



Staff Report

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Date: 3/26/2018
Item #: 4. a.

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

SUBJECT:

Reconsideration of the Lone Oak Reimbursement District

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

ISSUE:

Shall Council affirm the formation of the 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?

RECOMMENDATION:

Affirm 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:

On January 22, 2018, Council adopted Resolution No. 2018-08, forming the Lone Oak Reimbursement District to generate funds for reimbursement of Lone Oak Road SE construction from Muirfield Avenue SE to Rees Hill Road. These improvements benefit neighboring properties because of improved street connectivity and accessibility. On February 12, 2018, Council approved a motion to reconsider the issue and scheduled a public hearing for March 26, 2018.

Several interested parties, including the Creekside Homeowner's Association and the South Gateway Neighborhood Association, expressed concerns about the district formation and inquired about the history of the Lone Oak Road SE construction as it relates to the Creekside development. This report

provides additional information using a Question/Answer format.

QUESTIONS AND STAFF RESPONSES:

- Q1: Why was the South Gateway Neighborhood Association not sent notice regarding the hearing for formation of the Reimbursement District?
- A1: The City provides notice to neighborhood associations for various land use decisions. However, the formation of a reimbursement district is a funding mechanism and not a land use decision. Notification requirements are set forth in *Salem Revised Code* (SRC) 200.320(b) which provides for only notifying the affected property owners within a proposed reimbursement district of the public hearing.
- Q2: An older subdivision decision for the Creekside development required that Lone Oak Road SE be constructed before the 351st building permit could be issued. What happened to that requirement?
- A2: This requirement related to an off-site linking street improvement along Lone Oak Road from Mildred Lane to the north toward Holder Lane. In 1999, a subsequent land use decision modified the off-site linking street improvement, requiring instead improvements to Mildred Lane SE between Lone Oak Road SE and Sunnyside Road SE. Those linking street improvements along Mildred Lane have been completed.
- Q3: Why is the original developer of the Creekside development no longer required to construct the remaining portion of Lone Oak Road SE within their development?
- A3: The Creekside developer is required to construct Lone Oak Road between Muirfield Avenue and Augusta Drive as a condition of the next sub-phase of Creekside's Phase 14 development. However, the timing of construction is at the developer's discretion, not the City's. Therefore, this condition to construct Lone Oak Road is also being imposed on other developments in the area since the street is needed to serve these other properties.
- Q4: Why is the Creekside Golf Course included in the Reimbursement District boundary and isn't that presupposing development of the golf course?
- A4: The Creekside Golf Course warrants a proportional contribution toward Lone Oak Road construction based on its potential for redevelopment as a residential subdivision and the fact that it would benefit from the Lone Oak improvements. The methodology for establishing the

reimbursement district fee does not presuppose development of the golf course, but rather establishes a reimbursement fee in the event that it is redeveloped. If the golf course property were removed from the district, it is possible the property would be redeveloped and not have an obligation to contribute to the improvements.

Q5: Why did the estimated cost of the bridge crossing Jory Creek increase so greatly?

A5: The difference of estimated cost is based on a difference of opinion between City staff and the developer's engineer as to what will be required by the state and federal permitting agencies for the crossing of Jory Creek. The developer's engineer proposed a long culvert with deep fills, which is less expensive but has greater environmental impact. City staff proposes a bridge structure, which is more expensive but has a lower environmental impact.

Q6: If this is a funding mechanism to cover the cost of the Lone Oak Road improvements, why has adding this street to a future streets bond measure been mentioned?

A6: Depending on the rate of development within the District, the funding for the street improvements may lag behind the schedule for constructing the improvements. If Lone Oak Road is added to a future streets bond proposal, those funds would be reimbursed by District funds as they are received.

Q7: Why is the City not considering realignment of Lone Oak Road through the golf course in order to avoid the Jory Creek crossing and reduce costs?

A7: The current proposed location of Lone Oak Road is the one depicted in the current *Salem Transportation System Plan*, and thus used as the basis for development conditions. Relocation of Lone Oak Road would presuppose development of the golf course, and require an amendment of the Transportation System Plan. There is no certainty that the relocated street would reduce the cost of construction.

Q8: How will the City prevent this scenario from occurring in the future, where an expensive construction project is delayed until the final phase of a subdivision?

A8: City regulations were amended in recent years to require more detailed phasing plans for phasing subdivisions. As a result, land use decisions now have greater specificity regarding how infrastructure requirements are phased.

Q9: When exactly are the District payments required?

A9: The District fees are only due upon annexation **and** development of the properties within the District. Time of payment is specified in SRC 200.355. Generally, District payments will be required at the time of subdivision plat or at the time of building permit issuance where a subdivision is not proposed. Properties outside the city limits are not subject to the payments until the property is annexed into the City and develops as noted above. Existing developments will not be required to pay the district fees unless they create new dwelling units or other development that generates additional vehicle trips.

FACTS AND FINDINGS:

Council may:

- 1) Affirm the formation of the District,
- 2) Modify the District through amending Resolution No. 2018-08, or
- 3) Reject the District through rescinding Resolution No. 2018-08

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

Attachments:
None