

# PUBLIC WORKS DIRECTOR'S REPORT

December 18, 2015

In Response to an Application submitted by Design LLC (Design) for Establishment of a Reimbursement District for an 18-Inch Port Industrial Water Main Improvement in the Proposed Amount of between \$1,057,710 and \$1,238,963.

## **SECTION 1: CONTENT OF PUBLIC WORKS DIRECTOR'S REPORT**

This report follows the criteria established in General Ordinance 06-1275 which was approved by City Council on December 11, 2006. This written report considers and makes a recommendation concerning each of the following factors:

- A. The project for which an application has been made for formation of a reimbursement district, the reasons for the cost distribution proposal, and an evaluation of the public interest served by the project.
- B. The actual or estimated cost of the public improvement serving the area of the proposed reimbursement district and the portion of the public improvement cost that is reimbursable.
- C. The boundary and size of the reimbursement district.
- D. A methodology for spreading the cost among the properties within the reimbursement district and, where appropriate, defining a "unit" for applying the reimbursement fee to property which may, with City approval, be partitioned, subdivided, altered or modified at some future date.
- E. The amount to be charged by the City for an administration fee for the reimbursement agreement. The administration fee shall be fixed by the City Council and will be included in the resolution approving and forming the reimbursement district. The administration fee is due and payable to the City at the time the agreement is signed.
- F. Whether the public improvements will or have met City standards.

## **SECTION 2: APPLICATION FOR ESTABLISHMENT OF REIMBURSEMENT DISTRICT**

Design has made application for the establishment of a reimbursement district for a public improvement as outlined in Section 2 of City of The Dalles General Ordinance 06-1275. The project is:

- The construction of an 18-inch diameter water main extending from Webber Street north, generally along the UPRR railroad tracks and/or in West 2<sup>nd</sup> Street and crossing private properties to a point near the intersection of River Road and River Trail Way, including all appurtenances to make a complete system. The project will serve commercial and industrial properties within the Port Industrial Area. The reimbursement district would be related to 50% of the total eligible construction-related costs of the project; the City of The Dalles (City) is funding the other 50% of the project. The application was made in accordance with the requirements of Section 2 of General Ordinance 06-1275. The applicant has paid the required application fee.

I have read the project description in the application, reviewed project plans, and reviewed the project with technical staff which indicated that the 18-inch Port Industrial Water Main improvements will be designed and constructed to comply with city standards and provide safe and effective water service to the affected area. The project is scheduled for completion and acceptance by the City by May 23, 2017.

The concept of financing this type of project utilizing a Reimbursement District has been acceptable to the City Council, as indicated by the adoption of General Ordinance 06-1275. This improvement has been determined to be important and beneficial to the identified properties in the area if they develop or connect to the City water systems and, therefore, cost sharing conditions are proposed on those properties prior to their development or connection, if the District is approved by Council. The properties which have not, at this time, made application for any development but which will benefit from the improvements, when developed, are included in the reimbursement district.

### **SECTION 3: FINANCING FOR THE 18-INCH PORT INDUSTRIAL WATER MAIN REIMBURSEMENT DISTRICT**

The City will be funding 50% of the construction cost of the project and Design will finance the other 50% of all eligible construction-related costs associated with the 18-inch Port Industrial Water Main improvements, and the services provided by these public improvements are available to properties other than those owned by the City or Design. The construction-related contracted costs anticipated to be paid by Design were included in the application.

### **SECTION 4: COST OF THE PUBLIC IMPROVEMENT SERVING THE PROPOSED REIMBURSEMENT DISTRICT**

The total construction cost of the project is projected to be between \$2,115,421 and \$2,477,926, depending on the route ultimately selected. The route for the pipeline will be determined after completing easement negotiations with property owners and accommodating wetland restrictions. City Engineering Staff will design the project in-house. The City will issue and manage the construction contract; City and Design will split the construction costs on a 50/50 basis and the formation of this reimbursement district is intended to reimburse Design for its share of the construction costs as other users connect to the improvements. It is recommended that the reimbursable costs, subject to future finalization based on actual construction costs, be established at a range of \$1,057,710 to \$1,238,963.

### **SECTION 5: BOUNDARY AND SIZE OF THE REIMBURSEMENT DISTRICT**

In accordance with General Ordinance 06-1275, the reimbursement district provides a mechanism whereby both previously conditioned properties and future developable properties will share in the costs of the public improvements that have been funded by Design. By resolution, properties owned by or dedicated to the City or the State of Oregon are excluded from any reimbursement district.

There are certain other undeveloped properties and properties not currently connected to the City water system within the Port Industrial Area that will benefit from the improvements when they are developed or connected in the future.

The following reimbursement district properties are to be considered as part of the reimbursement agreement for the 18-inch Port Industrial Water Main water system improvements:

1. Tax Lot 2N 13E 28 702 (map 2N 13E 28 revised 8-7-2015) owned by Maley LLC
2. Tax Lot 2N 13E 28 700 (map 2N 13E 28 revised 8-7-2015) owned by Northwest Aluminum

3. Tax Lot 2N 13E 28 1100 (map 2N 13E 28 revised 8-7-2015) owned by SAPA
4. Tax Lot 2N 13E 33 200 (map 2N 13E 33 revised 7-6-2011) owned by Northwest Aluminum
5. Tax Lot 2N 13E 33 500 (map 2N 13E 33 revised 7-6-2011) owned by NORCOR

These properties are outlined in the map included as Attachment "A".

## **SECTION 6: METHODOLOGY FOR REIMBURSEMENT FEE ALLOCATION TO REIMBURSEMENT DISTRICT**

The reimbursement district for the 18-inch Port Industrial Water Main water system improvements includes property that is all commercially or industrially zoned. All of the reimbursement properties are located within the Urban Growth Boundary, north of Webber Street, east of I-84 and west of River Road.

There are a number of methods that could be used for apportionment of costs for a reimbursement agreement for water improvements: linear frontage, lot size or area, or number of lots. The lots proposed for this reimbursement district are of irregular size and shape. It is impossible to accurately predict how they may be developed in the future. Some of the lots could be partitioned into smaller lots, or consolidated into larger ones. Also, the linear frontage of these lots does not realistically reflect the relative value of the improvement to each lot.

The size of each lot most closely represents the potential value each may receive from the improvements, with larger lots potentially supporting larger developments with greater utility demands. Therefore, the method proposed for apportionment of costs for this reimbursement district is area (measured in acres). Each acre of area in the proposed district has equal opportunity to receive water services from the 18-inch Port Industrial Water Main water system improvements. Since the value of the improvement to all property in the proposed district is equal, area-based assessments are recommended.

The existence of wetlands on some of the parcels within the proposed reimbursement district will likely restrict and reduce the amount of developable lands on various lots. However, at the time of this report, there is not adequate information from wetlands assessments available for all parcels to be able to apportion project costs based upon "net developable acres". Therefore, at this time, it is proposed to form the reimbursement district with assessments based upon total parcel size. The exception to this is tax lot 2N 13E 33 500 owned by NORCOR. Most of the NORCOR parcel is already developed and connected to the City water system. Only 5 acres of the parcel are undeveloped and could be served by the improvements from this project; those 5 acres are proposed to be included in the reimbursement district.

It is believed that wetland assessments are underway for other parcels within the proposed reimbursement district. If information is available from those assessments for all parcels within the reimbursement district by the time the project is constructed and the reimbursement fees are finalized, it is proposed that the basis for assessment be changed to "net developable acres". Under this scenario, the assessments for parcels with wetlands that would reduce the amount of developable acres would decrease while the assessments for parcels with no wetlands would increase from those estimated in this report.

Utilizing the methodology based on total parcel size outlined above, a district with a total area of 265.9 acres is proposed. It is also proposed that the estimated reimbursement fee would be between \$3,978.30 and \$4,660.03 per acre; this fee would be finalized after construction of the project.

**SECTION 7: ADMINISTRATIVE FEE AND INTEREST RATE TO BE APPLIED TO REIMBURSEMENT DISTRICT**

- A. It is recommended that the administration fee as outlined in Section 3 of General Ordinance 06-1275 shall be as follows:
  - \$50 per qualifying lot, for a total of \$250, payable to the City by the applicant at the time the reimbursement agreement is signed.
  
- B. It is recommended that the interest rate to be applied to the unpaid reimbursement fee be fixed at three and one-half percent (3.50%), the federal prime interest rate on December 18, 2015. It is proposed that interest accrual on the reimbursement fee start 30 days after the effective date of the formation of the reimbursement district. The approved General Ordinance defines that the interest rate shall be fixed and computed against the reimbursement fee as simple interest and will not compound.



DALLESPORT RD

3RD AVE

SUNBRIDGE AVE

OLD FERRY RD

City of The Dalles Public Works Department	
PORT WATER MAIN	
REIMBURSEMENT DISTRICT	
T. STEPHENS	1 Inch = 1,200 Feet
Date: 12/17/2015	



**PROPERTIES IN DISTRICT**

