City of Veneta

AGENDA

WORK SESSION OF THE VENETA CITY COUNCIL

MONDAY, DECEMBER 15, 2014 – 5:30 P.M.

Veneta Administrative Center, 88184 8th Street, Veneta, Oregon

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1. **E. BOLTON RD. SEWER IMPROVEMENT PROJECT**
   a. Project Overview
   b. Financing Options
      i. Local Improvement District (LID)
      ii. Zone of Benefit
      iii. City Funded Project
   c. Pros & Cons of Financing Options
   d. Next Steps

2. **OTHER**

3. **ADJOURN**

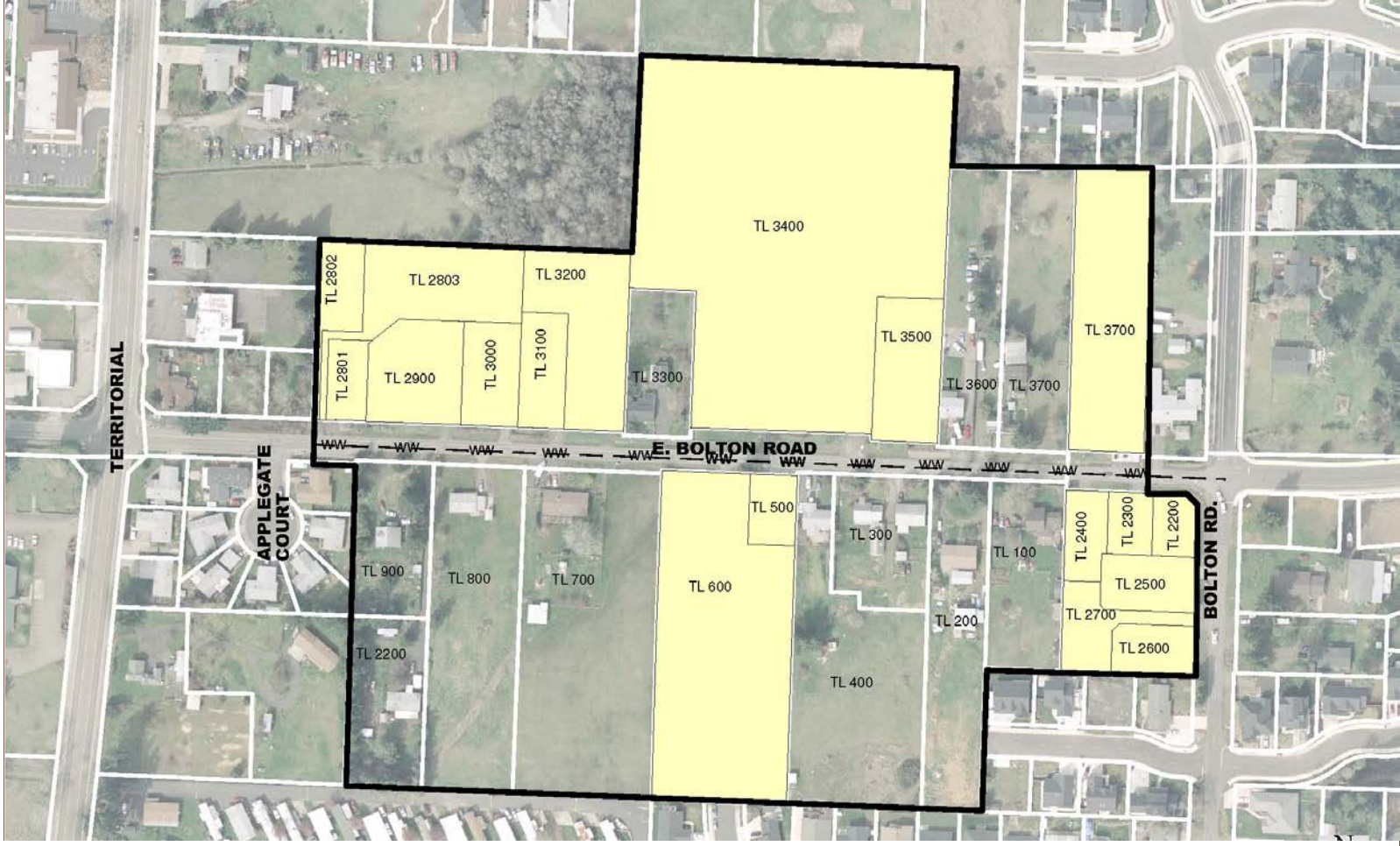
E. BOLTON SEWER IMPROVEMENT PROJECT

City of Veneta 2014

Project Boundary:
The 2006 and 2009 project boundary includes a total of 30 households on 29 tax lots.

Currently there are nine (9) properties within the original boundary connected to sewer.

There is potential for an additional 36 lots to be created through land divisions.



Project Boundary & Description

Project Description: Construction of an 8 inch sewer pipe within E. Bolton right-of-way, starting at Pine Street & E. Bolton traveling west, terminating just east of Applegate Court. Sewer laterals will extend to each parcel along the alignment. Single lot service will receive 4 inch laterals and lots with potential to be divided will receive 6 inch lateral for future connections. Engineer's Estimate of project cost is $350,000. This project was also identified in the recent sewer infill analysis and report prepared by staff.

LOCAL IMPROVEMENT DISTRICT
EAST BOLTON ROAD
SANITARY SEWER IMPROVEMENTS

Assessor's Map	Tax Lot	Address	Lot area, sq. ft.	Potential # of Services	Percent of LID based on Services	2009 Projected LID cost per lot based on Services	2014 Projected LID cost per lot based on Services
17053131	3700	25191	47,795	3	4.92%	$10,520.02	$17,213.68
17053132	***2801**	25101	7,255	1	1.64%	$3,506.67	$5,737.89
	***2802**	25095	10,727	1	1.64%	$3,506.67	$5,737.89
	***2803**	25099	30,463	1	1.64%	$3,506.67	$5,737.89
	2900	25107	21,083	2	3.28%	$7,013.34	$11,475.79
	3000	25119	13,218	1	1.64%	$3,506.67	$5,737.89
	3100	25131	11,972	1	1.64%	$3,506.67	$5,737.89
	3200	25137	30,758	2	3.28%	$7,013.34	$11,475.79
	3300	25145	22,167	2	3.28%	$7,013.34	$11,475.79
	3400	25161	219,411	7	11.48%	$24,546.71	$40,165.25
	3500	25177	21,364	2	3.28%	$7,013.34	$11,475.79
	3600	25183	37,877	3	4.92%	$10,520.02	$17,213.68
	3700	25185	43,638	3	4.92%	$10,520.02	$17,213.68
17053133	100	25188	32,102	3	4.92%	$10,520.02	$17,213.68
	200	25184	44,037	2	3.28%	$7,013.34	$11,475.79
	300	25178 & 25180	28,064	3	4.92%	$10,520.02	$17,213.68
	400	25168	71,985	1	1.64%	$3,506.67	$5,737.89
	500	25160	7,334	1	1.64%	$3,506.67	$5,737.89
	600	25156	91,955	4	6.56%	$14,026.69	$22,951.57
	700	25138	100,204	7	11.48%	$24,546.71	$40,165.25
	800	25120	66,071	5	8.20%	$17,533.36	$28,689.47
	900	25106	26,952	2	3.28%	$7,013.34	$11,475.79
	2200	25210	29,391	2	3.28%	$7,013.34	$11,475.79
Earnest Acres Subdivision							
***(Lot 1) 34 2200**		25210	6,084	0.33	0.55%	$1,167.72	$1,910.72
***(Lot 2) 34 2300**		25196	6,231	0.33	0.55%	$1,167.72	$1,910.72
***(Lot 3) 34 2400**		25190	8,218	0.33	0.55%	$1,167.72	$1,910.72
***(Lot 4) 34 2500**		25220	11,769	0.33	0.55%	$1,167.72	$1,910.72
***(Lot 5) 34 2600**		25230	9,104	0.33	0.55%	$1,167.72	$1,910.72
***(Lot 6) 34 2700**		25224	11,844	0.33	0.55%	$1,167.72	$1,910.72
Total			1,069,073	61	100.00%	$213,900.00	$350,000.00

***Currently Connected to City Sewer**

- There are 29 tax lots and 30 households within the 2009 project boundary.
- Nine (9) properties are currently connected to City sewer.
- Once project is complete 21 households can connect to City sewer.
- There is potential for an additional 36 lots to be created through land divisions for a total of 57 new services (36+21) at build out.
- 18 properties have recorded non-remonstrance agreements (78.2%) and 11 properties do not. Highlighted in orange.
- In order to force abandonment of the project, two thirds (19) of the property owners have to file a protest (remonstrate).
- Council can amend project boundary.

Benefitted Properties (2009 Boundary)

Local Improvement District

What is an LID?

A local improvement district (LID) is a tool that allows the City to recover the costs of constructing public improvements from other properties benefited by the public improvements. The costs are assessed against the benefited properties and if not paid at the time of assessment, become liens against the assessed property until paid. The costs may be paid over a period from 10 to 30 years.

Process to Establish an LID

The process for forming a LID includes a Resolution passed by Council, notice to property owners proposed to be in the LID, and a public hearing before the City Council. If the City Council approves the LID, the Council passes a resolution forming the LID.

Property owners may remonstrate against the project which would force abandonment of the project for at least six months. However, the City currently has more than the required number of non-remonstrance agreements to form LID if Council desires.

Outcome/Payment

- City engineer shall determine the amount of assessment, Council shall hold Hearing and pass/modify Assessment Ordinance. Once passed properties will be assessed their fair share of costs.
- A lien for the specific amount will be recorded as a lien on the property. In addition to lien, property owner will pay any applicable fees and charges.

Zone of Benefit

What is an Zone of Benefit?

A Zone of Benefit (ZB) is a tool that allows the City or a developer to recover some of the costs of constructing public improvements from other properties benefited by the public improvements. The costs are apportioned amongst benefitted properties, but only recovered by the City or developer as those properties connect to the public improvement. ZB's usually expire at the end of 10 years, at least for developer reimbursement.

Process

The process for forming a ZB includes an application to or by the City, notice to property owners proposed to be in the ZB, and a public hearing before the City Council. If the City Council wants to proceed with the ZB, the Council passes a resolution forming the ZB. There is no mechanism to legally "remonstrate" to stop the formation of a ZB. A copy of the Resolution is sent to applicant, if not City, and property owners.

Payment

An owner of property within a ZB shall pay the Zone Connection Charge to the City, in addition to any other applicable fees and charges. The Zone Connection Charge, established by City resolution, will be collected when any of the following events occur:

- Connection to the public improvement.
- Approval of new development.
- Property owners choose to pay Zone Connection Charge in order to remove it from the title. A Zone Connection Charge does not constitute a lien payable upon sale.

City Funded Project

- ## What is City Funded?

The City would use its own money primarily collected from sewer SDC fees to pay for the public improvement installment. There is no expectation of reimbursement or cost sharing from benefitted property owners.

Process

City solicits for bids, awards bid, and pays contractor as billed.

- ## Payment

The current year budget includes $410,000 appropriations for sewer related capital outlay, including $110,000 for Air Piping Improvements and $300,000 for sewer infill project(s).

Financing Options Summary

Local Improvement District

- Property Owners contribute 0-100% of project construction costs. Council establishes assessment.
- LID is established by holding two hearings and passing a resolution (3-4 month timeline).
- Installment payment and deferrals are allowed under code.
- Assessments can become liens on property.

Zone of Benefit

- Property owners contribute 0-100% of project construction costs. Council establishes assessment.
- ZB is established by Ordinance (1-2months timeline).
- Installment payment and deferrals are possible. Council directs through Ordinance.
- Assessment is not a lien and does not get paid when property changes hands.
- Payment agreements could be offered.

City Funded Project

- City pays 100% of project construction costs.
- Initially, the City will be paying for the project regardless of the financing option.
- No payment from property owners required.

Pros & Cons - City

	Local Improvement District	Zone of Benefit	City Funded Project
PROS	❑ City is reimbursed for majority of project costs by recording a lien on the property. ❑ More consistent with recent practice. ❑ Substantial improvements to road likely after sewer is in.	❑ City may receive reimbursement for majority of project costs by allocating costs to benefitted properties. ❑ Less staff time is needed to establish ZB. ❑ Would allow for road improvements to happen sooner. ❑ Construction could take place in Summer of 2015. ❑ Substantial improvements to road likely after sewer is in.	❑ Could encourage in-fill development to start sooner. ❑ Construction could take place in Summer of 2015. ❑ Less additional administrative staff time needed compared to LID & ZB. ❑ Substantial improvements to road likely after sewer is in.
CONS	❑ Property owner opposition likely, especially if the City later imposes a sidewalk assessment. ❑ Project can be delayed at least 6 months-construction might have to wait until 2016. ❑ Considerable staff time is needed for LID administrative tasks: installment payment agreements, tracking payments, calculating interest, and preparing billing.	❑ Citizens currently in LIDs elsewhere in the City could feel slighted or taken advantage of. ❑ Inconsistent practice could lead to backlash. ❑ Staff time is required to develop agreements and keep records. ❑ May never recoup City expenditures.	❑ Citizens currently in an LID could feel slighted or taken advantage of. ❑ Reduces $ available for other projects. ❑ Inconsistent practice could lead to difficulty in imposed future LID projects.

Pros & Cons – Property Owners

	Local Improvement District	Zone of Benefit	City Funded Project
PROS	❑ City could decide to assess less than the total cost of the project. ❑ Increases property values. ❑ Deferrals and installment payments are allowed. ❑ Inflation driving costs up. Beneficial to complete project sooner than later.	❑ No lien on property ❑ Increases property values ❑ If applicable, legal challenge to project is allowed by ordinance. ❑ No requirement to pay if don't develop or connect to improvement. ❑ Inflation driving costs up. Beneficial to complete project sooner than later.	❑ Increases property values. ❑ Inflation driving costs up. Beneficial to complete sooner than later.
CONS	❑ Increased financial obligation. ❑ Liens on property have potential to create financing challenges.	❑ Increased financial obligation ❑ No legal mechanism to remonstrate against project. ❑ Illusory benefit, if City immediately requires connection to improvement.	❑ No formal opportunity for public input.

Next Steps

1. Is more information needed?
2. Council to give direction on financing option to pursue.