

RESOLUTION NO. 3603

A RESOLUTION FORMING THE SW TOWLE (3430-3680) WASTEWATER REIMBURSEMENT DISTRICT

The City of Gresham Finds:

- A. Gresham Revised Code (GRC) Article 11.15 establishes a process for the formation of reimbursement districts.
- B. An application has been submitted by the City of Gresham (the Applicant) for the formation of a reimbursement district.
- C. The Applicant desires to recover costs from benefiting properties for the construction of approximately 850 feet of 8-inch wastewater main that will be owned and maintained by the City of Gresham. To recover costs, the Applicant has requested to form a reimbursement district.
- D. A Manager's Report was drafted recommending approval of the proposed reimbursement district formation. The Manager's Report includes a recommended district boundary, the estimated cost of the district, and the recommended methodology for assigning costs to the properties within the proposed district boundary.
- E. A Notice of Application and Informational Meeting was mailed to property owners in the proposed district on April 16, 2024, and the informational meeting was held on April 30, 2024.
- F. Following the informational meeting the Manager finalized the Manager's Report.
- G. The City sent a mailed notice to the property owners in the proposed district on May 31, 2024, to inform the property owners of the public hearing for district formation.
- H. The City Council has reviewed the application and the Manager's Report and has considered any comments received from the impacted properties.

THE CITY OF GRESHAM RESOLVES:

- 1. The City Council approves the recommendations contained in the Manager's Report and declares the formation of the SW Towle (3430-3680) Wastewater Reimbursement District. A copy of the Manager's Report is attached as Exhibit A. The recommendations of the Manager's Report are approved.
- 2. Upon receipt from the Applicant of the final costs and proposed assignment of costs to each benefiting property, the Manager shall prepare and submit to the City Council a proposed Reimbursement Resolution. Notice of Council action on the Reimbursement Resolution shall be provided to the property owners within the District.

Yes: _____

No: _____

Absent: _____

Abstain: _____

Passed by the Gresham City Council on July 2, 2024.

Eric Schmidt
Interim City Manager

Travis Stovall
Mayor

Approved as to Form:

Ellen Van Riper
City Attorney

Manager's Report

SW Towle (3430-3680) Wastewater Reimbursement District

BACKGROUND

There are several pockets of unsewered properties within the City of Gresham. Extension of the public wastewater system to these areas is generally reliant upon development or an individual property owner extending the public wastewater main when their onsite wastewater disposal system fails. The property owner or developer who extends the public wastewater system has the option to set up a reimbursement district if the extension benefits other properties, but the cost, timing and expertise needed to manage a wastewater main extension project and set up a reimbursement district is a major burden for most property owners. As a result, as funding allows, the City has been extending public wastewater mains to these areas and setting up reimbursement districts to recover the costs when properties connect to the wastewater main. Cost recovery is necessary to fund future similar wastewater main extensions.

The proposed wastewater main would extend from the existing wastewater manhole located at the intersection of SW Towle Avenue and SW 33rd Street, south to approximately 20 feet beyond 3665 SW Towle Avenue's northerly property line. Only one tax lot in the proposed district boundary is currently connected to public wastewater. This tax lot was included in the proposed boundary because it has high redevelopment potential. Of the twelve tax lots in the proposed district boundary, five are undeveloped but, if the tax lots are lots of record, could be developed with at least one home based on current zoning standards.

REIMBURSEMENT DISTRICTS

The purpose of a reimbursement district is to provide a method to reimburse the City or a developer who finances master planning or the construction of public facilities that benefit multiple properties and provides a financial mechanism to allow the City or developer to proceed with critical infrastructure with at least partial cost recovery. Reimbursement districts provide a tool to determine a benefiting property's cost share and ensure the impacted property owners are involved in the process. A notice of the reimbursement district is recorded on the titles of properties in the district so prospective property owners are made aware of the district at time of purchase. Reimbursement district processes and requirements are codified in Article 11.15 of the Gresham Revised Code (GRC). An overview of the process is included as Exhibit A1.

The creation of a reimbursement district is a two-step process. In the first step, Gresham City Council votes on whether to form the reimbursement district. There are four basic components to consider when forming this reimbursement district:

1. Reimbursement District Boundary. The district boundary is the area that is most likely to benefit from the plan or infrastructure proposed.
2. Reimbursement Amount. The estimated costs to construct the new infrastructure or to complete the master planning which are passed on to the benefiting properties.
3. Reimbursement Methodology. The recommended reimbursement methodology is the methodology used to determine how much each benefiting property should be charged based on their expected portion of the benefit. There is no single mandated methodology, so each proposed reimbursement district may come up with a methodology that makes the most sense for the individual project.
4. Financial Safety Net. A financial safety net program is recommended when properties have future development potential, but the property has an existing home that would benefit from a single connection. The safety net amount would be the reimbursement due to connect the single *existing* home to the infrastructure. The remaining reimbursement district charge would be charged when the lot divided or (re)developed with a use that will intensify wastewater usage for the site beyond that of the existing single home.

In the second step, if Council approves the formation of the district, Council will review the developer's actual project costs and apply the methodology to determine the reimbursement district charge for each benefiting property. The second step would be considered at a subsequent council meeting after the project is constructed.

Per GRC 11.15.115, the reimbursement district would remain valid for 10 years and may be renewed for additional 10-year terms if a written renewal request is received prior to the date of expiration.

PROJECT TIMELINES

On March 21, 2024, the project engineer finalized their project cost estimate and formally applied for a reimbursement district.

A Notice of Application and Informational Meeting was sent to the property owners of record on April 16, 2024, and the informational meeting was held on April 30, 2024. The purpose of the meeting was to inform the property owners of the proposed reimbursement district and obtain comments from the affected property owners. Property owners representing six of the twelve tax lots attended the informal meeting. Staff also met with an owner representing two of the other tax lots in a separate meeting.

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Manager's Report

SW Towle (3430-3680) Wastewater Reimbursement District

Report Date: May 31, 2024

The funding for this project will go to Council for adoption on June 18, 2024, as part of the Capital Improvement Program (CIP). If the CIP is not adopted on June 18 or if Council decides to reduce or eliminate funding for this project (WW00013), this project will not move forward until it is funded.

Advertising for bids for the construction of the wastewater main is scheduled for around June 5, 2024. If the reimbursement district formation is approved by Council and the CIP is approved, bid opening will occur on June 20, 2024. Construction timing will depend on the hired contractor's availability but should be complete before the end of 2024.

MANAGER'S FINDINGS AND RECOMMENDATIONS

The Manager recommends the formation of the SW Towle (3430-3680) Wastewater Reimbursement District as follows:

1. REIMBURSEMENT DISTRICT BOUNDARY

Exhibit A2 shows the proposed reimbursement district boundary. The only home that is connected to sewer in the proposed district boundary is 3505 SW Towle Avenue. The house is located near the south end of the property, but it is connected via the manhole located on the south side of the North Fork of Butler Creek. The existing home on 3505 SW Towle would not be required to connect to the proposed wastewater main unless they further develop their property. If they do connect to the new wastewater main, they would be required to pay the appropriate reimbursement fee.

2. TOTAL REIMBURSEMENT

The estimated cost to plan, design, and construct the approximately 850 feet of 8-inch wastewater main, including laterals to nine of the twelve tax lots is \$560,000, as shown in Exhibit A3.

If the formation of the district is approved, the actual project costs will be tallied once the project is built by the lowest qualified bidder. The City Council would review those costs in a second city council meeting to adopt those final costs and each tax lot's resulting proportional share.

In addition to the reimbursement district share, the property owners will be responsible for payment of any applicable fees, such as the wastewater system development charge, connection fee and plumbing permit. They will also be responsible for the costs of extending the wastewater lateral on their private property and decommissioning of any onsite sanitation systems. Decommissioning of existing onsite sanitation systems requires a permit from Multnomah County Sanitation.

3. REIMBURSEMENT METHODOLOGY

The proposed reimbursement methodology charge for each benefitting property is based on their portion of the projected density of the total district. Projected density was determined by calculating the developable area of the tax lot, taking into consideration reduced developability where the (Natural) Resource Area and Hillside overlay districts cover the tax lot and assumed no development would occur where the High Value Resource Area and/or High Slope Subarea is present. The resulting developable area for each tax lot was then multiplied by the wastewater pipe design density per the Gresham Public Works Standards for each tax lot's applicable zoning district.

Based on this methodology, the projected density for the district is 96.1 units. The projected cost per unit, based on the estimated project cost, is \$5827.51 . This projected cost is utilized for determining the cost share.

Unless they choose to connect sooner, the existing unsewered homes in the proposed district would be required to connect to the proposed wastewater main when their onsite disposal system fails.

Payment prior to connection to the wastewater main in SW Towle would be allowed but connections to the wastewater main would not be permitted before the final cost resolution is adopted by Council unless an agreement between the property owner and the City is executed and a deposit that is at least 25% greater than the estimated reimbursement is paid. Any unused portion of the deposit will be returned to the payee after the final cost resolution is adopted.

Exhibit A4 shows the proposed methodology and resulting proposed proportional share for each tax lot in the proposed district.

4. FINANCIAL SAFETY NET

A financial safety net program is recommended to allow an existing home on a tax lot with the potential for higher density to connect to the City's wastewater system without having to pay the entire reimbursement district charge attached to the tax lot. The rationale of a safety net is to equalize the price to connect one existing home. The remaining reimbursement district charge would be charged when the property divided or developed with a higher use, which includes any expansion of living area and/or changes that necessitate an increase in water meter size.

A safety net is proposed with this project. The recommended safety net is the estimated cost of one dwelling unit. The methodology for determining the safety net for this project is to divide the projected density by the total project costs. As shown in Exhibit A4, based on the estimated costs, the projected safety net would be \$5827.51. The final safety net amount would be set in a subsequent council meeting based on actual construction costs.

RECOMMENDATION

Move to approve the Manager's Report and Resolution No. 3603 forming the SW Towle (3430-3680) Wastewater Reimbursement District.

LIST OF EXHIBITS

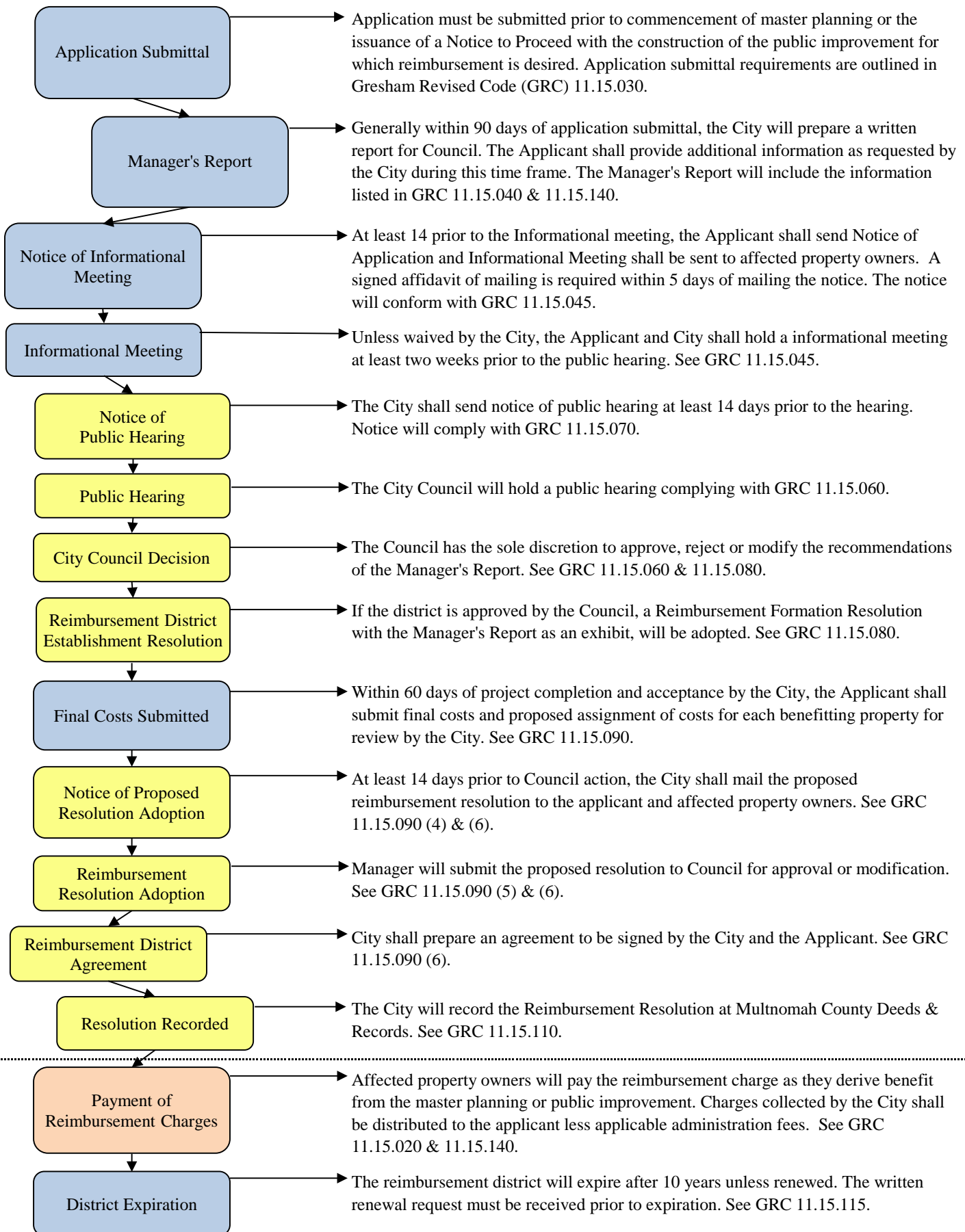
A1 – Reimbursement District Process Steps

A2 – Proposed Reimbursement District Boundary

A3 – Engineer's Estimate

A4 – Proposed Reimbursement Methodology & Safety Net

REIMBURSEMENT DISTRICT PROCESS STEPS



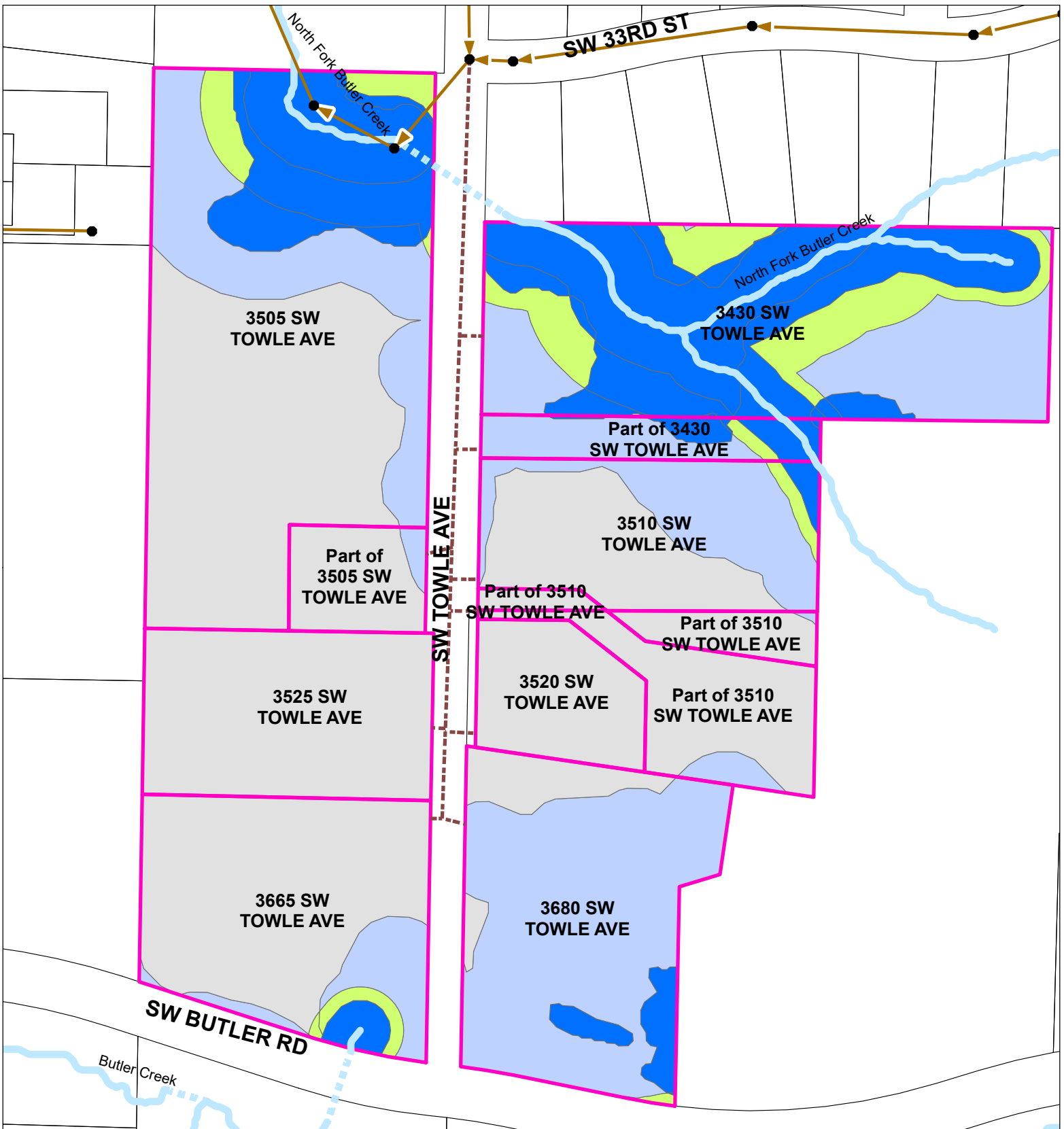


EXHIBIT A2

SW Towle (3430-3680) Wastewater Reimbursement District

Proposed Lot in District

Overlay

■ No Overlay

■ Hillside (HS) Only

■ Resource Area (RA) or RA & HS

■ High Value RA &/or High Slope Subarea

Proposed Sewer Main & Laterals*

--- Existing Wastewater Main

● Existing Wastewater Manhole

* Prior to construction, the proposed lateral locations are negotiable.

0 100 200 Feet

DISCLAIMER AND NOTICE:
The information on this map has been gathered from a variety of sources. Every attempt has been made to offer the most current, correct, and complete information available. However, errors may occur or there may be a time delay between changes in information and updates. The information contained herein is subject to change at any time and without notice.

Exhibit A3

SW TOWLE (3430-3680) Wastewater Reimbursement District

ENGINEER'S ESTIMATE					
	Unit	Total Units	Unit Price	Item Total	
MOBILIZATION	LS	1	\$ 34,062.30	\$ 34,062.30	
EROSION CONTROL	LS	1	\$ 3,000.00	\$ 3,000.00	
TRAFFIC CONTROL	LS	1	\$ 32,018.56	\$ 32,018.56	
FOUNDATION STABILIZATION	CY	5	\$ 120.00	\$ 600.00	
OVER EXCAVATION	CY	10	\$ 140.00	\$ 1,400.00	
8-INCH DIAMETER PVC WASTEWATER PIPE	LF	870	\$ 160.00	\$ 139,200.00	
4-INCH DIAMETER PVC WASTEWATER PIPE	LF	230	\$ 200.00	\$ 46,000.00	
4-INCH TWO-WAY CLEANOUT	EA	9	\$ 750.00	\$ 6,750.00	
STANDARD 48-INCH DIAMETER MANHOLE	EA	4	\$ 8,800.00	\$ 35,200.00	
AC PAVEMENT TRENCH REPLACEMENT - 8" DEPTH, LEVEL 3, 1/2" DENSE GRADED. (FOR TENCH AREAS NOT WITHIN 4-INCH AC GRIND AND INLAY)	LF	78	\$ 70.50	\$ 5,499.00	
AC PAVEMENT TRENCH REPLACEMENT - 4" DEPTH, LEVEL 3, 1/2" DENSE GRADED. (FOR TENCH AREAS WITHIN 4-INCH AC GRIND AND INLAY)	LF	925	\$ 50.00	\$ 46,250.00	
4-INCH AC GRIND AND INLAY	SY	1,050	\$ 50.00	\$ 52,500.00	
CONNECT TO EXISTING MANHOLE	EA	1	\$ 2,224.00	\$ 2,224.00	
FINAL RESTORATION AND LANDSCAPING	LS	1	\$ 5,000.00	\$ 5,000.00	
				Construction Total	\$ 409,703.86
				Construction Contingency 10%	\$ 40,970.39
				Engineering 10%	\$ 40,970.39
				SUBTOTAL	\$ 491,644.63
				Admin 14%	\$ 68,830.25
				Grand Total	\$ 560,474.88

Grand Total \$ 560,474.88

Rounded to \$560,000

EXHIBIT A4

**PROPOSED REIMBURSEMENT METHODOLOGY & SAFETY NET
SW TOWLE (3430-3680) WASTEWATER REIMBURSEMENT DISTRICT**

ASSIGNMENT OF ESTIMATED COSTS

Last Revised: 5/30/24 mjk

Estimated Project Cost: \$ 560,000.00

Map & Tax Lot Number	Current Property Owner	Current Property Address	Currently Connected to Sewer	Total Lot Area (acres)	Area w/o Hillside Overlay (HS) or Resource Area (RA) (acres) 100% Developable	RA or RA & HS (acres) 10% Developable	HS alone (acres) 55% Developable	High Slope Subarea and/or High Value RA (acres) No Development	Net Density Per Zoning District (PWS Table 3.02-1 Design Values)	Developable Area (acres)	Projected Dwelling Units (Developable Area * Net Density)	% of District based on Projected Dwelling Units	Proportional Share by Projected Dwelling Units
1S3E21BA 05700	HOLLAND, THOMAS & VICKI	3505 SE TOWLE AVE	Yes	4.33	2.20	0.18	0.99	0.96	8.71	2.76	24.05	25.02%	\$ 140,123.45
1S3E21BA 05800	HOLLAND, THOMAS & VICKI	Part of 3505 SE TOWLE AVE	No	0.44	0.40	0.00	0.04	0.00	8.71	0.42	3.69	3.83%	\$ 21,475.74
1S3E21B 00500	FOX, JAMES D & DEBORAH A	3525 SW TOWLE AVE	No	1.46	1.46	0.00	0.00	0.00	8.71	1.46	12.70	13.22%	\$ 74,033.31
1S3E21B 00400	MATTHEWS, ROGER E III	3665 SW TOWLE AVE	No	2.00	1.57	0.06	0.29	0.08	8.71	1.74	15.11	15.73%	\$ 88,080.03
1S3E21BA 05900	CARRIKER, LAWRENCE & MARSHA TR	3430 SW TOWLE AVE	No	3.32	0.00	0.58	0.91	1.82	6.22	0.56	3.48	3.62%	\$ 20,272.69
1S3E21BA 06000	CARRIKER, LAWRENCE & MARSHA TR	Part of 3430 SW TOWLE AVE	No	0.44	0.00	0.02	0.29	0.13	8.71	0.16	1.39	1.45%	\$ 8,118.70
1S3E21BA 06001	FUGERE, DANIELLE & DELL, CHARLES	3510 SW TOWLE AVE	No	1.48	0.80	0.04	0.60	0.04	8.71	1.13	9.84	10.24%	\$ 57,359.90
1S3E21BA 06002	FUGERE, DANIELLE & DELL, CHARLES	Part of 3510 SW TOWLE AVE	No	0.07	0.07	0.00	0.00	0.00	8.71	0.07	0.64	0.67%	\$ 3,756.55
1S3E21B 00103	FUGERE, DANIELLE & DELL, CHARLES	Part of 3510 SW TOWLE AVE	No	0.24	0.23	0.00	0.01	0.00	8.71	0.24	2.06	2.15%	\$ 12,019.89
1S3E21B 00101	FUGERE, DANIELLE & DELL, CHARLES	Part of 3520 SW TOWLE AVE	No	0.77	0.70	0.00	0.07	0.00	8.71	0.74	6.44	6.70%	\$ 37,520.21
1S3E21B 00102	HUBER, WILLIAM F B & JULLENE A	3520 SW TOWLE AVE	No	0.65	0.65	0.00	0.00	0.00	8.71	0.65	5.63	5.86%	\$ 32,799.50
1S3E21B 00300	BUSHLIN, ITTAI & DUPERE, MELISSA DORA	3680 SW TOWLE AVE	No	2.25	0.27	0.01	1.81	0.16	8.71	1.27	11.06	11.51%	\$ 64,440.04
Total				17.46	8.35	0.90	5.00	3.20		11.19	96.10	100%	560,000.00

Note: Unless otherwise agreed upon by the district owner and property owners involved, lot line adjustments involving properties in the district will result in proportional increases and decreases of proportional shares, as appropriate.

Safety Net: \$ 5,827.51