Legislation Details (With Text)

File #:	18-32 **Version:** 1		
Type:	Public Hearings	**Status:**	Passed
		In control:	City Council
On agenda:	1/22/2018	**Final action:**	1/22/2018
Title:	Formation of Lone Oak Road Reimbursement District. Ward(s): Ward 4 Councilor(s): McCoid Neighborhood(s): South Gateway		
Sponsors:			
Indexes:			
Code sections:			
Attachments:	1. Attachment1_Vicinity Map Oak Ridge Estates, 2. Attachment2_City Engineer-Approved Cost Estimate, 3. Attachment3_UGA Development Permit No. 07-5, 4. Attachment4_Subdivision Review Committee decision No. 08-4, 5. Attachment5_Planning Commission Decision for Subdivision No. 15-04, 6. Attachment6_Lone Oak Reimburse District Resolution 2018-08, 7. Exhibit 1_Reimbursement District Application, 8. Exhibit 2_DistrictMap, 9. Exhibit 3_ List of Tax Lots, 10. Written Testimony - Tenney, 11. Written Testimony - Grice, 12. Written Testimony - Quady, 13. Written Testimony - Strawn / Reyes, 14. Written Testimony - Hines, 15. Written Testimony - Elkins		

Date	Ver.	Action By	Action	Result
1/22/2018	1	City Council	adopted	Pass

TO: Mayor and City Council

THROUGH: Steve Powers, City Manager

FROM: Peter Fernandez, PE, Public Works Director

SUBJECT:

Formation of Lone Oak Road Reimbursement District.

Ward(s): Ward 4
Councilor(s): McCoid
Neighborhood(s): South Gateway

ISSUE:

Shall Council adopt Resolution No. 2018-08 (Attachment 6), approving the formation of Lone Oak Road Reimbursement District to collect funds for reimbursement of costs associated with constructing Lone Oak Road SE between Muirfield Avenue SE and Rees Hill Road SE?

RECOMMENDATION:

Adopt Resolution No. 2018-08, approving the formation of Lone Oak Road Reimbursement District to collect funds for reimbursement of the developer's costs associated with constructing Lone Oak Road SE between Muirfield Avenue SE and Rees Hill Road SE.

SUMMARY AND BACKGROUND:

As a condition of developing Oak Ridge Estates (Attachment 1), the City, in 2008, required Garrett and Alice Berndt ("Developer") to complete construction of Lone Oak Road ("Lone Oak Improvements") from the development site to Muirfield Avenue SE. These improvements included a new bridge crossing of Jory Creek and approximately 2,500 feet of collector street improvements.

On May 31, 2017, the Developer submitted a request to modify the conditions of approval for Oak Ridge Estates to allow for payment of a proportional fee in lieu of constructing the Lone Oak improvements. Staff anticipates that the Developer's modification will require construction of Lone Oak Road SE to the south from Sahalee Drive SE to Rees Hill Road as a condition of development if Lone Oak Road SE is not completed from the north to Muirfield Avenue SE.

On August 11, 2017, the Developer submitted an application to form a reimbursement district for construction of the Lone Oak Improvements (Exhibit 1 to Resolution 2018-08). The proposed reimbursement district includes completion of Lone Oak Road SE construction from Muirfield Avenue SE to Rees Hill Road SE for a total estimated cost of 9.3 million dollars (Attachment 2). These improvements benefit neighboring properties because of improved street connectivity and accessibility.

When a developer is required to construct public improvements that benefit neighboring properties, and the improvements are not otherwise eligible for full reimbursement from SDCs or other sources, the Salem Revised Code ("SRC") allows the developer to create a reimbursement district.

Reimbursement districts allow the developer to recoup some portion of the cost of construction of the public improvements from the neighboring properties that are benefited by the improvements. Reimbursement districts identify and account for the benefitted area, and provide a fair and proportional reimbursement to the developer for the cost of improvements that will be used by, and are necessary to serve, the neighboring properties.

FACTS AND FINDINGS:

1. The Lone Oak Improvements were required as a condition of development of the Oak Ridge Estates subdivision. The Improvements were required as conditions A1 and A2 of the Preliminary Declaration for Urban Growth Area Development Permit No. 07-5, dated June 13, 2007 (Attachment 3). The Lone Oak Road Improvements were also required by reference

under condition 1 of the Subdivision Review Committee decision for Subdivision 08-4, dated September 15, 2008 (Attachment 4).

2. The Lone Oak Reimbursement District application meets the criteria of SRC 200.310. The Improvements have not been constructed, and the applicant has submitted an engineered estimate of costs that are eligible for reimbursement pursuant to SRC 200.350.

3. All persons owning property within the proposed district were notified by first class mail of the public hearing and purpose thereof, mailed January 9, 2018.

4. The estimated construction costs for the Lone Oak Improvements are $9,300,000. A portion of the Lone Oak Improvements are eligible for reimbursement from Systems Development Charges (SDCs). The current SDC Eligible Projects List establishes that Lone Oak Road SE in this area is eligible for 21 percent funding from SDCs, which totals $1,953,000 for the Lone Oak Improvements. The remaining unreimbursed portion of $7,347,000 is proposed to be reimbursement through the Lone Oak Reimbursement District and is subject to the reimbursement district fee methodology below.

5. SRC 200.315 requires the Public Works Director to prepare a report considering the following elements: developer financing, the district boundary, apportionment of construction costs, administrative needs of the City, and whether it is in the public interest to establish the district. Based on these criteria, the Director shall make a recommendation on whether the reimbursement district should be formed. This report constitutes the Director's Report required by ordinance; the criteria are considered below:

    a. Developer Financing: Developers will finance the entire construction cost of the Lone Oak Improvements. The total estimated costs are $9,300,000, of which $1,953,000 in SDC-eligible costs are being reimbursed through a separate process. The estimated non-SDC costs total $7,347,000.

    b. District Boundary and Lot Projection: The district boundary is proposed to be comprised of four distinct areas because the apportionment of construction cost will be different within each subarea. The lot projection for all subareas (Exhibit 2 to Resolution 2018-08) is shown in the table below. The basis for creating subarea boundaries and lot projections are explained as follows:

        i. Creekside Area (260 projected lots) - This area includes all undeveloped or underdeveloped lots within the original Golf Club at Creekside development. These properties are selected as a distinct area because the proposed reimbursement fee within this area is based on a fee established by Planning

Commission for property within the Creekside development boundary. The lot projection within Creekside Golf Course is distinguished from the lot projection outside the golf course because the area outside the golf course has a number of vacant buildable lots and two existing tentative subdivision approvals, where the golf course does not.

ii. West Area (360 projected lots) - This area includes all lots that receive direct benefit from the construction of Lone Oak Road SE. The lot projection within this area has two subcategories based on differing topography.

iii. Central Area (225 projected lots) - This area includes all lots that receive indirect benefit from construction of Lone Oak Road SE through improved street connectivity and have limited access to Sunnyside Road SE.

iv. East Area (120 projected lots) - This area includes all lots that receive indirect benefit from construction of Lone Oak Road SE through improved street connectivity, but have primary access available from Sunnyside Road SE.

Subarea	Acres	Density (lots/acre)	Probability	Lot Projection
Creekside (Other)	N/A	N/A	N/A	50
Creekside (Golf Course)	140	3	50%	210
West A	30	4	50%	60
West B	80	5	75%	300
Central	60	5	75%	225
East	60	4	50%	120
Total				965

c. Apportionment of Construction Cost:
The apportionment of cost is shown in the tables below and is further explained as follows:

i. Creekside Area ($9,212 per lot) - This area is subject to a $9,212 per lot proportional share of Lone Oak Improvements based on Condition 7 the Planning Commission decision for Subdivision 15-04, dated April 7, 2015 (Attachment 5). The apportionment for the Creekside Area is shown in the table below

Lots	District Fee	Creekside Share	Total Lone Oak Improvements	Lone Oak Remainder
260	$9,212	$2,395,000	$7,347,000	$4,952,000

The West, Central, and East areas are being apportioned based on the Lone Oak Remainder of $4,952,000 described above and the projected number of lots within those areas.

ii. West Area ($9,854 per lot) - This area is proposed to have a 100 percent share toward the Lone Oak Improvements because these properties receive direct benefit from Lone Oak Road SE construction.

iii. Central Area ($4,927 per lot) - This area is proposed to have a 50 percent share toward the Lone Oak Remainder because these properties receive indirect benefit from Lone Oak Road SE construction through improved street connectivity and have limited access to Sunnyside Road SE.

iv. East Area ($2,464 per lot) - This area is proposed to have a 25 percent share toward the Lone Oak Remainder because these properties receive indirect benefit from construction of Lone Oak Road SE through improved street connectivity, but have primary access available from Sunnyside Road SE.

Area	Lot Projection	Weighted Share	Weighted Lot Equivalent
West	360	100%	360
Central	225	50%	112.5
East	120	25%	30
Total			502.5

The reimbursement fee apportioned to each lot within the West, Central, and East Areas is equal to the Lone Oak Remainder of $4,952,000 divided by the weighted lot equivalent of 502.5 lots, or $9,854 per weighted lot equivalent. The projected revenue generated from the within the reimbursement district is summarized in the table below:

Area	Lot Projection	Reimbursement Fee	Subtotal
Creekside	260	$9,212	$2,395,000
West	360	$9,854	$3,547,000

Central	225	$4,927	$1,109,000
East	120	$2,464	$296,000
Total			$7,347,000

The proposed apportionment of cost projects that all properties will developed as single -family dwellings. The reimbursement fee for forms of development other than single family dwellings will be based on the reimbursement fee described above, divided by 9.57 average daily trips per single family dwelling multiplied by the average daily trips of the development being proposed.

d. Administration Cost:

A one percent administration fee will be collected out of each payment of the reimbursement district fee in order to cover Public Works staff for administrative costs. The remaining balance of the district fee (ninety-nine percent of what is collected) will be reimbursed to the Developer.

e. Public Interest:

SRC 200.315 specifies that the Public Works Director make a recommendation on whether the creation of the district is in the public interest based upon specific criteria. The criteria are applied as follows:

i. Improvements funded by the Developer provide direct benefit to properties within the district that would have had a condition to construct these improvements for future development on those properties.

ii. The reimbursement district provides a mechanism to fairly distribute the costs of the improvements among the properties within the district. No other funding sources are available for the construction of these facilities.

iii. The portion of the Improvements that provide incidental benefit to properties outside the district are eligible for SDC funding and are not collected through the Lone Oak Road Reimbursement District.

6. Based on the criteria, the Director recommends a finding that the reimbursement district is in the public interest and should be formed.

7. Properties are subject to the reimbursement fee based on activities described in SRC 200.355.

8. Pursuant to SRC 200.250, reimbursement fees shall be reimbursed to the Developer or any third party that constructs a portion of the Lone Oak Improvements.

9. Public Works staff supports the formation of the Lone Oak Road Reimbursement District to include the benefitted properties within the Director's recommended district boundary.

Peter Fernandez, P.E.
Public Works Director

Glenn J. Davis, PE, CFM
Chief Development Engineer

Attachments:

1. Vicinity Map Oak Ridge Estates
2. City Engineer-Approved Cost Estimate
3. UGA Development Permit No. 07-5
4. Subdivision Review Committee decision No. 08-4
5. Planning Commission decision for Subdivision No. 15-04
6. Lone Oak Reimbursement District Resolution No. 2018-08

Exhibits to Resolution 2018-08:

1. Exhibit 1 to Resolution 2018-08 Reimbursement District Application
2. Exhibit 2 to Resolution 2018-08 Reimbursement District Map
3. Exhibit 3 to Resolution 2018-08 List of Tax Lots