

CITY of LA GRANDE

City Council Work Session

Monday, March 18, 2024
6:00 p.m.

Council Chambers
La Grande City Hall
1000 Adams Avenue
La Grande, Oregon

You can view the Work Session on Facebook Live at the following link:
www.facebook.com/CityofLaGrande

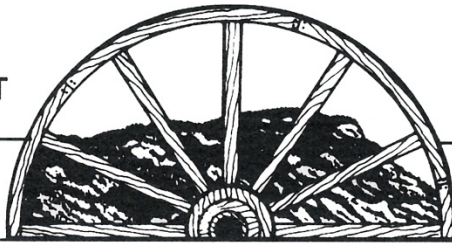
AGENDA

The purpose of a Work Session is to provide an opportunity to informally discuss topics of common concern and interest and to exchange ideas with Staff, not to make decisions or to direct Staff toward a specific action or conclusion beyond identifying additional information the Council would like to have presented at a later date. As no decisions are made, there will be no voting at the Work Session. The City Manager or members of the Staff may confirm any additional information required as part of any future discussions regarding the presented topic(s). If a Work Session topic subsequently requires official action, it will become an action (voting) item on a following Regular Session Agenda. In accordance with the Oregon Public Meetings Law, Council Work Sessions are open to the public; however, in order to make efficient use of time, public comments and questions generally are not entertained during the discussion segment of the Work Session. Time will not be designated for public comments at the conclusion of the discussion. Members of the public are routinely provided with an opportunity to address the Mayor and Council during the Public Comments portion of each Regular Session Agenda.

1. **CALL to ORDER** 6:00 p.m.
~ Justin B. Rock, Mayor
2. **Gas Tax Discussion**
~ Robert Strope, City Manager
~ Kyle Carpenter, Public Works Director
3. **ADJOURN** 7:00 p.m.

Stacey M. Stockhoff
City Recorder

Persons requiring special accommodations who wish to participate in the Work Session are encouraged to make arrangements prior to the meeting by calling 541-962-1309. The City of La Grande does not discriminate against individuals with disabilities



Memo

To: Mayor and City Council
 CC: Robert Strope, City Manager
 From: Kyle Carpenter, Public Works Director
 Date: 3/14/2024
 Re: Gas Tax Review and Information Summary

A local gas tax is one of the options that has been recommended by the Parking, Traffic Safety and Street Maintenance Advisory Commission (PTSSMAC) as a means of raising more revenue to fund street maintenance projects in La Grande. The initial push to establish a gas tax began in 2015 and resulted in a measure (Measure 31-90) being placed on the General Election ballot in November of 2016. The results of the election are shown below with a rough vote of two to one against establishing the tax.

Measure 31-90 **
 Tax on Motor Vehicle Fuels

		Union County, Oregon General Election November 8, 2016			
31-90 City of La Grande				O V U V	
Vote for 1				V O N O	
				E T D T	
				R E E E	
				S R S	

0001 01		902	1134	0	54
0002 02		609	1195	1	50
0003 03		497	1250	1	35
	CANDIDATE TOTALS	2008	3579	2	139
	CANDIDATE PERCENT	35.94	64.05		

Most cities have difficulty finding ways to fund street surface maintenance needs. City of La Grande's road maintenance costs are currently supported by State Gas tax and the Street User Fee fund. State Gas tax is primarily utilized to maintain street signs, street striping, street lights, patching, street cleaning, and smaller expenditures in dealing with the infrastructure in place. The Street User Fee was developed to deal with the major rebuilds of developed streets and also to be utilized for grant matching

dollars. Current levels for these funding sources are \$950,000 per year for State Gas tax and \$400,000 dollars per year for the Street User Fee.

By establishing a local gas tax, it is estimated that the City could generate an additional \$125,000 to \$175,000 of annual revenue per \$0.01 of assessed tax. This estimate is based on the unaudited distribution and sales numbers reported to the state on fuel sales in La Grande. The reported numbers and resulting revenue projections, based on a \$0.03 per gallon tax, is shown in the table below.

Year	Gallons of Gas	Gallons of Diesel	\$0.03 per Gallon Tax		Total Tax Revenue
			Gas Tax Revenue	Diesel Tax Revenue	
2019	8,714,956	5,647,534	\$ 261,448.68	\$ 169,426.02	\$ 430,874.70
2020	9,041,060	8,579,554	\$ 271,231.80	\$ 257,386.62	\$ 528,618.42
2021	7,598,751	8,588,315	\$ 227,962.53	\$ 257,649.45	\$ 485,611.98
2022	9,041,060	7,862,711	\$ 271,231.80	\$ 235,881.33	\$ 507,113.13
2023	8,714,954	7,444,744	\$ 261,448.62	\$ 223,342.32	\$ 484,790.94

The major direct impacts to consumers would be:

- A fill up of a 20-gallon tank would pay an additional \$0.60 per fill-up with a \$0.03 per gallon tax. This would represent what would be considered by consumers to drive to Island City to fill their vehicles.
- It was estimated that 25% to 33% of gas sold in La Grande is transient travelers and another 25% are commuters from other communities. It can be projected that approximately half (50%) of the anticipated revenues from the gas tax would be paid by non-City residents.
- The tax would not affect those service stations outside the corporate limits of the City of La Grande.
- Funding generated from this source would be dedicated to construction, reconstruction, improvement, repair, maintenance, operation and use of public roads and streets as allowed by the Oregon constitution.
- Options surrounding the tax include: seasonal (no tax in winter when travel is lower), fuel type to tax, amount of tax, sunset date, and associated project list.

A local gas tax has the potential to supply funding to expedite the repair of our failing streets, or become a long-term solution for maintenance dollars. If the City decides to pursue a local gas tax, it would need to be placed on the ballot and passed by voters. In the recommendation from PTSSMAC, it was also suggested that a comprehensive public awareness campaign be held in advance of the election to increase the chance of voter approval.