



# REQUEST FOR COUNCIL ACTION

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**Title:** Willow-Yucca Street Neighborhood Local Improvement District (LID) Financing

**Preferred Agenda:** August 25, 2023

**Submitted By:** Blair Larsen, Community & Economic Development Director

**Reviewed By:** Kelcey Young, City Manager

**Type of Action:** Resolution   X   Motion   X   Roll Call      Other     

**Relevant Code/Policy:** Sweet Home City Charter, Chapter VII, Section 28  
SHMC Chapter 3.16

**Towards Council Goal:** Aspiration I: Desirable Community, Aspiration III: Viable and Sustainable Infrastructure

**Attachments:** Ordinance Bill No. 3 for 2021  
Special Public Works Fund Development Project Financing Contract  
Resolution No. 22 for 2023 Special Public Works Fund Borrowing Resolution

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**Purpose of this RCA:**

The purpose of this RCA is to present a proposed Special Public Works Fund financing contract with Business Oregon to finance the Willow-Yucca Street Neighborhood Local Improvement District (LID).

**Background/Context:**

In December 2019, residents of the Willow/Yucca Street neighborhood petitioned the City for the formation of a Local Improvement District (LID) to extend City water infrastructure and service to the neighborhood, and construct sidewalk and street improvements, all of which are currently lacking. City Staff developed a potential boundary, list of requested improvements, cost estimates, and an initial cost assessment methodology.

As dictated by SHMC Chapter 3.16, the four selected viewers met on January 18, 2021, and January 21, 2021 to investigate the proposed LID maps, cost estimates, and assessment methodology. They submitted their report and recommendations to the Council, which was reviewed at the February 23, 2021, Council Meeting.

The February 23, 2021, Council Meeting also included a public hearing on the matter. Residents of the neighborhood were given notice via certified mail of the public hearing, and several expressed their views on the issue. At that meeting, the City Council directed staff to research ways to bring down the cost of the project and develop a more reasonable assessment of the costs.

City Staff revised the project by reducing some of the street infrastructure in the proposal, and developed some revisions to the assessment of costs in order to reflect the development potential of larger properties and delay the related payment to the time of development or 20 years, whichever comes first. In addition, one of the property owners, who owns a majority of the properties in the proposed LID, offered to forego any grant or City funding on his properties, and allow any such funding to be spread among all the other properties. This has resulted in significant cost reductions for many of the properties, dependent, of course, upon any grant or City contribution.

City Staff organized two community meetings regarding the revisions and notified residents of the meetings. These meetings were held on April 20<sup>th</sup> and April 29<sup>th</sup>, 2021. While lightly attended, those meetings enabled staff to explain the methodology and options in detail, and answer questions from residents regarding the impact of the LID specific to them. In addition, a reporter from the New Era was present and able to gather information for his audience.

Although not required by City Code, Staff determined that another public hearing should be held before the City Council on June 8<sup>th</sup> before proceeding further. This public hearing was advertised in the New Era, and multiple notices were sent to the owners of property within the proposed LID.

At the June 8, 2021 meeting, the Council voted to approve the LID as presented, and directed staff to draft the necessary ordinance.

In July, 2021, the City Council reviewed a revised cost estimate and assessment methodology for the proposed LID, and adopted Ordinance Bill No. 3 for 2021, which created the Willow-Yucca Street Neighborhood Local Improvement District in accordance with SHMC Chapter 3.16.

### **The Challenge/Problem:**

How can the City Council meet their goal of providing Citizens with viable and sustainable infrastructure in the Willow-Yucca Street neighborhood? How should the City respond to residents who have petitioned for the formation of a Local Improvement District?

### **Stakeholders:**

- Sweet Home Residents – Sweet Home citizens deserve viable and sustainable infrastructure, effective and efficient government, and to have their taxes and fees spent wisely.
- Sweet Home City Council – The City Council has set a goal to provide viable and sustainable infrastructure to residents, and is responsible for adopting ordinances, such as the ordinances required for proposed local improvement districts.
- Willow and Yucca Street Neighborhood Residents – Residents within the LID deserve the same services and infrastructure that other City residents enjoy and deserve costs to be assessed in a fair and just way.

### **Issues and Financial Impacts:**

Local Improvement Districts offer significant flexibility for the City. They can be assessed entirely on the property owners of the District and cost the City nothing. The City can also choose to contribute funds to the LID and bring the cost down for residents within the District. The adopted estimate and assessment methodology assumes a City contribution of approximately \$300,000. This level of funding can be increased or decreased by the Council, to the benefit or detriment of LID property owners. The financial impact on LID property owners is detailed in the estimates attached to the ordinance, however, those costs will likely be balanced by significant improvements to the neighborhood and a corresponding rise in property values. In addition, the estimates are now over two years old. The exact financial impact to residents will depend on bids obtained through a City procurement process.

The total project cost is estimated to be \$2,359,815. The loan amount is proposed to be \$2,059,815 and will be paid over a period of 20 years, with interest accruing at 3.68% annually.

The first payment would not be due until the December 1<sup>st</sup> following completion of the project plus 90 days.

**Elements of a Stable Solution:**

A stable solution would provide water and street infrastructure to the Willow and Yucca Street Neighborhood in a fair and just way to both property owners within the District, and all Sweet Home citizens.

**Options:**

1. Do Nothing – Without financing, the formation of the LID would be effectively canceled.
2. Approve the Special Public Works Fund Development Project Financing Contract and adopt Resolution No. 22 for 2023 as proposed and Authorize the Mayor and City Manager to sign the required documents – Approval of the contract and adoption of the resolution will allow staff to finalize the financing and move forward with the procurement process for construction of the improvements.
3. Approve the Special Public Works Fund Development Project Financing Contract and adopt Resolution No. 22 for 2023 as with specified changes and Authorize the Mayor and City Manager to sign the required documents – Approval of the contract and adoption of the resolution will allow staff to finalize the financing and move forward with the procurement process for construction of the improvements, however, any specified changes will require approval from Business Oregon.
4. Direct Staff to research other options – Direct staff to research other ways to finance the Willow-Yucca Street LID improvements.

**Recommendation:**

Staff recommends option 2: Approve the Special Public Works Fund Development Project Financing Contract and adopt Resolution No. 22 for 2023 as proposed and Authorize the Mayor and City Manager to sign the required documents.