

City of Gladstone Measure 3-446

BALLOT TITLE

AUTHORIZATION TO CONSTRUCT AND INCUR DEBT TO FINANCE NEW LIBRARY

QUESTION: Shall Gladstone authorize the construction and incurrence of debt to finance a new library projected to cost over \$1,000,000?

SUMMARY: This measure authorizes the Gladstone City Council to incur debt by issuing municipal bonds to finance and construct a new Gladstone library.

Funding sources:

- Clackamas County Capital Contribution - One time contribution \$1 million
- Library District Funds - One time contribution \$1,375 million
- Library District Funds - Continuing library support of approximately \$1.2 million annually, increased from \$631,000 the City currently receives. Annual Library District Funds will be used for library operating costs and to pay down library project debt estimated to total \$3.99 million (\$2.7 million principal and \$1.29 million interest)

Estimated budget for the project would be \$8,365 million. This includes \$5,075 million to design, construct, finance, and acquire property for the new library plus \$1.29 million in interest. The \$8,365 million budget may increase if additional non-city/urban renewal funds are acquired. The approximately 13,000 to 16,000 square foot library would be constructed in the Portland Avenue area between Gladstone High School and Clackamas River. There are no new taxes associated with this proposal. No City or urban renewal funds may be used to construct/operate new library.

EXPLANATORY STATEMENT

If approved by the City of Gladstone voters, this referral would authorize the Gladstone City Council to construct and incur debt to finance a new library. The new library will be located in the Portland Avenue area between Gladstone High School and the Clackamas River and will be approximately 13-16,000 square feet depending on final project costs.

The Gladstone City Charter requires voter approval for public projects costing more than \$1,000,000 and/or which require the City to incur debt to finance.

A City Council appointed Library Advisory Committee, comprised of 37 people held six meetings February-May, 2014

The estimated budget for the project is \$8,365 million. This includes \$5,075 to design, construct, finance and acquire property for the new library plus \$1.29 million in interest. The \$8,365 million budget may increase only if additional non-city/urban renewal agency funds are acquired for the project. No City or urban renewal funds can be used for this project or operation of the library in the future.

Funding sources:

- Clackamas County Capital Contribution - one time contribution of \$1,000,000
- Clackamas County Library District Funds - one time contribution of \$1,375,000
- Clackamas County Library District Funds - continuing library support of \$1.2 million per year increased from \$631,000 the City currently receives. These annual Library District Funds will be used for library operating costs and to pay down library project debt estimated to total \$3.99 million (\$2.7 million principal and \$1.29 million interest)

No City or Gladstone Urban Renewal Agency funds will be used for the new library project. The City's general fund contribution to library operations would be discontinued and instead a special

revenue fund will be created. The special revenue fund will be comprised of Clackamas County Library District Funds in the amount of \$1.2 million per year that are received by City twice yearly. The amount in excess of the operating expenses will be used to pay down the debt (principal and interest) acquired to build the new library. Given the timing of when the City receives the County Library Funds, a cash reserve on behalf of the City may need to be considered and City funds may be needed upfront to cover real property acquisition costs which will be reimbursed to the City after County funds are received. There will be no tax increase for the Gladstone residents.

The above-mentioned Clackamas County Capital Contribution and part of the Library District funds are conditioned on the City's agreement to build a new library and provide library services to Gladstone and Oak Lodge library patrons. The City will work with the County to amend the current Intergovernmental Agreement between the City and the County governing County Library Funds and Capital Contributions to (1) reflect new library parameters if this referral passes and (2) ensure that the City receives the estimated Library District operating funds until any debt incurred for the new library is paid off.

More detailed plans on financing and constructing the library will be provided if referendum is approved by voters.

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ARGUMENT IN FAVOR

The Save Gladstone group has been actively involved in helping to shape a fiscally responsible Library Ballot Measure and in the choice of a Portland Ave. location. Five members of our group were members of the Library Advisory Committee. We agree with the Library Advisory Committee's recommendations to remove the problematic Webster Rd. site from consideration and to specify the Portland Ave. area as the preferred location for a new library.

After the Library Advisory Committee completed its work, Save Gladstone members created a responsible financial plan for a new library that exclusively uses Clackamas County Library District funding for all capital costs, operating costs and debt repayment. The Gladstone City Council adopted the majority of our plan as the current Library Ballot Measure.

All Clackamas County residents pay the Library District tax, which means everyone in Gladstone and in the expanded library service area in the unincorporated areas pays this tax. Exclusively using this funding for construction costs, operations and debt repayment distributes the costs fairly to all who are served without using current Gladstone funds or raising taxes.

Save Gladstone remains concerned about our city's other important priorities, including: The structural condition of our Police Department and City Hall, and the need to repair or replace large portions of our water and sewer systems. The Library Ballot Measure will use Library District funds that can only be used for the library. It will not use funds that can be used for our city's other important priorities.

A new library in the Portland Ave. area will help to revitalize the downtown Gladstone area. It will also continue to provide a safe learning environment for all of our citizens. It will meet current ADA and seismic standards. It will remain in the Portland Ave. area, will not increase taxes and will not use any city funding. Save Gladstone encourages Gladstone Voters to consider this fiscally responsible Library Ballot Measure in the November election.

The above information has not been verified for accuracy by the county.



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