



**SE BEND SEPTIC TO SEWER
ADVISORY COMMITTEE MEETING**

THURSDAY, APRIL 12, 2018

WELCOME & INTRODUCTIONS



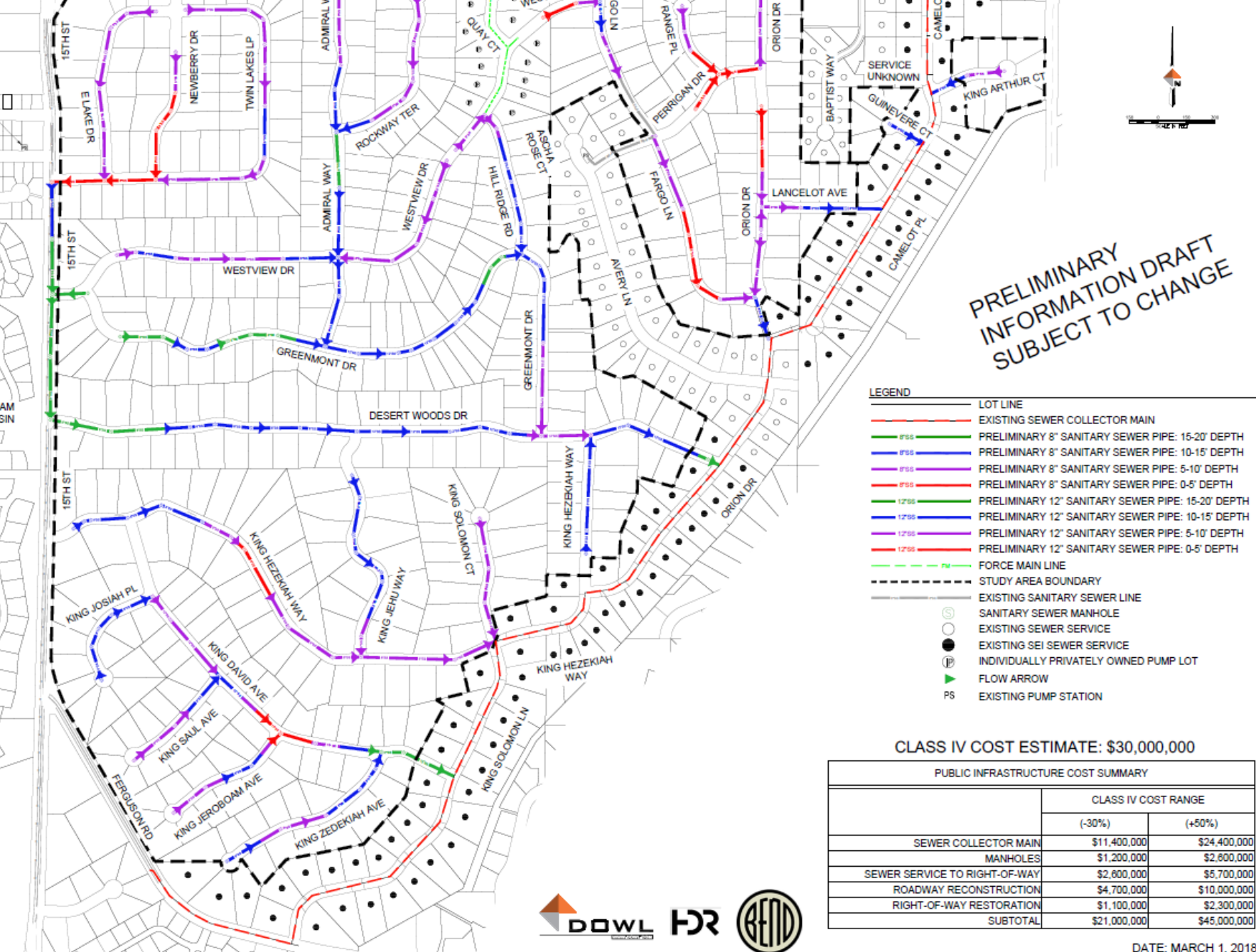
- Review Conflict of Interest Rules
- March 1, 2018 Meeting Recap
- Overview of Small Group Ideas
- Committee Discussion/Q&A
- Next Steps: Creating a Septic to Sewer Program
- Public Comment
- *Look Ahead: Program Components – What's Affordable?*

REVIEW CONFLICT OF INTEREST RULES

MARCH 1 ADVISORY COMMITTEE MEETING RECAP



■ Sewer collector main = +/- 35,000 Ft.

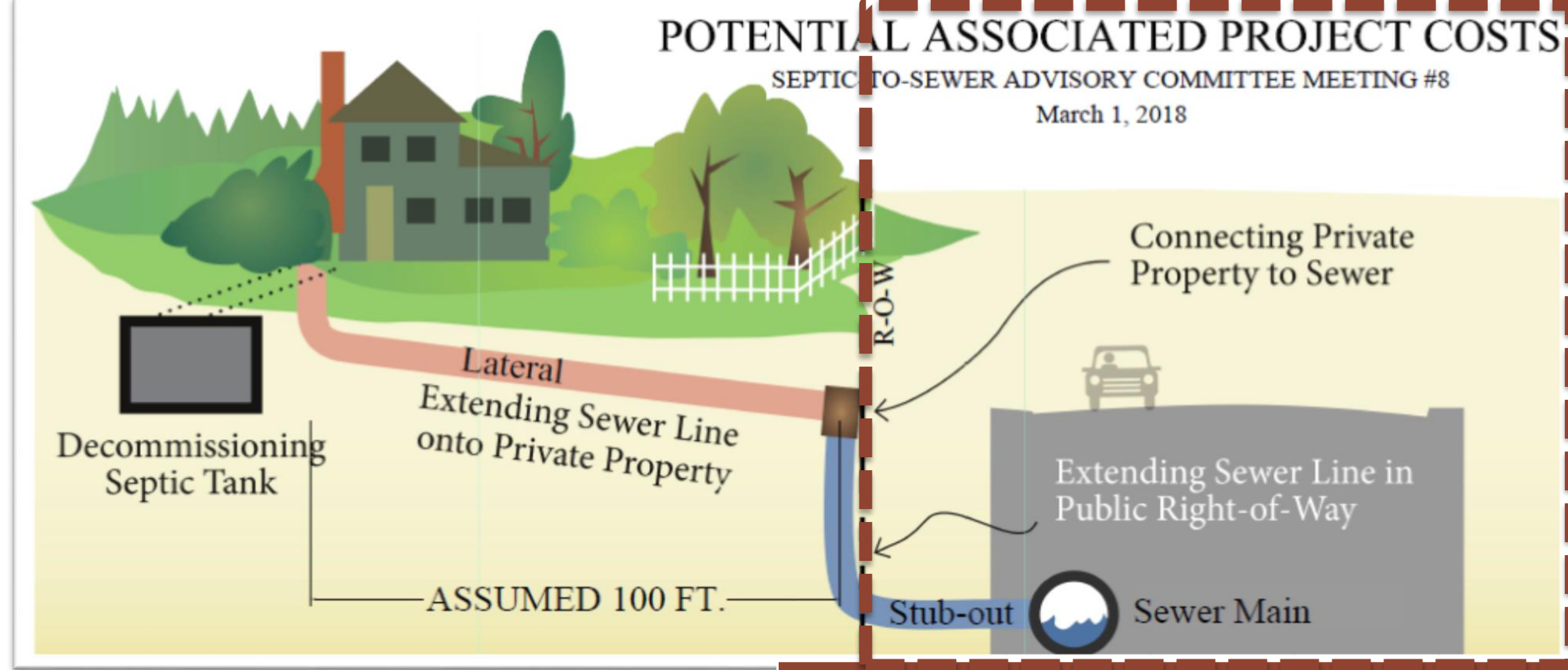




POTENTIAL ASSOCIATED PROJECT COSTS

SEPTIC TO-SEWER ADVISORY COMMITTEE MEETING #8

March 1, 2018



CLASS IV COST ESTIMATE = \$30 Million
INFORMATION DRAFT – SUBJECT TO CHANGE

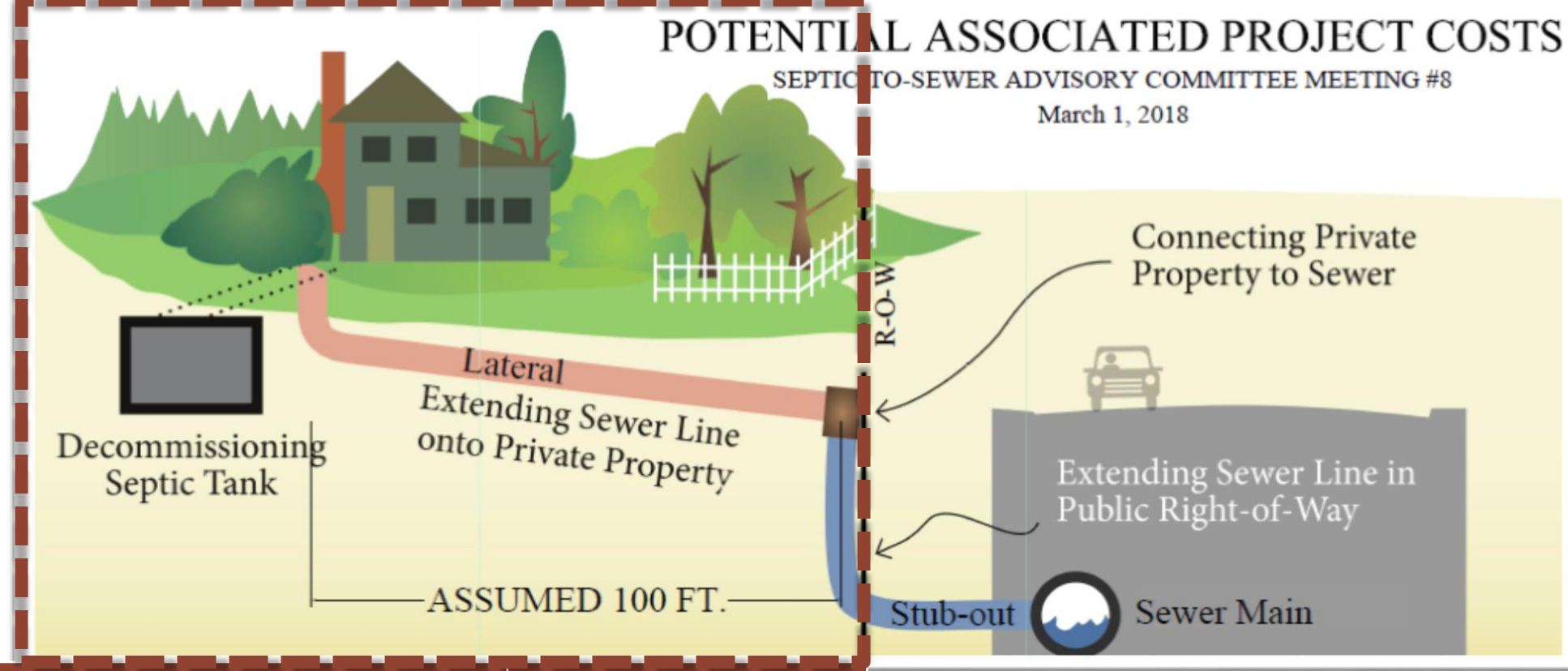
Public Right of Way	Approximate Cost
Sewer Main	\$16,300,000
Manholes	\$1,700,000
Sewer Stub-out to Right of Way	\$3,800,000
Roadway Reconstruction	\$6,700,000
Right of Way Restoration	\$1,500,000
Class IV Sub-total	\$30,000,000



POTENTIAL ASSOCIATED PROJECT COSTS

SEPTIC TO-SEWER ADVISORY COMMITTEE MEETING #8

March 1, 2018



Private Property	Approximate Range	
Septic Tank Decommission	\$1,200	\$2,400
New Service Lateral to Right of Way	\$3,200	\$10,000
Additional Plumbing Upgrades	\$1,500	\$3,000
2017/18 System Development Charges	\$4,655	\$4,655
2017/18 City/County Permitting	\$190	\$465
Sub-total	\$10,745	\$20,520
Pump (where required)	\$6,000	\$10,000

INFORMATION DRAFT – SUBJECT TO CHANGE

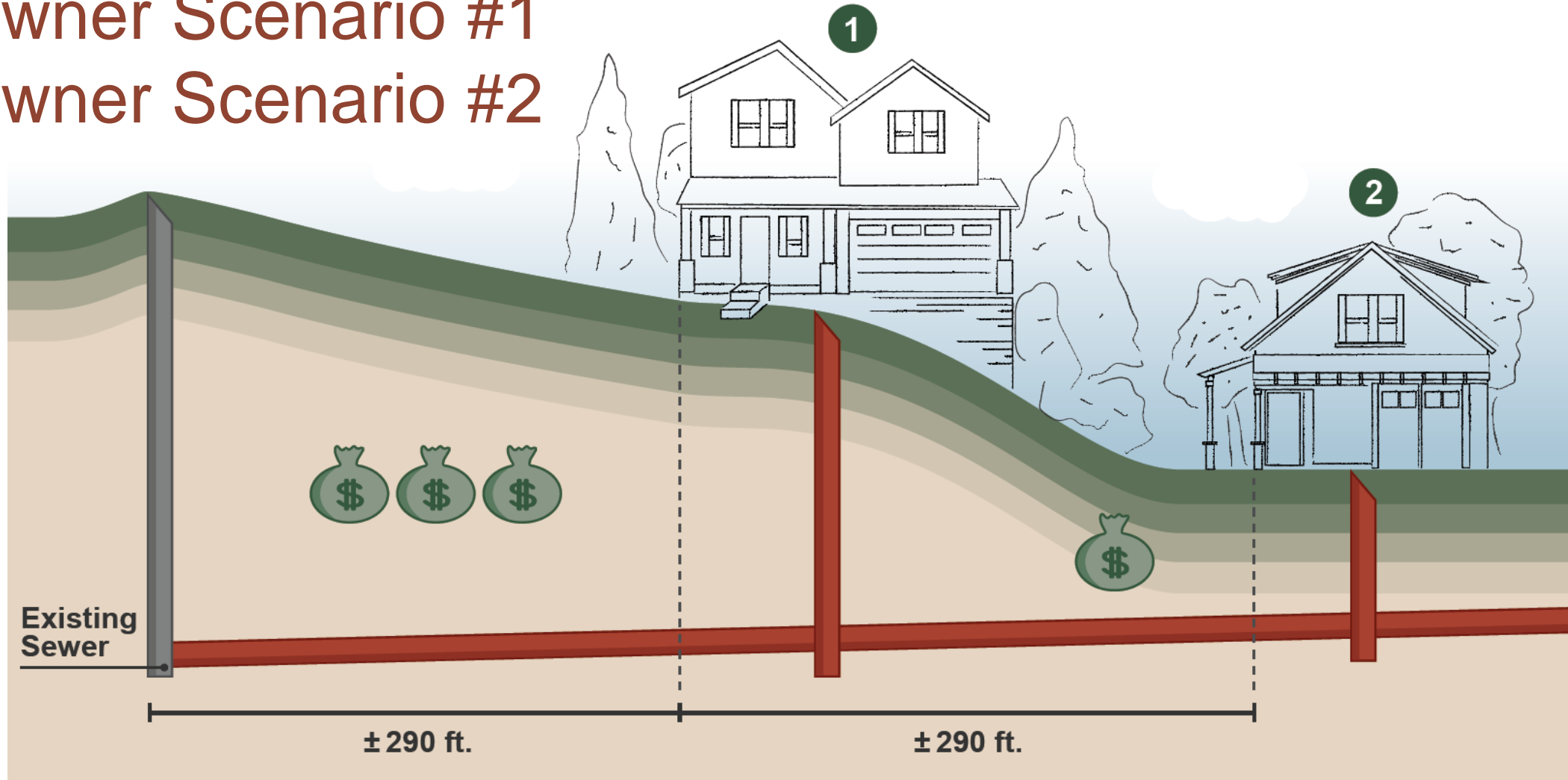
Approximate costs obtained through interviews with several local contractors with experience in this type of construction

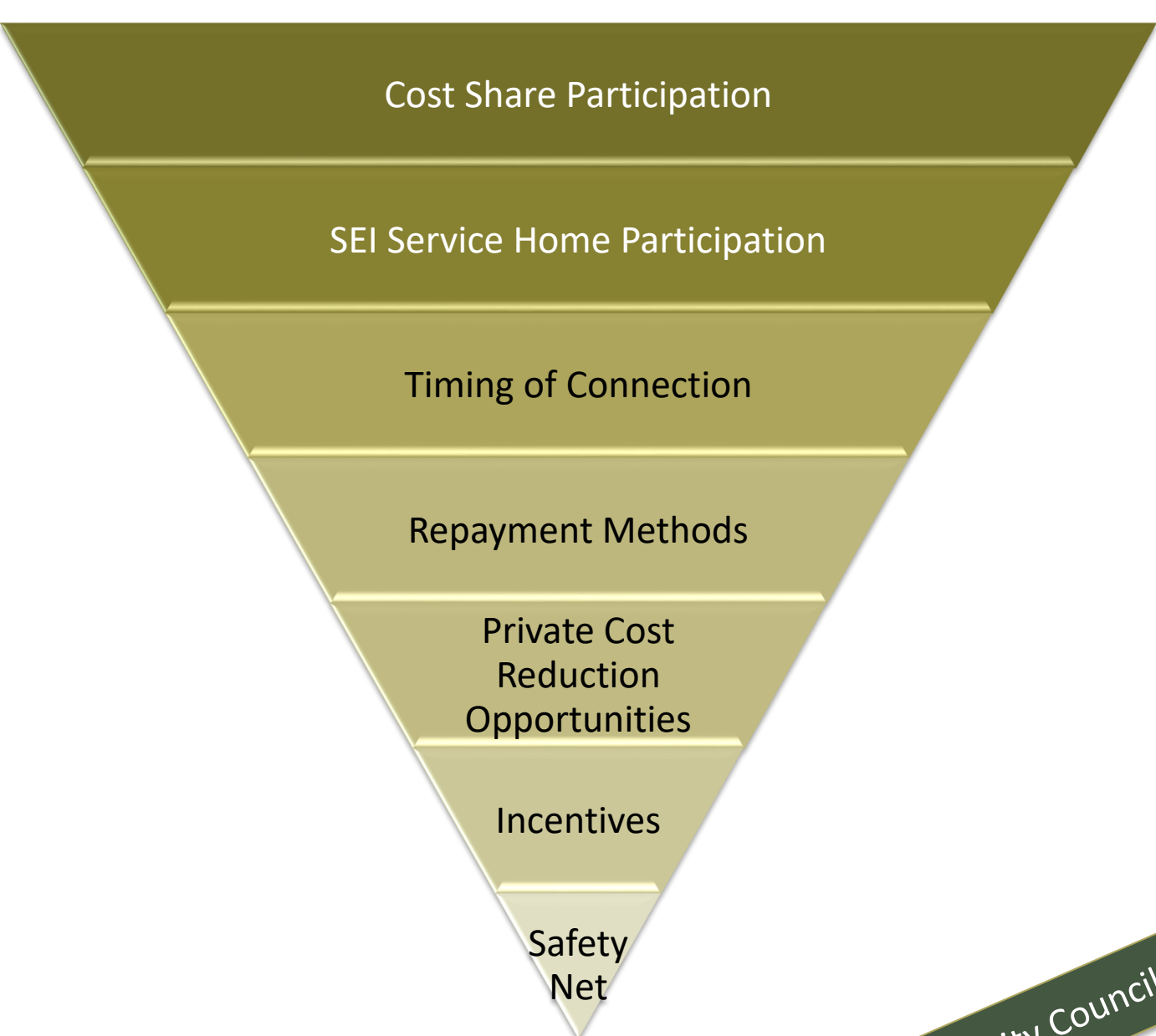
Wide Range of Potential Sewer Installation Costs

NO COORDINATION



- Homeowner Scenario #1
- Homeowner Scenario #2





Cost Share Participation

SEI Service Home Participation

Timing of Connection

Repayment Methods

Private Cost
Reduction
Opportunities

Incentives

Safety
Net

**AC Makes
Recommendation to
City Council**

PROGRAM ELEMENTS



City Council Consideration

Do We Apply
Citywide?

PUBLIC VS. PRIVATE PROGRAM ELEMENTS

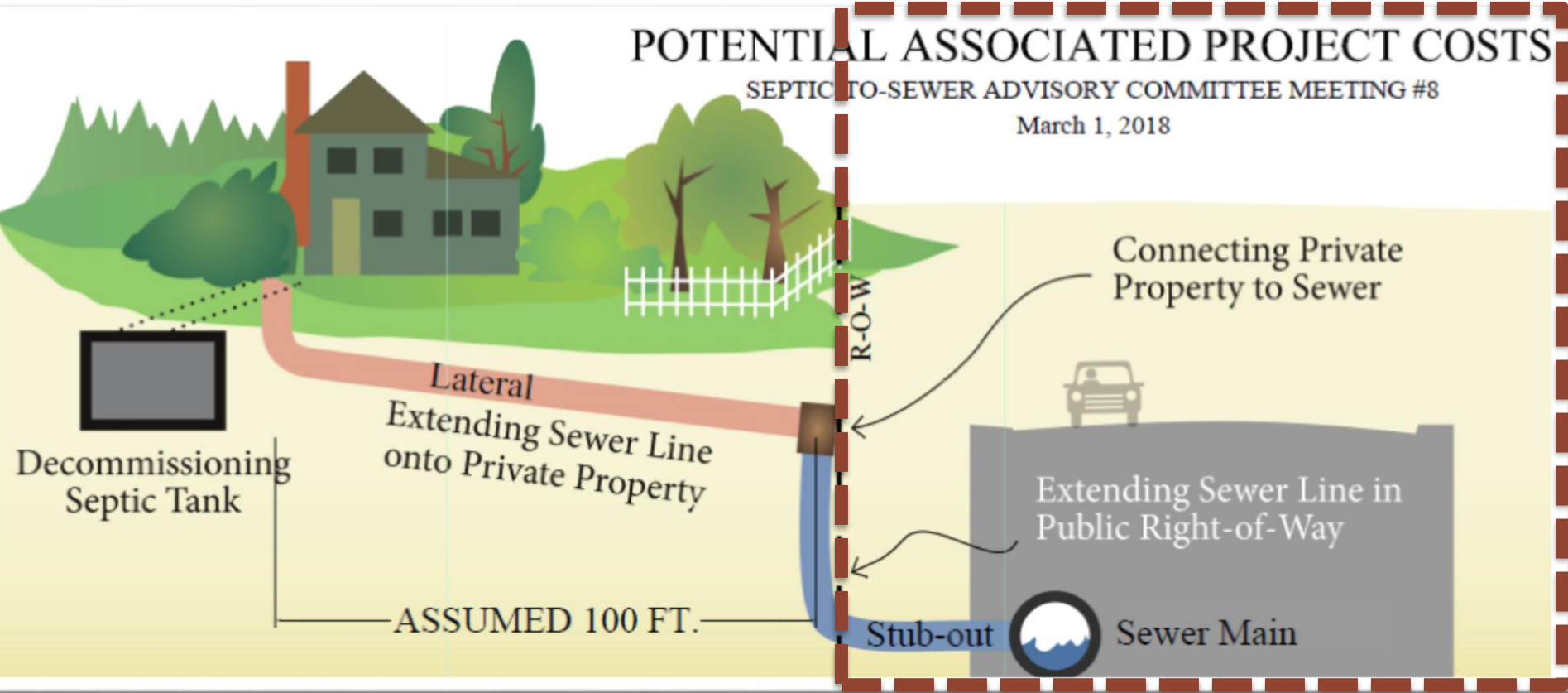
PUBLIC PROGRAM ELEMENTS



POTENTIAL ASSOCIATED PROJECT COSTS

SEPTIC TO-SEWER ADVISORY COMMITTEE MEETING #8

March 1, 2018



Assumptions:

- Based on 599 lots - 503 S2S lots and 96 SEI lots
- SEI lots are those located along the SEI with stub-outs
- Based upon \$32 million project estimate
- Excludes incentives and safety net

HOMEOWNER PARTICIPATION

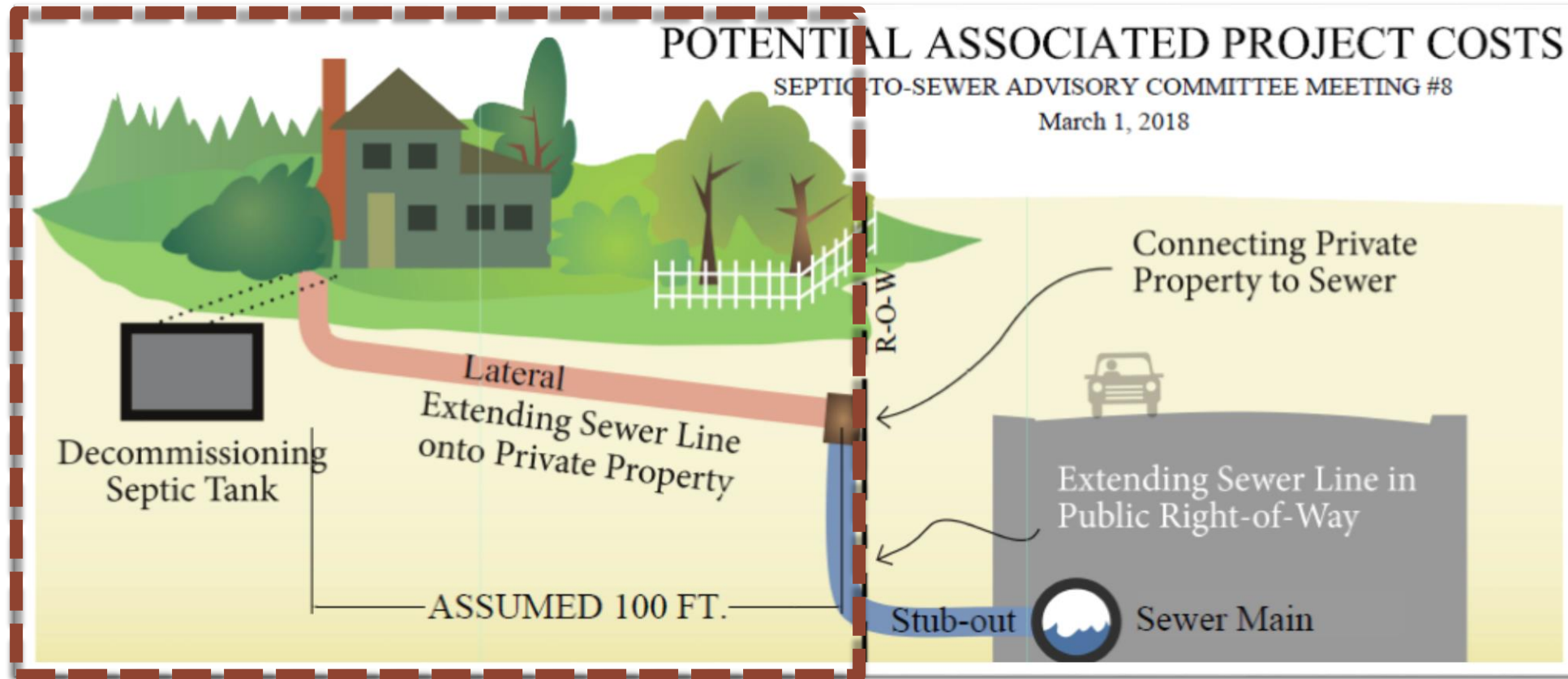
	100%	75%	67%	50%	33%	25%
Cost	\$53,400	\$40,100	\$35,800	\$26,700	\$17,600	\$13,400

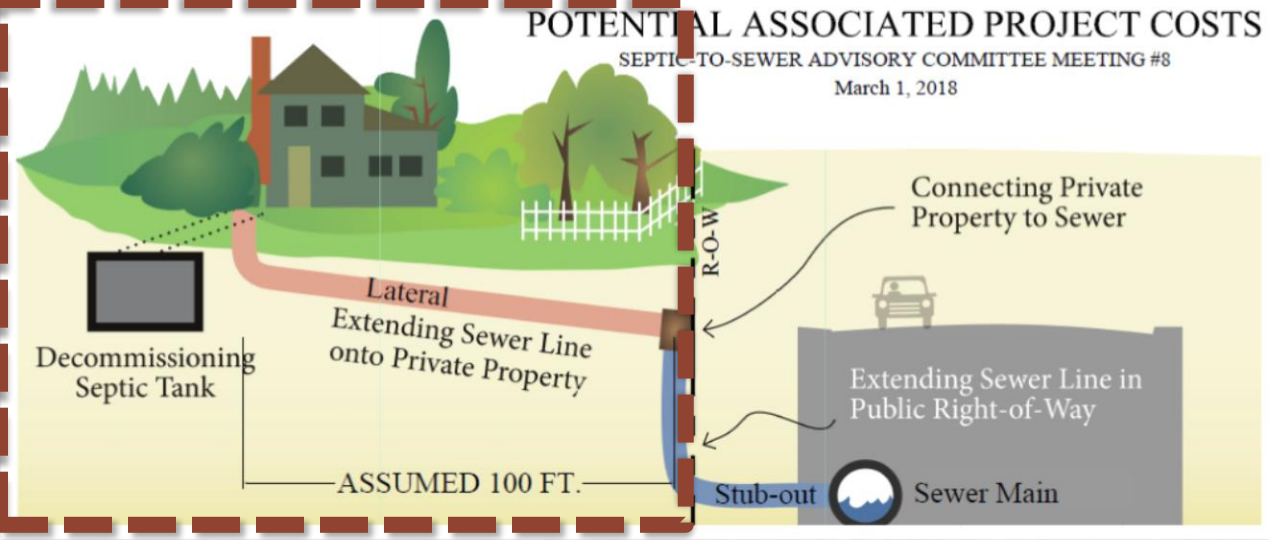
PUBLIC PORTION- COSTS & PAYMENT OPTIONS



- **What is the maximum (cap) the City is expecting a homeowner to bear?**
 - This is unknown at this time.
- **What is the maximum an unsewered property owner is should pay in terms of a dollar amount for the public improvements?**
- **What financing options and other elements are being considered by the City on the public side?**
 - Multiple payment options being considered:
 - Connection Fee
 - Local Improvement District (LID)
 - Monthly Payments
 - But this list is not inclusive and we're looking for your input.

PRIVATE SIDE PROGRAM ELEMENTS

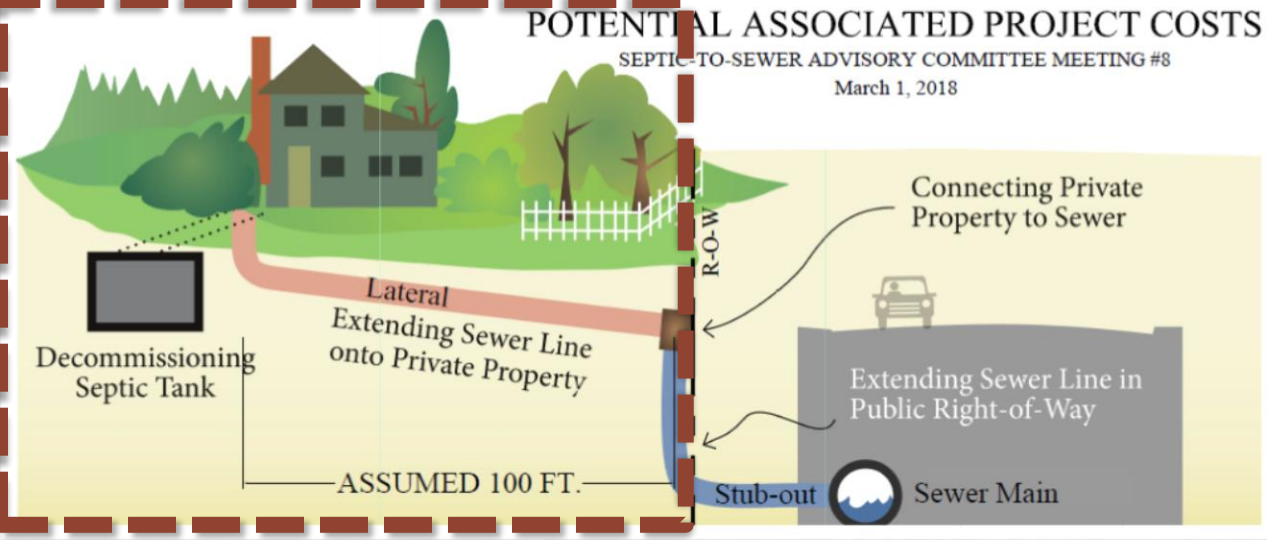




PRIVATE SIDE



- **Would the City be willing/able to reduce SDCs/fees to get homeowners to connect?**
 - SDC reductions and waivers have been done in the past for special cases, i.e. low income housing.
- **What is involved in permit fees for private side?**
 - The cost for the private on-site connection to the public sewer includes: Septic tank decommissioning, new sewer lateral to the right of way, additional plumbing upgrades, City of Bend SDCs, City Plumbing Permits, County Septic Permits



TIMING QUESTIONS



- **What is AC recommendation for an acceptable timeframe for the City to connect to citywide un-sewered lots?**
- **What is the estimated time to begin the project?**
 - What is AC recommendation on timing?
 - The City of Bend could be positioned for construction bidding of this area in early 2019.

OVERVIEW OF SMALL GROUP IDEAS

SMALL GROUP DISCUSSION BRAINSTORMING IDEAS



- City-wide Branded Program Creation
- Create Homeowner Toolkit
- Begin Construction in 2019
- Private Construction Group Contract
- Cost Sharing of Public Work
- Establish Connection Timeline
- Incentivize Connection
- City-wide formal schedule for the remaining 2,700.
- Determine Homeowner Affordability
- Implement a Safety Net Program

SUMMARY - SMALL GROUP BRAINSTORMING DISCUSSIONS



	Possible Program Elements	City of Bend Work Responsibility	Homeowner Responsibility
1	Program Creation	Establish a City Program (STEP – Septic Tank Elimination Program) to facility and inform the transition of City residents from septic to sewer.	Engage with the Program for support and assistance in the connection process.
2	2019-20 Area Sewer Installation	Complete the construction of public sewer mains, manholes and other related work in the SE Bend Program Area.	Help identify stub out locations.
3	Cost Sharing	Fund XX% of this cost estimated at \$30 million. City will bond to cover this cost at an estimated X% for 20 years, and will provide an option for an accelerated payment for homeowners who want to eliminate this debt obligation earlier and avoid interest costs. City will establish a mechanism to charge project area homeowners for their portion of this cost. Upon property sale, balance due, if any, will be satisfied.	Fund XX% of this cost. Payment by <u>599 homeowners</u> through monthly fee.

SUMMARY - SMALL GROUP BRAINSTORMING DISCUSSIONS



	Possible Program Elements	City of Bend Responsibility	Homeowner Responsibility
4	Incentivize Connections	Create financial incentives to encourage hook up to the sewer.	Homeowner option on when to connect but no later than 12 months after completion of construction
5	Estimate Homeowner Cost Burden	Based on estimated public and private costs and current interest rates, estimate the up front and monthly costs for homeowners. Determine affordability.	Work with City to assess the feasibility of the cost estimate that can be managed by most homeowners.
6	Implement Safety Net Program	As part of STEP, establish and fund a Safety Net Program to help homeowners facing significant financial hardship manage the cost of connection.	Assist with suggestions for program design.

SUMMARY - SMALL GROUP BRAINSTORMING DISCUSSIONS



	Possible Program Elements	City of Bend Responsibility	Homeowner Responsibility
7	SIAG \$1 million Set-aside	Use to finance the Safety Net Program, the SDC offset for Fast Track participants, the Fast Track connection discount and STEP Program costs.	
8	Create tool kit and inform homeowners	Create an information packet to facilitate action and support by the homeowners	
9	Consider legal entity for private side coordination	STEP program available for consultation	Consider formation of one or more legal entities for shared contracting of private-side work to prepare for connection.
10	Establish deadline for connection.	Use to finance the Safety Net Program, the SDC offset for Fast Track participants, the Fast Track connection discount and STEP Program costs.	Connect no later than XXXX .

SMALL GROUP WORKSHEET #1



Owners Share	Low	High			
Septic Decommission	\$ 1,200.00	\$ 2,400.00			
New Service to Lateral	\$ 3,200.00	\$ 10,000.00			
Plumbing	\$ 1,500.00	\$ 3,000.00			
SDC	\$ 4,655.00	\$ 4,655.00			
City/County Permitting	\$ 190.00	\$ 465.00			
	\$ 10,745.00	\$ 20,520.00			
Average			\$ 15,632.50		
2017-2018 Sewer Rate			\$ 55.00	\$ 660.00	per Year
Projected Project Cost	\$ 30,000,000.00	\$ 32,000,000.00			
Cost Assumed in Briefing		\$ 32,000,000.00			
Assumed Burdened Cost		\$ 51,355,256.00			
Interest		\$ 19,355,256.00		Where did this come from?	
City Participation	50%	\$ 25,677,628.00			
Assume 12% Safety Net	72				
Houses Paying	528				
Assume Homeowners Pay (flat rate)	\$ 48,631.87	\$ 100.90	per Month	\$ 1,210.75	per Year
Assume City Pays 50% (flat rate)	\$ 45,527.71	\$ 80.72	per Month	\$ 968.67	per Year
Hookup Incentives					
Forgive SDC for hookup in 3 yrs	\$ 4,655.00	7.053	yrs to recover		
Common House-to-Lateral Contractor	30-40%	\$ 4,900.00	\$ 4,200.00	vs \$7000	
Payoff Incentives					
Need an actuary to compute savings for early payoff					

ADVISORY COMMITTEE WORKSHEET #2



City of Bend - SE Bend Septic to Sewer Project Cost Sharing Scenarios - April 2018

Project Phase I: 599 of 3,000 unsewered lots

Project Area Homes on Septic	503
Project Area Homes with Stub Outs	96
Total # of Project Area Homes Unsewered	599

	Low est	High est	
Per homeowner private est	\$ 10,745	\$ 20,520	w/o financing

Class V Project Cost- public portion \$ 32,000,000

Private portion cost est \$ 6,436,255 \$ 12,291,480

Public Side Cost Share Scenarios	0% / 100%	25% / 75%	33% / 67%	50% / 50%	67% / 33%	75% / 25%	85% / 15%	100% / 0%
Public Share in blue (4)	\$ -	\$ 8,000,000	\$ 10,560,000	\$ 16,000,000	\$ 21,440,000	\$ 24,000,000	\$ 27,200,000	\$ 32,000,000
Homeowner Share in red	\$ 32,000,000	\$ 24,000,000	\$ 21,440,000	\$ 16,000,000	\$ 10,560,000	\$ 8,000,000	\$ 4,800,000	\$ -

Individual Homeowner Cost Est (100% SEI)	0% / 100%	25% / 75%	33% / 67%	50% / 50%	67% / 33%	75% / 25%	85% / 15%	100% / 0%
Public Property Share (1)	\$ 53,422	\$ 40,067	\$ 35,793	\$ 26,711	\$ 17,629	\$ 13,356	\$ 8,013	\$ -
Private Property Share (2)	\$ 15,633	\$ 15,633	\$ 15,633	\$ 15,633	\$ 15,633	\$ 15,633	\$ 15,633	\$ 15,633
Total Cost per Household	\$ 69,055	\$ 55,699	\$ 51,425	\$ 42,344	\$ 33,262	\$ 28,988	\$ 23,646	\$ 15,633

Monthly Homeowner Cost Est 20 years	0% / 100%	25% / 75%	33% / 67%	50% / 50%	67% / 33%	75% / 25%	85% / 15%	100% / 0%
Public Property Share @5%	\$ 357	\$ 268	\$ 239	\$ 179	\$ 118	\$ 89	\$ 54	\$ -
Private Property Share @7% (5)	\$ 123	\$ 123	\$ 123	\$ 123	\$ 123	\$ 123	\$ 123	\$ 123
Utility Fee Adjustment (4)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Approx Avg 2017-18 Sewer Fee w/o annual adjust	\$ 55	\$ 55	\$ 55	\$ 55	\$ 55	\$ 55	\$ 55	\$ 55
Total (3)	\$ 535	\$ 446	\$ 417	\$ 357	\$ 296	\$ 267	\$ 232	\$ 178

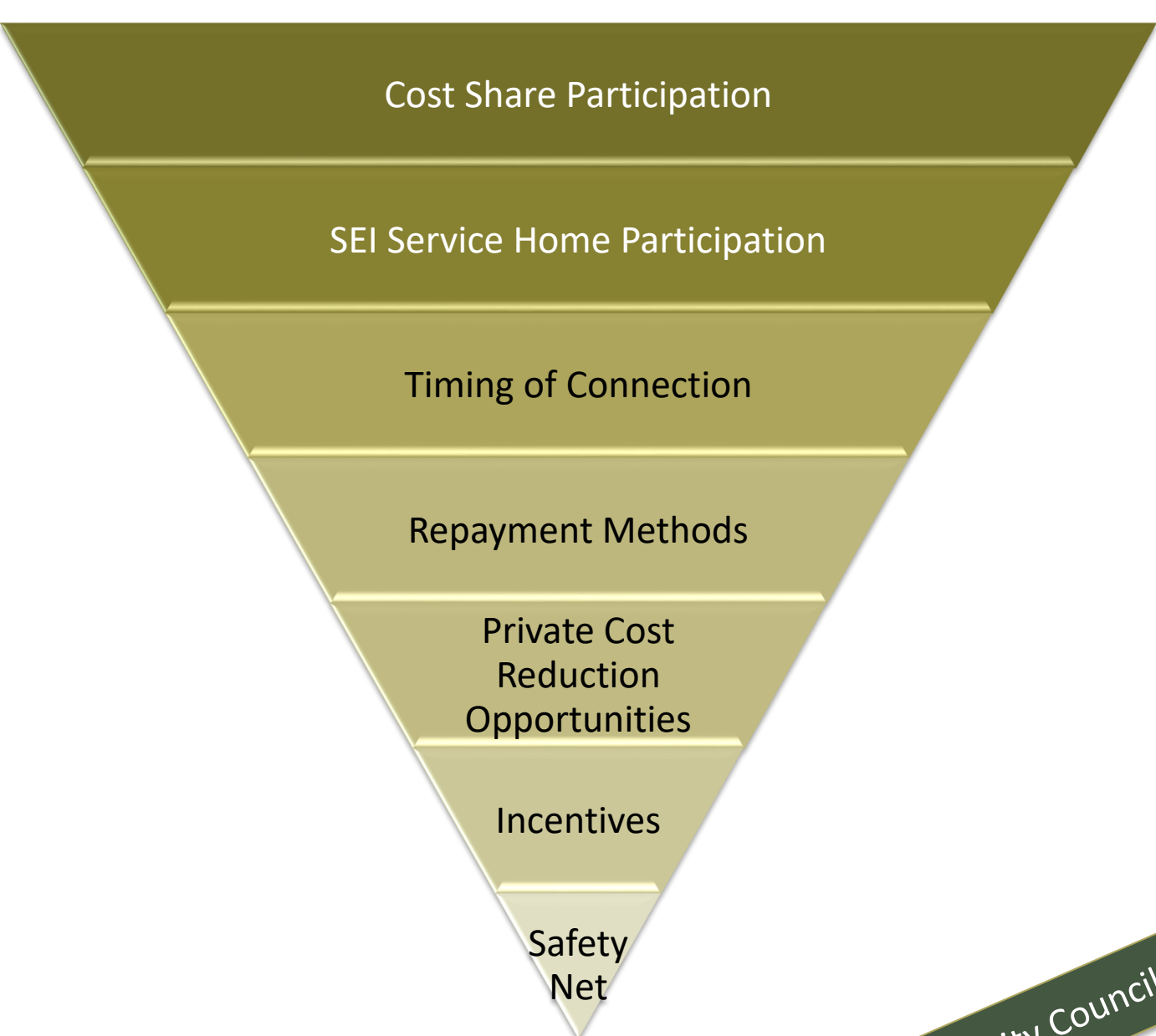
Notes:

- (1) Homeowner Share from Public Facilities Project
- (2) Average of High/Low Private Property Costs per Engineering Estimate 03/01/2018, page 9 (\$15,633)
- (3) Total monthly homeowner costs based on financing
- (4) To be determined through potential citywide STEP fee
- (5) City staff projection of 7% for private heloc financing in today's market; caution: financing for a shorter time period will significantly increase monthly

COMMITTEE

DISCUSSION/Q&A

NEXT STEP: CREATING A SEPTIC TO SEWER PROGRAM



Cost Share Participation

SEI Service Home Participation

Timing of Connection

Repayment Methods

Private Cost Reduction Opportunities

Incentives

Safety Net

PROGRAM ELEMENTS



AC Makes Recommendation to City Council



City Council Consideration

Do We Apply Citywide?

PUBLIC COMMENT

UPCOMING ADVISORY COMMITTEE MEETINGS & EVENTS



Thursday, May 10

- *Program Components – What's Affordable?*

Thursday, June 14

- *Draft Recommendations for Council*

Tuesday, May 15

- *Project Open House*

May & June

- *Door to Door Outreach*



- 10 minutes
- Time divided among speakers
- Comment cards available



THANK YOU