



*Where Life is Sweet*

Mayor and Members of the City Council  
**STAFF REPORT**  
For the Meeting of March 13, 2023

**Title/Subject**

Home Run Land LLC has requested latecomer assessments in conjunction with public improvements installed as part of the Diamond Run Subdivision.

**Summary and Background**

The Hermiston municipal code contains multiple provisions for reimbursement of development costs when infrastructure improvements benefit properties beyond the development itself. There are several types of infrastructure development which may benefit other properties. For example, a development may be located beyond the terminus of a water or sewer line, necessitating extension of a line past currently unserved property to reach the development. A line may be installed in an existing street, but the development is entirely on one side of the street, and unserved property remains on the side opposite the development. A line may be oversized and provide additional capacity for property downstream in the future. These are the most common instances where a latecomer assessment is used.

The Diamond Run development on E Diagonal Blvd constructed water and sewer improvements in Diagonal which the applicant states will benefit other properties. A 12-inch water line was extended in E Diagonal Blvd from NE 10<sup>th</sup> Street eastward to E Elm Ave. This line has capacity to service future development east of the site. The city reimbursed the developer for the difference in pipe size between the standard 8-inch line and required 12-inch water line. The sewer line installed in E Diagonal Blvd extends slightly less than 1,000 feet to the intersection of NE 11<sup>th</sup> Street and Diagonal. The water line improvements benefit property owned by the Hermiston School District and Home Run Land LLC on E Diagonal Blvd which directly abut the improvement and also potentially benefit privately held land on Townsend Road which benefits from having water improvements closer to the property which potentially lowers development cost in the future. Joshua Lott, the City Engineer, has prepared a memo attached to this report which details the engineer's opinion on how the water improvements benefit each property. Sewer improvements only benefit the School District property as they do not provide additional capacity for development further to the east and do not extend the entire frontage of the site.

Notices of potential assessment resulting from these improvements were mailed to four property owners 14 days prior to this hearing. The assessments agreed upon by the city and developer to be presented to the city council are included in the table below. Notices provided to each property owner listed the assessment amount and identified the requesting party and

improvement benefit. The notices also stated that the assessment is not collected unless and until any assessed property makes a physical connection to the benefitting utility. In the case of Tax Lots 800 and 801 on Townsend Road, these properties are not currently inside city limits, and the property will require annexation prior to development or connection to utilities. These two properties will also require additional utility construction to service the sites and as noted in the city engineer’s memo, utility service may be provided from either the Diagonal Road water system or the Townsend Road water system. Should Tax Lots 800 and 801 connect to the Townsend Road water system in the future, this assessment would not be collected.

Property Owner	Tax Lot	Water Assessment	Sewer Assessment
Hermiston SD	4N 28 12B TL 302	\$73,026.71	\$126,376.24
Home Run Land LLC	4N 28 12BA TL 377	\$2,152.65	\$0
Joyce Langley	4N 28 12A TL 801	\$10,034.78	\$0
Janet and Jesse Terry	4N 28 12A TL 800	\$4,283.54	\$0

The right to collect assessments on sewer infrastructure is stated in §51.006 of the Hermiston Code of Ordinances which permits the city to enter into a reimbursement agreement for sewer main construction which oversizes or benefits other property. The right to collect assessments on water construction is stated in §52.15 which establishes similar language for construction of water mains. Additionally, the development code of the zoning ordinance in §157.164(F) establishes the city’s authority to enter into reimbursement agreements with the developer.

*“(F) Where the improvement installed by a developer shall benefit other properties, a mutually agreeable settlement shall be arrived at between the city and the developer prior to installing the improvements. This agreement shall identify the benefitting properties, actual costs to be charged and method of repayment to the developer. Where prior agreement exists for improvements benefiting the subject property, the applicant shall make arrangements with the city for the payment of the improvements prior to issuance of any city permit.”*

Under the provisions of §51.15(C), assessments for water improvements may return to the developer for a period not to exceed ten years. After the ten-year period expires, the city may choose to retain any payment made on an assessment and use such funds for the utility fund only.

The city council will be holding a public hearing on the proposed assessments at this meeting. If the council agrees that the properties under consideration are benefitting from the improvements, the council may establish assessments. Assessment is done through resolution of the council. Resolutions will be prepared based upon the decision of the council and submitted for adoption at the next city council meeting on March 27.

**Tie-In to Council Goals**

Not applicable, this hearing is related to administration of city ordinances.

## **Fiscal Information**

There is no financial impact to the city. Should assessed property not connect within the 10-year window, then the city may retain the assessed money for use in the utility funds. The total water assessment is \$89,497.68 divided over four properties. The total sewer assessment is \$126,376.24 on one property.

## **Alternatives and Recommendation**

### Alternatives

The city council may choose to:

- Adopt the requested assessments.
- Reject the requested assessments.
- Modify the property subject to assessments.

### Recommended Action/Motion

Staff recommends that the assessments be adopted as requested.

### **Submitted By:**

Clinton Spencer, Planning Director