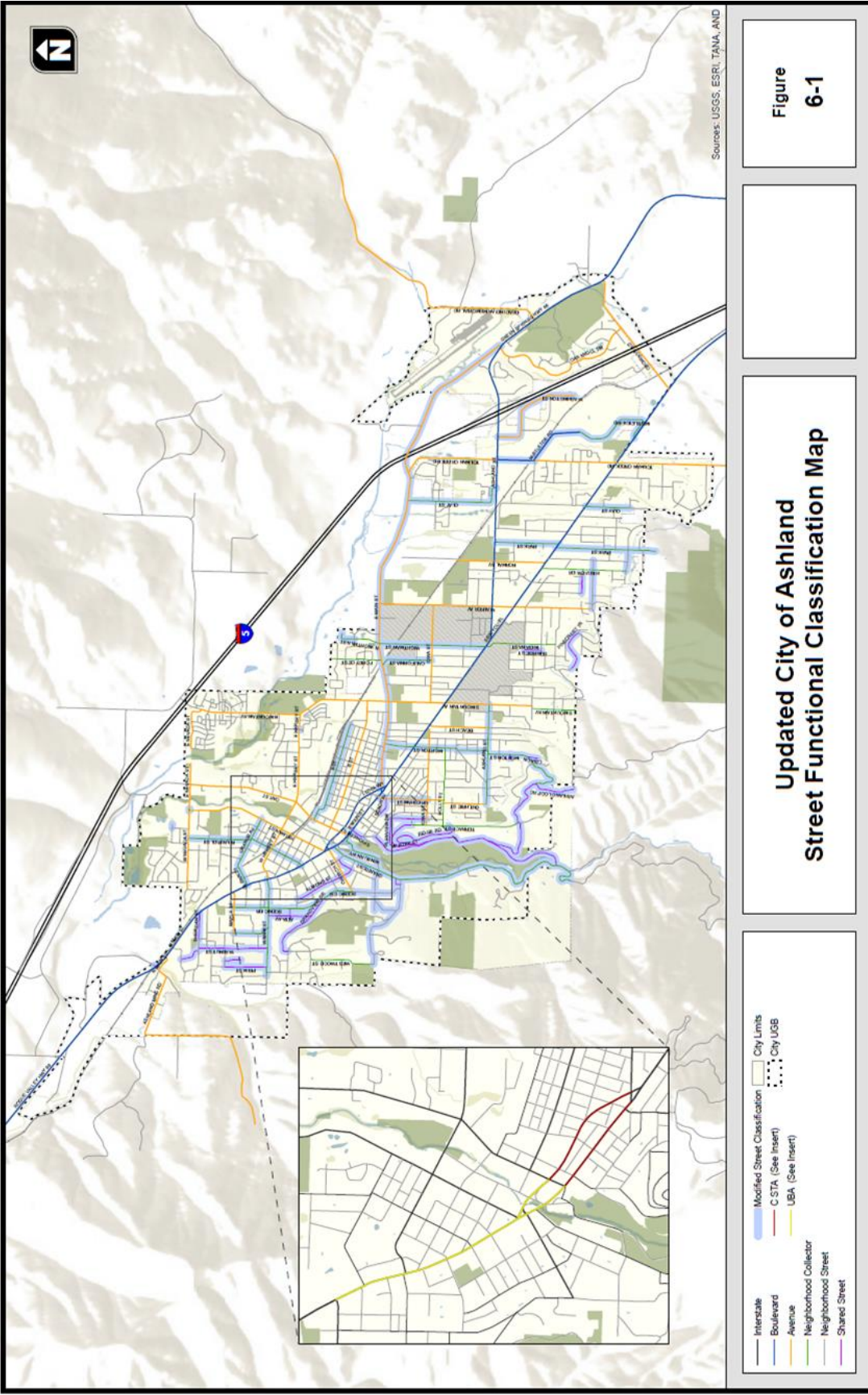


Figure 6-1

Updated City of Ashland Street Functional Classification Map

Sources: USGS, ESRI, TANA, AND

Status of CIP Roadway Projects (BN 2017-19)

		CAPITAL IMPROVEMENT PROJECTS BN 2017-19								
STATUS *	PW Project #	PROJECT NAME	ADOPTED		ACTUAL	DESIGN	DESIGN	CONST	CONST	CONST
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	2013-02	Overlay/Partial Rebuild - N Mountain Avenue - E. Main to R/R Tracks	\$200,000	\$20,000	\$0	X	X			
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All the roadway projects are in the design phase except for two projects:

- Grandview Drive Improvements, phase II which will be pushed to next biennium to ensure safe and adequate shared road specifications, and
- City wide chip seal project which will be designed and constructed by ODOT through a congestion mitigation grant. Please note that the \$93,404 costs are only the City's share of a much larger project cost. This project will not be constructed until the second year of the next biennium (2020).

The status of the remaining projects is as follows:

- Hersey Street – both the railroad crossing, and the rebuild/overlay will be constructed as one project. Design is being completed by OBEC and is at 80% completed. The project will be bid in March with a construction start date of May 2019. This project is scheduled for completion in late August 2019. There is some significant utility work to be completed ahead of construction.
- Independent Way (not food and beverage eligible) – this project is nearing design completion and has been delayed somewhat with permitting (Hamilton Creek). It looks promising that the project will be bid in March with construction starting in May. This is a new street and may take 9-12 months to fully construction.
- N. Main Refuge Island (not food and beverage eligible) – this is part of several small projects that are being completed as a result of the road diet. This project has been designed in house and is awaiting final review and approval from ODOT as ODOT owns this portion of the road network. Staff anticipates being able to construct this project in the spring of 2019.
- Overlay/Partial Rebuild - N Mountain Avenue (two sections)
 - Hersey to I-5: This is one of the projects that has been designed yet requires additional design for the ADA ramps. Staff will coordinate the construction of this project with Hersey as to not completely disrupt traffic in this section of town. It is anticipated that construction will follow Hersey in late summer of 2019. Construction of this project will include the rapid flasher device crossing at N. Mountain and Fair Oaks Drive.
 - E. Main to the Railroad tracks: This project had also been partially designed but requires significant changes with the addition of the ADA ramps. Staff will request this be pushed to FY19 and have the yet unaddressed section between the railroad tracks and Hersey also be included for the BN 2019-21.
- Overlay - Wightman Street - Quincy to Siskiyou; this project has also been designed but requires additional work for the ADA ramps. It is anticipated that this will be pushed to a 2020 construction date.