



STAFF REPORT

Meeting Type: City Council Meeting
Meeting Date: April 15, 2024
From: Jennifer Coker, Public Works Director
AJ Thorne, Assistant Public Works Director
Subject: PUBLIC HEARING (CONTINUED) – Resolution 2024-08: Adoption of Advance Financing Reimbursement District for 362nd and Bell Extension

NOTE:

The public hearing on formation of this proposed Advance Financing Reimbursement District (AFRD), which commenced on March 18, 2024, was continued to this meeting at the request of affected property owners. In the intervening period, city staff have met with property owners to answer additional questions and provide information about the proposal.

DECISION TO BE MADE:

Whether to approve Resolution 2024-08, which would create an Advance Financing Reimbursement District (AFRD) for street improvements for the extension of 362nd and Bell Streets.

BACKGROUND / CONTEXT:

The extension and connection of 362nd and Bell Streets has been nearly a 30-year goal of the City and was completed in Fall 2023. The project accomplished three objectives:

1. Relief of chronic traffic congestion;
2. Emergency access connecting Hwy 26 to the High School and Bluff Road; and
3. Economic Development opportunities for the last remaining large parcels of land.

The project was completed with a total project cost of \$12.94 Million.

Advance Financing of Public Improvements

[Section 12.14 of the Sandy Municipal Code](#) provides a method for a developer (in this case the City) to apply for reimbursement of some or all the eligible cost of public improvements (streets, water lines, sewer lines, etc) that may directly or indirectly benefit other property owners at the time they develop or redevelop their property and connect to the advance financed utility improvements.

When a developer or public agency invests in public improvements that have the potential to spur development of adjacent or intervening properties it is reasonable to allow for recovery of some or all of the eligible costs from the benefitting property(ies). By doing so, the value of the benefitting properties

can be significantly increased since developers often net out the cost of entitlements or public improvements from their land purchase offers. Public improvements can enable development of property that might otherwise not be feasible to develop without access to street or utility improvements.

Impact to Property

If a property owner has no interest in developing or redeveloping property subject to reimbursement during the term of the reimbursement obligation, then they incur no costs. The reimbursement obligation is only collectable upon development or redevelopment of the benefitting property and does not become a lien on the property. The property can be sold or conveyed without satisfaction of the reimbursement obligation, which is only collected upon "*connection to an advance financed water, sanitary sewer or storm sewer system or the connection and use of advance financed street and sidewalk improvements*".

History of AFRD Use in Sandy

Advance Financed Public Improvement reimbursements are fairly common, although a City acting as a developer for a public improvement is unusual. The City Council has approved about a dozen AFRDs since Section 12.14 of the Municipal Code was adopted in 1993. Most recently the Council approved a private development Advance Financed Public Improvement reimbursement for the Viewpoint Subdivision in November, 2021.

Council Consideration of AFRD

On February 5th, 2024 and again on March 4th, 2024, City Council considered formation of an Advance Financing Reimbursement District (AFRD) to recover a portion of the funds invested to build the extension of 362nd and Bell Streets. After consideration, Council directed staff to bring a resolution to Council with the following AFRD elements:

- A valuation of \$2,480,935, which is 20% of the Street Funded Portion of the Project (\$12,404,675).
- A reimbursement methodology using developable area;
- An interest rate of 5% simple interest; and
- A reimbursement term of 20 years

Funds represented in this reimbursement district will replenish street fund operations that will be used to fund future street projects and street fund operations and maintenance. The city is not seeking reimbursement for investments from the water or sewer funded portions of the project.

KEY CONSIDERATIONS / ANALYSIS:

This reimbursement district will bring up to \$2,480,935 back into the Street fund. As the project had multiple goals including relief of chronic traffic congestion and emergency evaluation, the amount of the AFRD is not the total portion of the project cost, but merely the amount to replenish funds taken from street fund operations that are needed to continue services. Development of any of the land considered for this district would have been required to perform the improvements required by this project and would likely have led to the creation of a similar reimbursement district. The total cost of the road was \$12.94 million, and the AFRD provides a moderate ask of future developers.

BUDGET IMPACT:

This reimbursement district will bring up to \$2,480,935 to the street fund. The district will have a 5% simple interest rate applied annually on the date that this resolution is adopted.

See table 1 for breakdown of reimbursement per property.

Table 1 – AFRD valuation representing total development of each property 2024 dollars

Address	AFRD Valuation
16370 Bell St	\$ 339,915.03
16200 Bell St	\$ 180,891.45
16210 Bell St	\$ 162,914.37
16220 Bell St	\$ 140,380.58
36405 Hwy 26	\$ 1,430,870.59
36145 Hwy 26	\$ 225,962.98
Totals	\$ 2,480,935.00

RECOMMENDATION:

Staff recommends adoption of Resolution 2024-08.

SUGGESTED MOTION LANGUAGE:

"I move to adopt Resolution 2024-08"

LIST OF ATTACHMENTS / EXHIBITS:

- Updated Resolution 2024-08
- Redlined version of Resolution 2024-08 (displaying clarifications)
- Staff Response to Public Testimony
- March 18th Staff Presentation (for reference)