

Legislation Details (With Text)

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Type:	SOB - Unfinished business from prev. mtg.	Status:	Passed
		In control:	City Council
On agenda:	5/14/2018	Final action:	5/14/2018
Title:	Deliberating the formation of the Lone Oak Road Reimbursement District.		
	Ward(s): Ward 4		
	Councilor(s): McCoid		
	Neighborhood(s): South Gateway		
Sponsors:			
Indexes:			
Code sections:			
Attachments:	1. Staff report from 1-22-18 Council Mtg. File 18-32, 2. Staff report from 3-26-18 Council Mtg. File 18-132		

Date	Ver.	Action By	Action	Result
5/14/2018	1	City Council	approved	Pass

TO: Mayor and City Council
THROUGH: Steve Powers, City Manager
FROM: Peter Fernandez, PE, Public Works Director

SUBJECT:

Deliberating the formation of the Lone Oak Road Reimbursement District.

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

ISSUE:

Shall Council affirm the January 22, 2018, decision to adopt Resolution No. 2018-08, which approved formation of the 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:

Affirm the January 22, 2018, decision to adopt Resolution No. 2018-08, which approved formation of the 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.

SUMMARY AND BACKGROUND:

Based on information requests made by councilors during and after the March 26, 2018, public hearing, options for district formation are provided for Council consideration.

Following a public hearing conducted on January 22, 2018, Council adopted Resolution No. 2018-08 approving the formation of the Lone Oak Road Reimbursement District. The District collects funds for reimbursement of the developers' costs for constructing Lone Oak Road SE between Muirfield Avenue SE and Rees Hill Road SE.

On February 12, 2018, Council adopted a motion to reconsider the decision to approve the formation of the Lone Oak Road Reimbursement District. On March 26, 2018, Council conducted a public hearing reconsidering the Lone Oak Reimbursement District. After closing the public hearing, deliberations were scheduled for April 23, 2018, and subsequently rescheduled to May 14, 2018.

Affected property owners and the South Gateway Neighborhood Association were notified of the rescheduled Council deliberations. The public hearing was closed on March 26, 2018. Consistent with Council rules, public testimony will not be accepted at the meeting.

Phased Subdivision Infrastructure Construction

Council requested information regarding the issue raised during the public hearing process related to phased subdivision infrastructure requirements. The expressed concern relates to required projects being delayed to later phases and then becoming uneconomical to construct, with the current example being the construction of the final leg of Lone Oak Road.

Staff identified this issue some years ago and proposed, and Council adopted, modifications to the *Salem Revised Code* (SRC) to prevent situations like the delay in construction of Lone Oak Road. The submittal requirements for phased subdivisions are described SRC Chapter 205.015(c), and specify that the boundaries, sequencing, and infrastructure needs for each phase be described in the tentative subdivision application. The approval criteria in SRC 205.015(d) require the phasing plan to ensure that the infrastructure needs for each individual phase are self-contained and also support the entire subdivision as a whole.

To illustrate how these criteria have been implemented, one recent example of a phased subdivision proposed a costly street improvement to be constructed in a later phase of the subdivision. The conditions of approval for this subdivision required that lots in earlier phases pay a \$4,000 per lot fee so that funding would be available in later phases to construct the costly street improvement.

FACTS AND FINDINGS:

1. Facts and findings regarding Resolution 2018-08 and the formation of the Lone Oak Reimbursement District are available in Staff Report 18-32 that was prepared for the January 22, 2018, public hearing (Attachment 1). Additional facts and findings are also available in Staff Report 18-132 provided for the March 26, 2018, public hearing (Attachment 2).

2. Based on information requests made by councilors during and after the public hearing, the following options are provided if Council chooses to change the staff recommendation:
 - a. Alternative 1: Remove the East Area from the District Boundary. The East Area receives secondary benefit from the Lone Oak Road construction. Accordingly, the recommended methodology includes a district fee in the East Area equaling 25 percent of the fee in the West Area, reflecting the secondary nature of the transportation benefit to the East Area. Under Alternative 1, removing the East Area would reduce the district fee revenue by approximately \$300,000.
 - b. Alternative 2: Remove the platted Creekside lots from the District Boundary. This alternate would remove all lots from the Creekside area that have already been platted and are not likely to be further divided. This option would remove approximately 50 lots from the district boundary. Note that lots in the Creekside area to remain in the District include: Lots 526, 527, 528, 530, and 531 from Golf Club Estates at Creekside Phase 14, and the properties that contain the Creekside Golf Course. Under Alternative 2, removing the Creekside lots would reduce district fee revenues by approximately \$460,000.
 - c. Alternative 3: Remove both the East Area and the Creekside Area lots from the District Boundary. This alternative would remove the East Area as described in Alternative 1 and the Creekside Area lots as described in Alternative 2. This option would reduce district fee revenues by approximately \$760,000.
3. Staff does not recommend modifying the remaining recommended district fee amounts based on the following considerations:
 - a. The methodology projects a total number of residential lots and their location over the next 20 years within the district boundary. As an example, the methodology assumes a 50 percent likelihood that Creekside Golf Course will be developed as a residential subdivision within the 20-year planning horizon. If the Golf Course does not develop, staff anticipates that other areas within the district boundary will develop at greater densities than projected, thus equalizing the district revenues.
 - b. Additional Transportation Systems Development Charge (TSDC) funds will be available to provide bridge construction funding if collected district fee amounts are less than projected. Under the adopted reimbursement district formula, bridge construction is shown at its current 21 percent TSDC eligibility. Staff anticipates that the new TSDC methodology will provide eligibility for up to 100 percent of the bridge design and construction costs. This additional funding will mitigate the reduced revenues from excluding properties from the district.
 - c. Staff anticipates a need of up to \$4.6 million in TSDC funds to complete the project. This amount is based on a "lowest-revenue scenario" that would result if Alternative 3 is adopted, and the Creekside Golf Course property does not develop and its 210 lots are not absorbed by other areas of the district. The following table illustrates potential

fee collection from this scenario versus the anticipated revenues from the adopted development district, and the amount of TSDCs needed in each scenario:

Table 1. Potential Fee Collection Scenario

Subarea	Staff Recommendation	Lowest-Revenue Scenario
Creekside	\$2,395,000	\$0
West	\$3,547,000	\$3,547,000
Central	\$1,109,000	\$1,109,000
East	\$296,000	\$0
TSDCs	\$1,953,000	\$4,644,000
Total	\$9,300,000	\$9,300,000

4. During the January 22, 2018, public hearing, staff indicated that funds from a future transportation bond could be used to provide additional funding toward street and bridge construction if district fee revenues were less than anticipated, or to accelerate construction of the project in anticipation of future reimbursement district revenues. The methodology- regardless of alternative selected- has been calculated to collect all necessary funds through district fees and TSDC revenues. No transportation bond funds will be needed to complete Lone Oak Road or bridge.
5. Staff recommends Council affirm the January 22, 2018, decision to adopt Resolution No. 2018-08. If Council selects an alternative methodology described above or chooses another option, an amended resolution will be prepared for adoption by Council.

Robert D. Chandler, PhD, PE
Public Works Assistant Director

Attachments:

1. Staff Report 18-32, Formation of Lone Oak Road Reimbursement District (January 22, 2018)
2. Staff Report 18-132, Reconsideration of the Lone Oak Reimbursement District (March 26, 2018)