

TO: Peter Fernandez, PE, Public Works Director
Public Works Department

TO: Glenn Davis, PE, CFM, Chief Development Engineer
Public Works Department

THROUGH: Brian D. Martin, PE, City Engineer *BDM*
Public Works Department

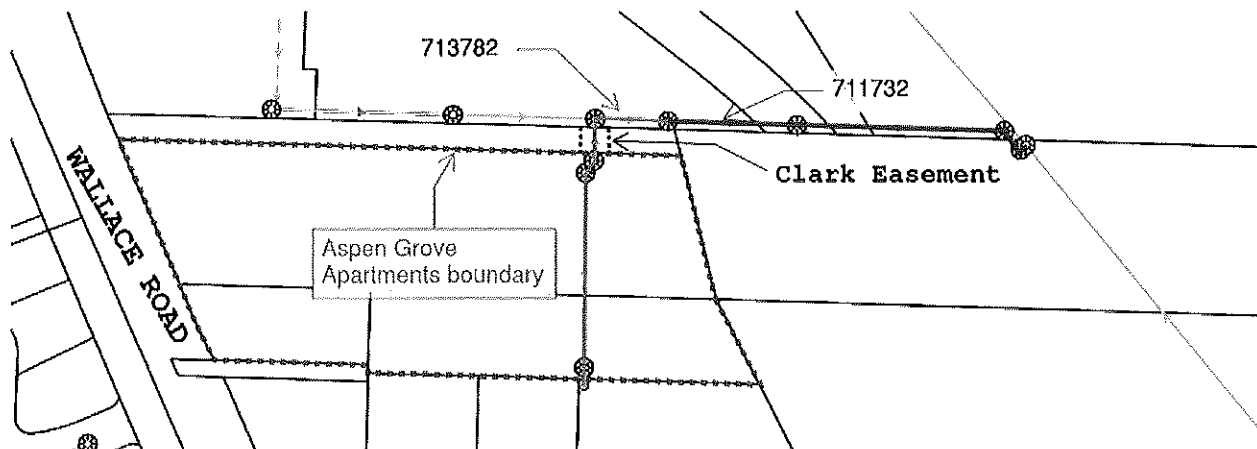
FROM: Donald E. Whitehurst, PE, Construction Engineer *DW*
Public Works Department

DATE: June 18, 2019

SUBJECT: Aspen Grove Sewer Reimbursement District
Project Numbers 711732 and 713782

ISSUE:

The developer of Aspen Grove Apartments has applied for a Reimbursement District under SRC 200.310 for the 8-inch diameter sanitary sewers depicted in blue and green on the site map below. This memo provides an evaluation of the cost documentation provided by the applicant and also a recommendation for a methodology to apportion costs to the benefitted properties.



TOTAL COST RECOMMENDATIONS:

1. The total allowable cost for the 442 feet of 8-inch sewer shown in blue is \$40,406.
2. The total allowable cost for the 408 feet of 8-inch sewer shown in green is \$41,153.50.
3. The total allowable costs for the Clark Easement is \$6,170.75

BACKGROUND: The sewer improvement that is the subject of this Reimbursement District application was actually two separate projects, both completed by the developer of Aspen Grove Apartments. The first project was constructed where there were existing public sewer easements, but the developer had to acquire a new easement across the property owned by Don and Mary Clark before the second project could commence.

Project 711732 was designed by Project Delivery Group and constructed by Poetsch Construction. The construction permit was issued in October 2012 and the project was accepted in April 2014.

Project 713782 was designed by MultiTech Engineering and constructed by Gene McMurrin, Inc. The construction permit was issued in October 2013 the project was accepted in November 2015.

APPLICABLE CODE PROVISIONS: There are limitations on project costs that are allowed to be included in a Reimbursement District fee calculation. SRC 200.350 states:

"The fee calculation is limited to the cost of design engineering, construction engineering, construction, and off-site dedication of right-of-way. Construction engineering shall include surveying and inspection costs and shall not exceed 7.5 percent of eligible public improvement construction costs. Costs to be reimbursed for right-of-way shall be limited to the reasonable market value of land or easements purchased by the developer from a third party in order to accommodate off-site improvements."

COST EVALUATION: The applicant has submitted costs in excess of \$200,000 but this evaluation recommends roughly \$88,000 be approved for the reimbursement district fee calculation. The significant difference is due primarily to cost categories not allowed by SRC but also in substantial part due to undocumented costs. A summary of the cost evaluation is provided in Attachment 1. Major issues are discussed below:

Clark Easement Acquisition: The applicant provided documentation showing \$42,000 was paid to Don and Mary Clark for the easement acquisition but the appraised value for the easement was less than \$200. Given that SRC limits the allowable reimbursement for easement acquisition costs to "*reasonable market value of land or easements purchased*" it is recommended the director approve up to \$1,500 for acquisition cost plus actual costs paid for the appraisal and the acquisition services totaling \$6,170.75.

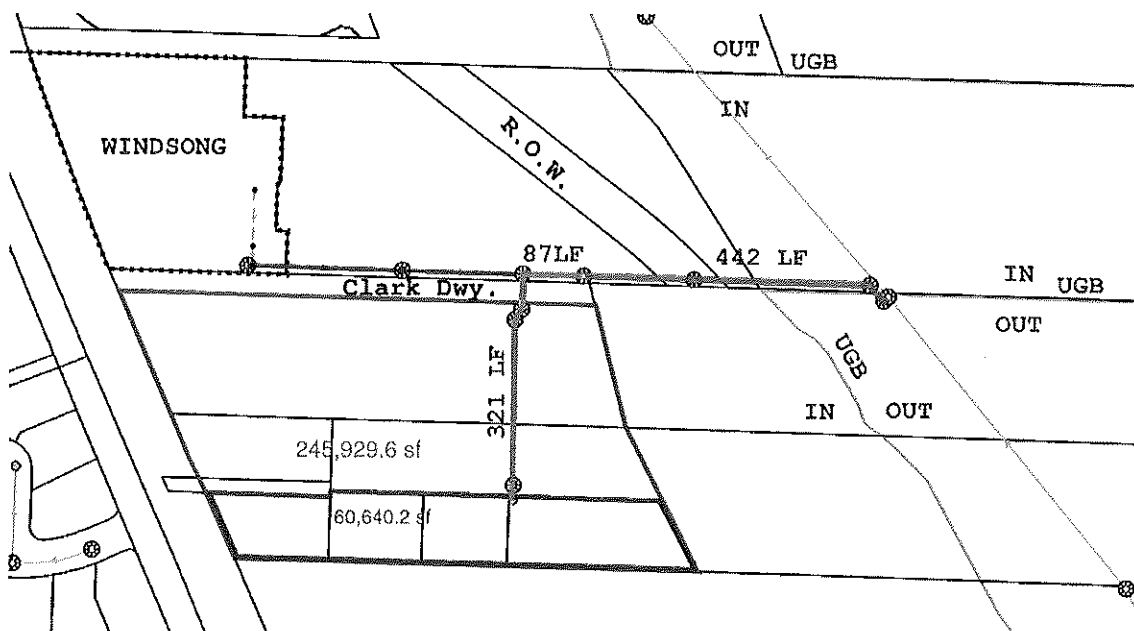
Attorney Costs: The applicant provided documentation showing \$34,377 paid to four different Attorneys. Since Attorney costs are not listed among the costs eligible to be included in a reimbursement fee, this recommendation excludes all such costs.

Design: The applicant included \$15,554.25 in costs paid to the engineering firms but a review of the documents show actual design engineering costs for the subject sewer can't be discerned from the documents provided. Both PDG and MultiTech invoiced for work related to the apartment site as well as sewer design work that was never actually constructed. Accordingly, it is recommended the reimbursement fee include up to \$5,000 for PDG and \$5,000 for MultiTech design engineering costs.

Construction: The applicant included costs totaling \$85,844.04 for sewer construction costs, however the documents provided don't reinforce this amount. The Poetsch documents provided show only \$25,000 was actually paid to them and no additional documentation to support the \$46,000 in the application. The cost records for payments made to McMurrin are just a compilation of "Time and Material" record which don't segregate costs for sewer work from the other work costs at the apartment site. In view of the lack of actual cost data, the best available cost information is the approved engineers' estimates which total to \$59,141.

BENEFITTED AREA ANALYSIS

The most straightforward method for determining a benefitted area of a linear facility such as a pipeline would be to base it on the frontage length of the property benefitted. For this case however there are several complicating factors which may steer us to selecting an area based method, namely: 1) the most easterly part of the sewer shown in blue fronts property outside the UGB so no connections would be permitted; 2) the Clark property is significantly burdened by future Marine Drive NW right-of-way and would likely be required to construct new sewer in Marine Drive; 3) the undeveloped parcel just west of the right-of-way could unfairly avoid paying the district fee by designing a sewer connection to the pipeline colored purple which was constructed by the Windsong Memory Care development; 4) the 321 feet of sewer shown in green across the Aspen Grove apartment property will likely not need to be extended any farther south.



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Attachment: 1. Cost summary

cc: Glenn Davis

File: PN 711732 and 713782

Aspen Grove Sewer Reimbursement District

Project 711732				
		Submitted	Recommended	Notes:
Design Engineering	PDG	\$7,025.00	\$5,000.00	Costs submitted appear to be varying proportional amounts of each billings from PDG, rational not explained. Much of the costs detailed are unrelated to offsite sewer design and including site development, annexations, future sewer extension never built. Best available information was obtained through discussion with KW of PDG who stated he thought \$5K felt about correct amount for sewer design given small project size.
Construction	Poetsch Const.	\$46,036.50	\$35,406.00	Construction payments documented only \$25,369 for Poetsch and even this doc. was prepared by HT, no proposal or contract with Poetsch was provided. No documents provided for any additional payments and scope of invoices purported to be paid to suppliers separately. Best information available is construction cost \$35,406 which lines up with EE \$35,580.
Project 711731 Subtotal		\$53,061.50	\$40,406.00	
Project 713782				
Design Engineering	MultiTech	\$8,529.25	\$5,000.00	Proposal from MTE shows sewer design fee was quoted at \$995. Costs submitted include work not associated with public sewer design. It is known there was effort placed at designing a private lift station in an attempt to secure building permit release. We also know sewer alignment was redesigned after permit was issued. We also know that legal description of Clark easement was done wrong and had to be rewritten.
Construction	McMurrin	\$39,807.54	\$23,735.00	The documents provided from McMurrin are T&M billings with no way to discern scope of work is only for sewer project 713782 public main. There is clear evidence that some of the amount billed is for water and in recent discussions with Keith from McMurrin they confirmed from memory that CNW LLC hired McMurrin for work beyond just public sewer main, their work included on-site private improvements. Best information available is EE by MultiTech which was \$23,735.
TV & MH sealing	C-More Pipe	\$11,814.21	\$11,814.00	I spoke to this company and confirmed they completed and were paid for this work. The only document provided was a claim for non-payment.
Surety Bond		\$604.50	\$604.50	This is a construction cost for 2nd project 713782.
Construction Subtotal		\$60,151.00	\$41,153.50	

Aspen Grove Sewer Reimbursement District

Clark Easement Costs				
Appraisal	William Adams	\$3,400.00	\$3,400.00	This is how much was paid to the company that completed the appraisal.
ROW Agent	Universal Field Svcs	\$1,266.00	\$1,266.00	Mar 2012 - May 2012
Attorney	Saalfeld Griggs	\$26,447.99	\$0.00	Oct 2012- Nov 2012 costs are associated with attempts to get city to release building permits prior to developer having possession of easement; Oct 2013 charges related to settlement agreement and correcting easement description.
Attorney	Paul Connelly	\$677.00	\$0.00	This is a bill from 2009. Attorney fees are not part of costs allowed in RD calcs.
Attorney	Thomas Wettlaufer	\$1,450.00	\$0.00	May-July 2011 related to easements necessary for both sewer and storm.
Attorney	Condemnation Just.	\$5,802.50	\$0.00	Aug 2012 - Nov 2012 legal costs related to release of building permits, existing and new Clark easements, and condemnation issues.
Easement Acquisition	Don & Mary Clark	\$42,000.00	\$1,500.00	No appraisal was provided by Applicant. Clint Dameron provided copy that showed only \$200 value. The last settlement offer that applicant approved was \$6K-\$7K but then applicant settled directly with Clark for \$42K
Polk CO	Copies	\$4.75	\$4.75	
Easement Subtotal		\$81,048.24	\$6,170.75	
Other Costs				
Project Management	John Lewis	\$5,980.58	\$0.00	There is no evidence to connect these costs to the public sewer construction. Even the timing of these labor costs (July-Aug 2012) don't fit with timeline of project construction (Oct-Nov 2012).
UGA 11-01	City fee	\$3,334.50	\$0.00	UGA fees are not eligible. Doc shows cost from March 2011.
Other Costs Subtotal		\$9,315.08	\$0.00	
Project 713782 Subtotal			\$47,324.25	
Total Cost check		\$203,575.82	\$87,730.25	