



REQUEST FOR COUNCIL ACTION

Title: PUBLIC HEARING & Request for Council Action – Ordinance No. 3 for 2021 – Willow Street Neighborhood Local Improvement District (LID)

Preferred Agenda: February 23, 2021

Submitted By: Robert Snyder, City Attorney

Reviewed By: Ray Towry, City Manager

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

Relevant Code/Policy: SHMC Chapter 3.16
SHMC Charter Chapter VII Section 28

Towards Council Goal: Goal 1 Infrastructure
Vision Statement III WE ASPIRE to provide viable and sustainable infrastructure

Attachments: Viewers' Report including attachments thereof
Notice of Viewers' Report in The New Era
Proposed Ordinance

Purpose of this RCA:

To present to City Council the Viewers' Report on the Willow Street Neighborhood Local Improvement District to review and decide if the City Council wishes to proceed with the LID process as set forth in SHMC Chapter 3.16.

Background/Context:

SHMC Chapter 3.16 sets forth the process for an LID. The City through a Resolution appointed three viewers to review the proposed LID and the cost thereof. The viewers met and made a Viewers' Report with recommendations for the City Council to review. A copy of the Viewers' Report is included in the agenda packet. After the Viewers' Report was filed with the City Recorder the City placed in The New Era a Notice of the Viewers' Report which was run twice and is included in the agenda packet. In essence the Notice tells the public of a public hearing to be held at the City Council meeting on February 23, 2021 to hear any objections to the LID as presented in the Viewers' Report. Also, per SHMC Chapter 3.16 the City sent out certified letters to the property owners in the proposed LID area which included the newspaper Notice and the Cost Chart Breakdown that shows the cost to each property specially benefitted in the LID.

At this City Council meeting after reviewing the Viewers' Report and hearing any objections to the LID the City Council will be asked to decide if it wants to proceed with the LID. The City Council can follow the recommendations of the viewers, add to them or subtract from them. However, if the City Council decides to proceed and wants to use costs above those presented by

the viewers then another notice process will have to be done by the City to hear objections to the additional costs being considered. The methodology recommended by the viewers was the one set forth in the Cost Chart Breakdown that sets forth for each property the proportionate cost to each owner to pay for the LID and is that average of the cost based on the lineal foot frontage of each property and the cost based on an area of each property with a 150 foot maximum depth. By way of example using Property 20 on the Cost Chart Breakdown that shows in the last column under Total Project the sum of \$37,050.71 as the estimated cost for that property owner, said cost is formulated as follows:

1. The frontage (ft) of each in individual property is determined.
2. The area (sq ft) to a maximum depth of 150 ft of each individual property is determined.
3. The project area total frontage and the total area of all properties are determined.
4. The total construction cost of the project is determined.
5. The total construction cost of the project is divided by the total linear frontage of all properties in the project area, resulting in a cost per linear foot.
6. The total construction cost of the project is divided by the total area of all properties in the project area, resulting in a cost per square foot.
7. The project cost per linear foot is multiplied by each individual property frontage.
8. The project cost per square foot is multiplied by each individual property area.
9. The cost basis of per foot and per square foot are added together and divided by two for the "Averaging Method" for each individual property.
10. The resultant cost of the Averaging Method is the assessment applied to each property within the project area.

The next step in the LID process after the public hearing if the City Council decides to proceed with the LID is to pass an ordinance establishing the LID and directing the work to be done. A proposed ordinance is included in the council packet for a first reading if it meets with City Council approval. As stated in the last RCA the City Council can stop the LID process at any time prior to the final consummation of the proceedings.

The City will try to obtain funds from government and private sources to help defray the costs of the LID but as stated before the City will in all likelihood have to go out for a Bancroft Bond (or other financing) to pay for the improvements and will have to pay it back in monthly payments coming from the payments of the benefitted properties in the LID and city funds as needed.

The proposed ordinance touches on topics that the City Council needs to make decisions on such as the methodology for the costs to be used for each property benefitted, interest rate for the payment plan and how long the payment plan is to be. In the proposed ordinance the Viewers' Report estimated Cost Chart Breakdown is adopted with the interest rate and length of payment plan being dependent on the bond (or other financing mechanism) interest and repayment schedule therefor. (The last LID in 1995 used the bond interest to set the interest rate for repayment by the

property owners on a ten year repayment plan.) (Bancroft Bonds cannot be less than 10 years to repay.)

The City can defray some of the cost of the LID from its own funds if it believes that the situation warrants it. The viewers recommended that the City pay for the cost of oversizing of the water main that is in the cost estimates and that benefits the water system conductivity of the City. The cost of the oversizing is approximately \$60,000.00.

The topic of system development charges (SDC) came up with the viewers and they recommended that the City not charge SDC to the LID. After the Viewers' Report was made it was determined that by state law and in the SHMC on SDC that an LID is not to be charged SDC so none will be charged and the reference to the water SDC on the Cost Report Breakdown is proposed to be included as part of the contingency for the improvement project since the price of materials and labor in all likelihood will go up by the time the project is completed. As is always the case if the actual costs of the project are below the estimated costs adopted by the City Council then the assessments are reduced to the actual costs without further processes.

Joe Graybill, Staff Engineer, will be at the City Council meeting to explain the costs of the project and what actual improvements will be built for the Total Cost. Some streets may have sidewalks on only one side etc.

Brandon Neish, City Finance Director, at the City Council meeting will speak to the options for financing of the LID.

The Challenge/Problem:

How can the City Council meet their goal of providing the Citizens of Sweet Home viable and sustainable infrastructure in the Willow Street area?

Stakeholders:

- City Council – To improve the infrastructure of the City,
- Citizens of Sweet Home – For effective and efficient local government
- Citizens of the LID– For improved water, streets, sidewalks, curbs, gutters and storm drains at their properties.

Issues and Financial Impacts:

The financial terms of the proposed LID will be worked out by the Finance Director for the City of Sweet Home once the initial steps in the LID are completed. The project will most likely involve the City going out for a Bancroft Bond.

Elements of a Stable Solution:

This LID would help develop the infrastructure for the Willow Street Neighborhood area in the City

Options:

1. Option #1– Motion to Approve Ordinance No. 3 for 2021
2. Option #2 – Motion to Amend Ordinance No. 3 for 2021
3. Option #3 – Motion to Reject Ordinance No. 3 for 2021

Recommendation:

Option 1 is the recommended option: To move by motion that the proposed Ordinance No, 3 for 2021 be read for the first time.