

Editorials Letters: Commentary

Bad timing for bond vote Referendum would cost EWEB ratepayers

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Petitioners seeking a public vote on the Eugene Water & Electric Board's \$85.5 million bond issue for a new operations complex can make a plausible argument for the notion that a financial commitment of this size belongs on the ballot. It's much harder to justify delaying a project that has already advanced so far through the process of review and approval. A \$4 million to \$6 million increase in the cost of the operations center and the loss of an entire construction season would be a high price to pay for a referendum.

The plan for the operations center has been the subject of public comment at sparsely attended EWEB meetings, fine-tuned by the utility board and approved by the Eugene City Council. The council also considered putting the bonds for the project on the ballot, and voted 5-3 in February to reject the idea. Now a group of citizens hopes to collect 4,206 petition signatures by April 28, forcing a public vote in a special Sept. 16 election.

The operations center would be financed by revenue bonds, which would be repaid with money from a 2.6 percent increase in water and electric rates. The increase would be reduced by as much as half with proceeds from the sale of riverfront property vacated after EWEB operations were moved to their new location at the intersection of Roosevelt Boulevard and Belt Line Road.

Revenue bonds, unlike property-tax-backed general obligation bonds, may be issued without a public vote under Oregon's Uniform Revenue Bond Act of 1983. The distinction arises from the fact that a revenue bond is backed by a particular revenue stream such as municipal parking fees, sewer district wastewater charges or a utility's sales of electricity, while a general obligation bond is backed by property tax increases of whatever size is required for repayment. Governing bodies can raise fees, charges or rates for revenue bond repayment without a public vote, while only the voters can approve an increase in property taxes.

A utility rate increase could be seen as the functional equivalent of a property tax hike — everyone must pay it. But there is an important difference. If EWEB were issuing a general obligation bond, Eugene's property tax payers would be called upon for repayment if all else failed. Only EWEB's revenues are pledged to repay a revenue bond.

Revenue bonds have become more common in recent decades as resistance to property taxes has intensified and as local governments adopted the philosophy that users should finance facilities through fees. Before the Uniform Revenue Bond Act, some units of local government required voter approval for revenue bonds, while others did not. The 1983 law responded to these inconsistencies and to the rising number of revenue bonds.

EWEB has been a prolific issuer of revenue bonds, using them to finance water system improvements, hydropower plant upgrades, electricity purchases and a telecommunications system. All of these bonds, \$250 million in all, have been issued without a public vote. Such uses of credit are appropriate for an entity such as a utility that has a strong cash flow and a recurring need for capital investments.

Building the operations center, besides representing a large investment, entails a permanent reconfiguration of EWEB's assets. Had there been a lack of public process in planning the center and choosing its location, a public vote might be well-advised. The time for such a vote, however, would have been long before next September. As it is, the petitioners are entering the process late enough to present a risk of costly delays. No one should feel deprived of an opportunity to have had a say about the operations center if the petition drive falls short.