

**ORDINANCE NO. 14-05**

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF GROVER BEACH, CALIFORNIA, ORDERING THE SUBMISSION OF A GENERAL OBLIGATION BOND PROPOSITION TO THE QUALIFIED VOTERS OF THE CITY OF GROVER BEACH AT THE GENERAL MUNICIPAL ELECTION TO BE HELD ON NOVEMBER 4, 2014, FOR THE PURPOSE OF THE ACQUISITION, CONSTRUCTION, AND REHABILITATION OF LOCAL STREET IMPROVEMENTS**

**THE CITY COUNCIL OF THE CITY OF GROVER BEACH, CALIFORNIA (THE "CITY"), DOES ORDAIN AS FOLLOWS:**

**WHEREAS**, under the direction of the City Council, staff has retained a civil engineering consultant with expertise in pavement management that evaluated the current condition of City streets; and

**WHEREAS**, the average condition of the approximately 44.96 centerline miles of streets in the City was rated at 42 on a scale of 0-100, which indicates a "poor" condition of streets citywide; and

**WHEREAS**, over 65% of the City's street system has been evaluated to be in "poor" to "failed" condition, the majority of which are attributable to residential streets; and

**WHEREAS**, critical reconstruction and rehabilitation projects are necessary in the City to improve drivability and safety; and, according to the pavement management expert, unless major rehabilitation of the street system is initiated soon, the City street system will reach statistical failure within six (6) to eight (8) years; and

**WHEREAS**, State takeaways of \$5,000,000 over the last five years and the recent recession, among other factors, means that the City does not have the dedicated funding it needs to make significant repairs to streets in "poor" or "failed" condition; and

**WHEREAS**, passing a local Grover Beach Street Reconstruction and Safety Improvement Bond will generate local funds that cannot be touched by Sacramento, requiring all funds to be used locally; and

**WHEREAS**, if City streets are rehabilitated, it will make it easier to drive on our streets, as well as maintain emergency response times, improve safety at neighborhood school crosswalks, and enhance safety for pedestrians, bicyclists, and drivers; and

**WHEREAS**, based on the fact that the City receives its revenue primarily from property taxes, there isn't sufficient funds in the City's \$7.5 million budget to provide the basic services the City is required to provide and maintain the extensive street system. It is just not possible to initiate the rehabilitation of the street system which has been estimated to be in excess of \$48 million; and

**WHEREAS**, the City would require that funds from such a measure be deposited directly into a Street Construction Designated Fund; and

**WHEREAS**, the only source of funds that could be available to pay for the citywide rehabilitation of the street infrastructure is through issuance of General Obligation Bonds; and

**WHEREAS**, on July 7, 2014, the City Council adopted, by at least a two-thirds vote of all its members, a resolution entitled "Resolution of the City Council of the City of Grover Beach Determining that the Public Interest and Necessity Demand the Acquisition and Development of Certain Municipal Improvements ("Street Improvements") with Financing Through the Issuance of General Obligation Bonds (the "Resolution of Necessity"); and

**WHEREAS**, in order to provide for the issuance by the City of its general obligation bonds to finance the Street Improvements described in the Resolution of Necessity, it is necessary for the City Council to pass an ordinance ordering the submission of the proposition of incurring bonded indebtedness for such purpose to the qualified voters of the City at a regular municipal election; and

**WHEREAS**, the City Council desires to submit said ballot measure to the qualified voters of the City at an election to be held in the City on November 4, 2014, and to consolidate the bond election with the general statewide election held within the City on that date; and

**WHEREAS**, the General Municipal Election has been called by Resolution No. 14-41 adopted by City Council on June 16, 2014, and the City Council hereby orders that there be submitted to the qualified voters of the City a proposition on incurring a bonded debt (the "Bonds") for the purpose set forth in the Resolution of Necessity, at that General Municipal Election, which will coincide with the regular statewide election to be held on November 4, 2014.

**NOW THEREFORE, IT IS ORDERED AS FOLLOWS:**

Section 1. That the above recitals are true and correct.

Section 2. Ballot Proposition. The City Council hereby submits to the qualified voters of the City, at the regular election to be held on November 4, 2014, a proposition on issuing the Bonds in substantially the following form:

<p style="text-align: center;"><b>CITY OF GROVER BEACH MEASURE K-14</b></p> <p><b>GROVER BEACH STREET REHABILITATION; SAFETY IMPROVEMENT BOND MEASURE: To rehabilitate/resurface deteriorating residential and major streets to improve drivability; maintain emergency response times; enhance safety for pedestrians, bicyclists, drivers, neighborhood school crosswalks; and promote economic/job growth; shall the City incrementally issue up to \$48,000,000 of bonds at tax-exempt interest rates, requiring funds go directly into the Street Construction Designated Fund with all funds used exclusively for Grover Beach streets; subject to independent audits/citizens' oversight committee?</b></p>	<b>YES</b>
	<b>NO</b>

Section 3. Object and Purpose of Bonds. The object and specific single purpose of issuing the Bonds is the acquisition, construction and improvement of street improvements throughout the City (the "Street Improvements"), and the proceeds of the Bonds may only be applied to that purpose.

Section 4. Estimated Cost of Street Improvements. The estimated cost of the Street Improvements is \$48,000,000.00. The estimated cost includes legal or other fees, and other costs and expenses, which are incidental to or connected with the authorization, issuance and sale of the Bonds.

Section 5. Principal Amount of Bonds. The amount of the principal of the Bonds shall not exceed \$48,000,000.00.

Section 6. Maximum Interest Rate. The maximum rate of interest to be paid on the Bonds shall be 12% per annum.

Section 7. Issuance and Sale of Bonds. The City proposes to acquire, construct and develop the Street Improvements and to issue and sell the Bonds pursuant to Article 1, commencing with Section 43600, of Chapter 4 of Division 4 of Title 4 of the California Government Code, or Article 4.5, commencing with Section 53506, of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, in one or more series, in the maximum amount and for the objects and purposes set forth above if two-thirds of all qualified voters voting on the proposition set forth above vote in favor thereof. The Bonds will be general obligations of the City payable from and secured by taxes levied and collected in the manner prescribed by laws of the State of California. All of the Bonds are to be equally and ratably secured, without priority, by the taxing power of the City.

Section 8. Consolidation; Manner of Conducting Election. The date of the election is November 4, 2014. The election shall be held and conducted, election officers appointed, voting precincts designated, ballots printed, polls opened and closed, ballots counted, and returned, returns canvassed, results declared, and all other proceedings incidental to and connected with the election shall be regulated and done in accordance with the provisions of law regulating the election as specified herein. The City Council has requested, pursuant to Resolution No. 14-42, the Board of Supervisors of San Luis Obispo County (the "County") and the San Luis Obispo County Clerk, Elections Division, the consolidation of the called municipal election with any other election to be held within the City on said date.

Section 9. Procedure for Voting on Proposition. Ballots for the election shall be provided in the form and in the number provided by law. Voters shall be provided an opportunity to vote for or against the proposition on the ballot, in accordance with procedures to be adopted by the authorized officers of the County charged with conducting the election.

Section 10. Accountability Requirements. In accordance with Sections 53410 and 53411 of the California Government Code, the City Council hereby adopts the following accountability requirements relating to the Bonds:

- (a) A separate account called Street Construction Designated Fund shall be created and held by the City, into which the proceeds of the Bonds are deposited.

(b) The chief fiscal officer of the City shall file a report with the City Council no later than January 1, 2016, and at least once a year thereafter, showing the amount of Bond proceeds collected and expended, and the status of the project to be financed from the proceeds of the Bonds.

(c) A Citizen Oversight Committee composed of three voters of the City of Grover Beach shall be formed and will be charged with an annual review of all Bond proceeds expenditures and an annual report to the City Council regarding their findings as to those expenditures.

Section 11. Publication of Ordinance. This Ordinance shall be published once a day for at least seven (7) days in a newspaper published at least six (6) days a week in the City, or once a week for two (2) weeks in a newspaper published less than six (6) days a week in the City. The first of said publications shall, in either event, be within fifteen (15) days after the adoption of this Ordinance. The Clerk is hereby authorized and directed to make said publications and to transmit for receipt, no later than August 7, 2014, a certified copy of this Ordinance to the appropriate officials of the County responsible for preparing the ballots for said election.

Section 12. Effective Date. This Ordinance shall become effective immediately upon its adoption by two-thirds vote of all the members of this Council.

The foregoing Ordinance was **INTRODUCED** and **READ** at a regular meeting of the City Council held on July 7, 2014, and was **PASSED, APPROVED, and ADOPTED** at a regular meeting of the City Council held on July 21, 2014, by the following vote, to wit:

AYES: Council Members Karen Bright, Glenn Marshall, William "Bill" Nicolls,  
Mayor Pro Tem Jeff Lee, and Mayor Debbie Peterson.  
NOES: Council Members – None.  
ABSENT: Council Members – None.  
ABSTAIN: Council Members – None.

  
DEBBIE PETERSON, MAYOR

ATTEST:

  
DONNA L. McMAHON, CITY CLERK

APPROVED AS TO FORM:

  
MARTIN D. KOCZANOWICZ, CITY ATTORNEY