

RESOLUTION NO. 23-022

**A RESOLUTION AUTHORIZING THE FORMATION OF A
REIMBURSEMENT DISTRICT FOR THE EAST 9TH STREET WATER
MAIN IMPROVEMENTS AND SETTING AN EFFECTIVE DATE**

WHEREAS, the City Council adopted General Ordinance No. 06-1275 (codified as Chapter 2.12 of The Dalles Municipal Code) on December 11, 2006, authorizing the creation of reimbursement districts for the purpose of making water system and sanitary sewer system public improvements;

WHEREAS, the City has completed a project to construct water system improvements in East 9th Street, extending east from Quinton Street, which is eligible for formation of a Reimbursement District and the costs of construction have been finalized;

WHEREAS, the improvements can benefit properties other than those owned by the City when they develop in the future;

WHEREAS, the Public Works Director has reviewed and evaluated the application submitted by the City, serving as the Developer, and has submitted a written report to the City Council;

WHEREAS, the City mailed notice of the proposed reimbursement district to all owners of property within the proposed district; and

WHEREAS, the City Council conducted an informational public hearing on September 11, 2023, to consider the Public Works Director's report dated August 25, 2023, and to allow any interested person an opportunity to comment on formation of the proposed reimbursement district.

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF THE DALLES
RESOLVES AS FOLLOWS:**

Section 1. Report Approved. The Public Works Director's report dated August 25, 2023, attached to and made part of this Resolution as Exhibit "A" is hereby approved.

Section 2. District Established. The Reimbursement District for the construction of a water main in East 9th Street, extending easterly from Quinton Street, is hereby established. The Reimbursement District shall include the properties described in Section 5 of the Public Works Director's report as provided in Exhibit "A" hereto.

Section 3. Reimbursement Fee. Payment of the applicable reimbursement fee of \$3,558.86 per new water service connection, as specified in the Public Works Director's report, is a precondition of receiving City permits applicable to the development of parcels located within the Reimbursement District pursuant to The Dalles Municipal Code 2.12.100.

Section 4. Administration Charge. The administration charge shall be waived.

Section 5. Interest Rate. The interest rate to be applied to the reimbursement fee shall be 4.25% per year.

Section 6. Agreement with Developer. The City Council hereby waives The Dalles Municipal Code Section 2.12.060(C)'s requirement the City enter into an agreement with the Developer because the City itself is the Developer as authorized by The Dalles Municipal Code Section 2.12.010.

Section 7. Effective Date. This Resolution is effective upon its adoption.

PASSED AND ADOPTED THIS 11TH DAY OF SEPTEMBER, 2023

Voting Yes, Councilor: Long, McGlothlin, Runyon, Randall, Richardson
Voting No, Councilor: _____
Absent, Councilor: _____
Abstaining, Councilor: _____

AND APPROVED BY THE MAYOR THIS 11TH DAY OF SEPTEMBER, 2023.

Richard A. Mays

Richard A. Mays, Mayor

ATTEST: Amie Ell
Amie Ell, City Clerk

Exhibit A
PUBLIC WORKS DIRECTOR'S REPORT
August 25, 2023

In Response to an Application submitted by City of The Dalles (City) for Establishment of a Reimbursement District for the East 9th Street Water Main Improvements in the Proposed Amount of \$224,208.00.

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; the terms of that ordinance are now included in Municipal Code 2.12. 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

City has made application for the establishment of a reimbursement district for public improvements as outlined in Chapter 2.12 of The Dalles Municipal Code. The project is:

- The construction of approximately 1200 lineal feet of 6-inch diameter water main, extending eastward in East 9th Street from the intersection of East 9th and Quinton Streets, including all appurtenances to make complete systems. The project will serve residential properties yet to be developed or connected to the City water systems in the area as well as some existing developed properties. Construction of the project was funded by City and the application and administrative fees were waived accordingly.

I have reviewed the project description, project plans and inspection reports, and discussed the project with technical staff which indicated that the East 9th Street Water Main improvements were designed and constructed to comply with City standards and provide safe and effective water service to the affected area. The project was accepted at complete on May 17, 2023.

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. These improvements have 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.

The need for this project was discussed with the City Council numerous times prior to its construction during deliberations related to the removal of a legacy house that was located in the East 9th Street right-of-way.

SECTION 3: FINANCING FOR THE EAST 9TH STREET WATER MAIN REIMBURSEMENT DISTRICT

The City funded the construction cost of the East 9th Street Water Main improvements, and the services provided by these public improvements are available to properties other than those owned by the City.

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

The total construction cost of the project was \$224,208.00 which was spent from the Water Reserve Fund. The project was designed by Public Works Engineers and construction was completed by a competitively-selected contractor. Based upon the actual cost of construction, it is recommended that the reimbursable costs be established at \$224,208.00.

SECTION 5: BOUNDARY AND SIZE OF THE REIMBURSEMENT DISTRICT

In accordance with General Ordinance 06-1275, now The Dalles Municipal Code Section 2.12, 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 City. By resolution, properties owned by or dedicated to the City or the State of Oregon are excluded from any reimbursement district.

There are certain undeveloped and under-developed properties and properties not currently connected to the City water system located along East 9th Street, east of Quinton Street, that will benefit from the improvements when they are developed or connected in the future; these properties will be included in the reimbursement district. Additionally, several developed properties which were previously connected to the City's water system with deteriorated or under-sized piping, were connected to the new water main as "system maintenance" work; while the value of the improvements for these properties was considered in the calculation of the reimbursement fee, these properties were not included in the district or assessed reimbursement fees.

The following reimbursement district properties are to be considered as part of the reimbursement agreement for the East 9th Street Water Main improvements:

1. Tax Lot 1N 13E 2CA 700 (map 1N13E2CA revised 3-11-21) owned by Jim & Lee Olheiser

2. Tax Lot 1N 13E 2CA 800 (map 1N13E2CA revised 3-11-21) owned by Jim Olheiser
 3. Tax Lot 1N 13E 2CA 1000 (map 1N13E2CA revised 3-11-21) owned by Jim Olheiser
 4. Tax Lot 1N 13E 2CA 1100 (map 1N13E2CA revised 3-11-21) owned by Scott Gayer
 5. Tax Lot 1N 13E 2CA 1200 (map 1N13E2CA revised 3-11-21) owned by Wasco County
 6. Tax Lot 1N 13E 2CA 1300 (map 1N13E2CA revised 3-11-21) owned by Elvarardo & Carmen De La Torre
 7. Tax Lot 1N 13E 2CA 1500 (map 1N13E2CA revised 3-11-21) owned by Maira Juarez
 8. Tax Lot 1N 13E 2CA 1800 (map 1N13E2CA revised 3-11-21) owned by Luminous Enterprises
 9. Tax Lot 1N 13E 2CA 2100 (map 1N13E2CA revised 3-11-21) owned by Rick & Bobbi Harrington
 10. Tax Lot 1N 13E 2CA 2200 (map 1N13E2CA revised 3-11/21) owned by Ebbert Family Trust
 11. Tax Lot 1N 13E 2CA 2300 (map 1N13E2CA revised 3-11-21) owned by Douglas Powell
- 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 East 9th Street Water Main improvements includes property that is residentially zoned. All of the reimbursement district properties are located within the City Limits.

There are a number of methods that could be used for apportionment of costs for a reimbursement agreement for water system improvements: linear frontage, lot size or area, or number of lots. The lots proposed for this reimbursement district are of various sizes and some will likely partition into smaller lots as they develop. It is not possible to predict with certainty how they may be developed in the future. Neither the linear frontage nor the area of these lots realistically reflects the relative value of the improvement to each lot.

The number of potential lots, and therefore number of potential future water connections, most closely represents the potential value each property may receive from the improvements. Therefore, the method proposed for apportionment of costs for this reimbursement district is the number of potential lots. Staff used professional judgement considering location, development trends, topography, and zoning, to estimate how the various properties in the district may partition and develop over time. This analysis led to an estimate that the new water main could support 53 new water service connections. In addition, 10 existing water utility services were connected to the new water main; existing water utility customers will not be assessed a reimbursement fee for any pre-existing water utility connections. The cost of the new water main was divided by the total number of lots that it is anticipated to serve to calculate the reimbursement fee per new connection that is to be assessed.

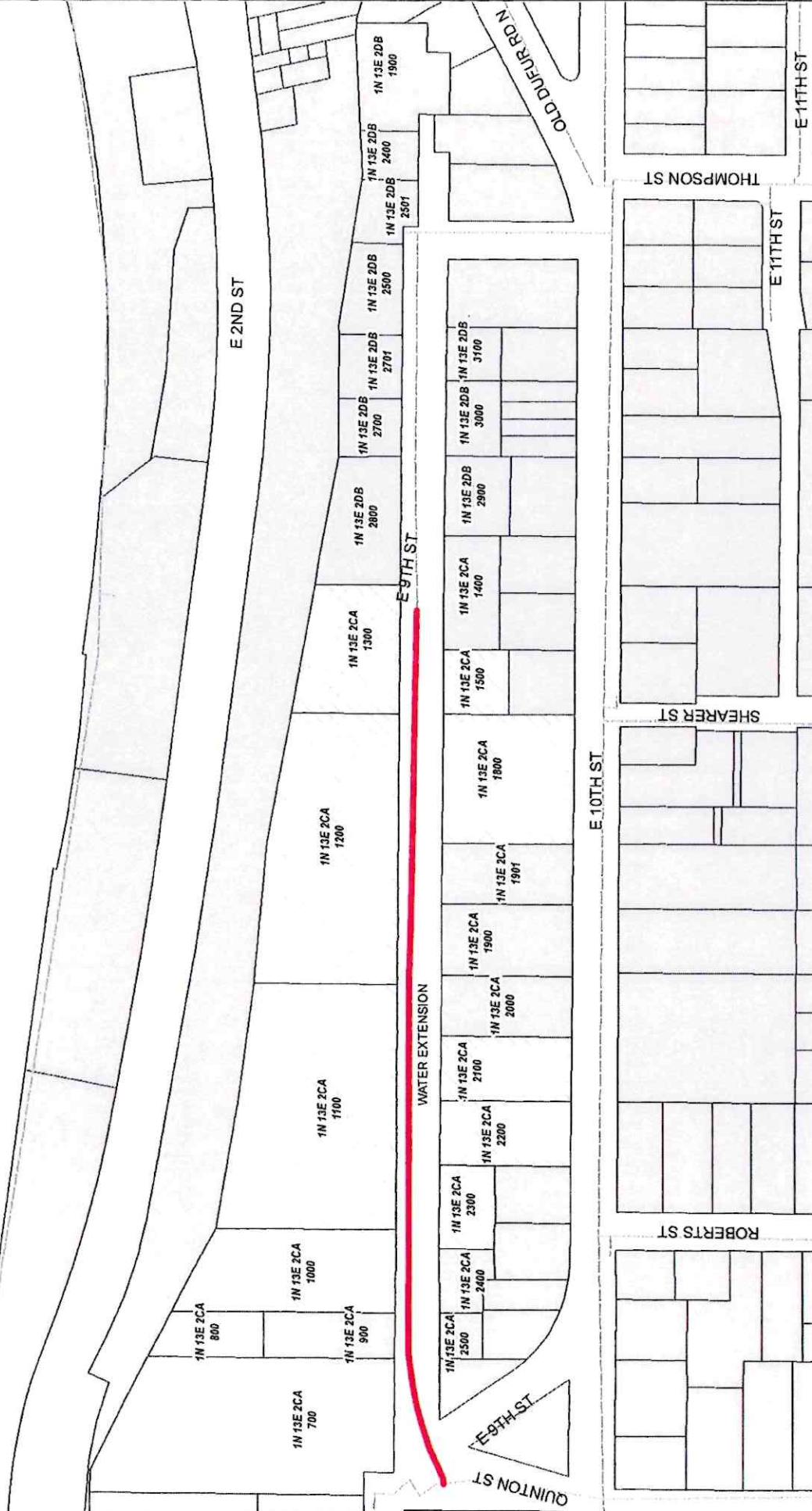
Utilizing the methodology outlined above, a district with a total of 53 anticipated potential new water services is proposed. It is recommended that the reimbursement fee be established at \$3,558.86 per new water service connection.

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

- A. It is recommended that the administration fee as outlined in The Dalles Municipal Code Section 2.12.030(E) shall be waived since the City is the developer.
- B. Traditionally, an annual interest rate has been applied to unpaid reimbursement fees; that interest rate has usually been set at the federal prime interest rate at the time of the Public Works

Director's Report. The current federal prime interest rate is uncharacteristically high at eight and one-half percent (8.5%). At this interest rate, calculated annually as simple interest on the initial fee (does not compound), the reimbursement fee would double in just over 11 years which could make the reimbursement fee unaffordable. Due to the unusually high prime interest rate, it is recommended that the interest rate to be applied to the unpaid reimbursement fee be fixed at one-half the current federal prime interest rate - four and one-quarter percent (4.25%).

ATTACHMENT A



WATER CONNECTIONS



City of The Dalles Public Works Department

EAST 9TH STREET

REIMBURSEMENT DISTRICT

T. STEPHENS

DATE: 7 / 10 / 2023

CITY OF THE DALLES
1215 WEST 1ST STREET
THE DALLES, OR 97058

LEGEND

- | PARCELS | EXISTING WATER MAIN | NEW WATER MAIN | FUTURE WATER CONNECTION |
|---------|---------------------|----------------|-------------------------|
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