



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

THURSDAY, JUNE 14, 2018

WELCOME & INTRODUCTIONS



- Recap of May 15 Public Open House
- Local Improvement Districts Process (cont.)
- Response to AC Questions
 - Reducing “Private” Costs
 - Update on Affordability
- Report from AC Work Groups
- Discussion/Q&A
- Public Comment (20 minutes)
- Look Ahead: *Recommendation*



OPEN HOUSE RECAP



May 15th Open House

- Held at the Bend Senior Center
- Format utilized four stations
 - Engineering and Design
 - City Staff
 - Individual Lot Maps
 - Deschutes County
- Good attendance
 - Estimated 50 plus from the community
 - Advisory committee members and Council liaisons





Issues of Interest

- Homeowner costs
- Payment options and incentives
- Project costs
- Septic system decommissioning
- Construction timing
- Vegetation impacts
- Proposed sewer location
- Street closures





Other Questions and Comments

- How will recently repaired systems be handled?
- Cost, cost, cost!
- Can't wait for sewer.
- No desire to hook up.
- What about the rest of the city?
- Very informative open house





LOCAL IMPROVEMENT DISTRICTS (CONT.)
SEPTIC TO SEWER

June 14, 2018

Mary A. Winters, City Attorney
City of Bend

WHAT IS A LID?



- An area Council determines should be benefitted by a public improvement
- LIDs are a financing tool—process is about financing infrastructure improvements, not constructing them
- The goal is to assess property owners as fairly as possible in relation to special benefit received
- Cannot include private improvements (sewer and water laterals that are on the property of the customer) in the LID project

VALUE THAT LIDs OFFER



- Comprehensive rather than piecemeal infrastructure
- Assurance of performance via public project
- One time payment or installment payments available for benefitted properties
- Avoids diseconomy of scale for single property owners



- LID may be initiated by Council on its own motion or by petition of owners of at least half of the properties benefited by the proposed public improvement.
- First step: Council directs a preliminary engineer's estimate, which includes boundaries of the project, list of parcels, estimate of probable cost (including design, construction and administrative costs), recommendation of assessment method, and estimate of cost per unit to properties.

FORMATION HEARING



- City mails notice to property owners in proposed district at least ten days prior to hearing, with description of improvement, estimate of cost, statement of where preliminary engineer's report can be obtained, method of assessment and allocation of costs (including any public funding).
- Statement that costs and proposed method of assessment are estimates only; actual costs to be determined after construction is complete.
- At the hearing, Council considers oral and written testimony. If property owners owning 2/3 of property area within the district remonstrate against the improvement, Council does not proceed (cannot protest if owner signed waiver of remonstrance. Exception: Council unanimously finds the improvement is needed because of an emergency or public health concern).

HOW IS THE LID FINANCED AND REPAID?



- LID financing is generally through the sale of bonds to investors (Bancroft Bonding Act)
- Bonds are repaid by LID assessments on benefiting properties
- Owners can pay assessments in full or by installments
- Financing costs include interest and debt issuance costs
- Lien against benefited property is security for repayment per ORS 223.393

WHAT IS THE LID ASSESSMENT PROCEDURE



- After formation, the City can file notice of potential future lien in City lien docket
- Construction proceeds according to final plans and specs, under City public contracting rules
- Upon completion, City determines actual costs (final engineering report describing the completed improvement; financing costs, engineering and surveying costs, advertising, notice, legal, other necessary expenses)

WHAT IS LID ASSESSMENT PROCEDURE – CONT.



- Final assessment hearing: same notice procedure.
- City has to explain any difference in the proposed cost allocation or method of assessment previously proposed.
- Ability to object to final/deficit assessment (cost more than estimate or difference in method of assessment). Must state basis for objection.

FLEXIBILITY AND ISSUES TO CONSIDER



- Document non-LID funding sources in formation resolution or ordinance
- Proportionally apply non-LID funding to all properties
- Who pays extra (over budget) or saves (if under budget)
- Council makes finding of special benefit—assessments shouldn't be “shuffled” by property owners
- Internal equity among properties in LID--Is burden proportionally spread among properties?



RESPONSE TO AC QUESTIONS

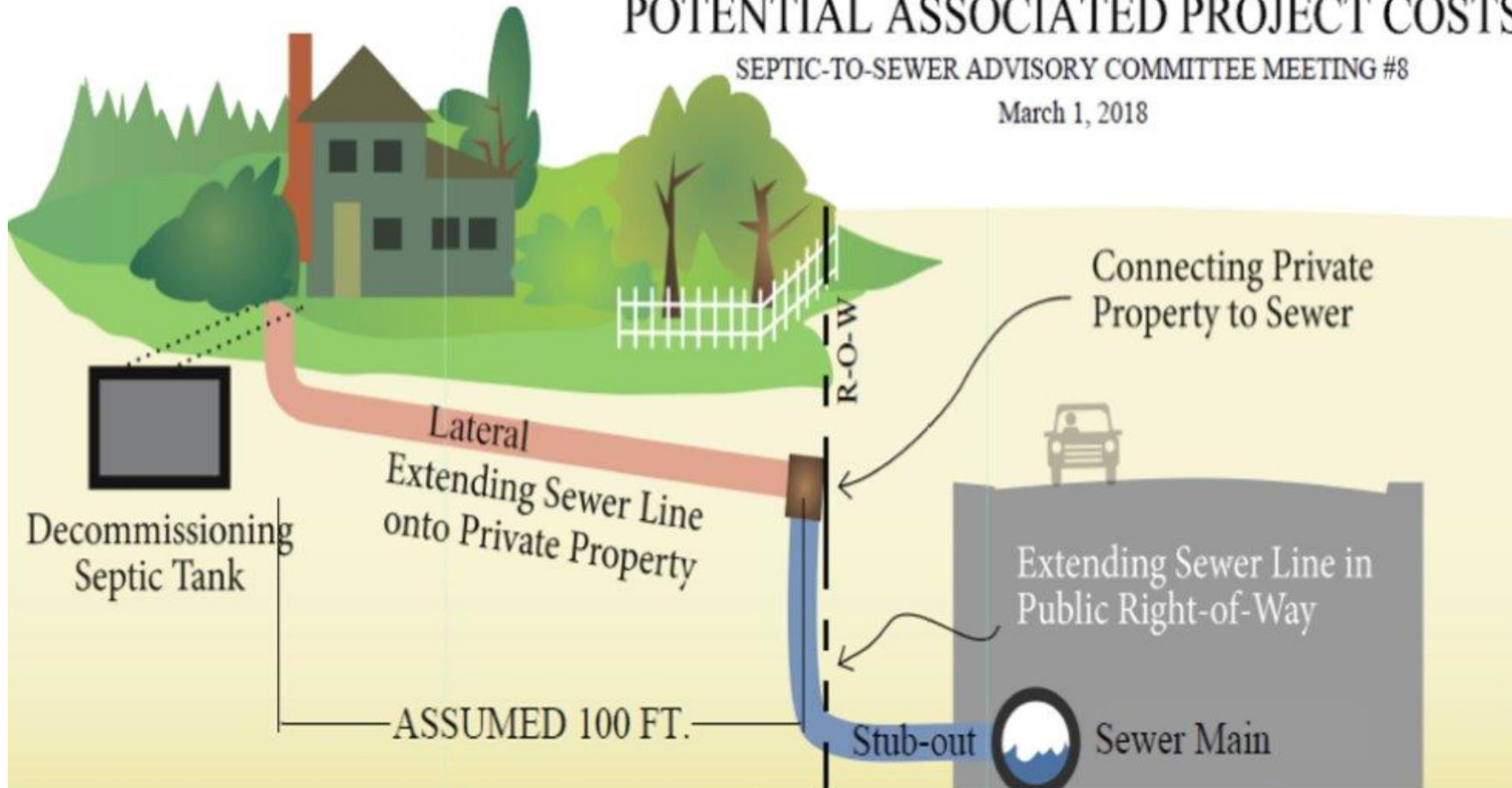
RESPONSE TO AC QUESTIONS: REDUCING “PRIVATE” COSTS



POTENTIAL ASSOCIATED PROJECT COSTS

SEPTIC-TO-SEWER ADVISORY COMMITTEE MEETING #8

March 1, 2018



RESPONSE TO AC QUESTIONS: UPDATE ON AFFORDABILITY



INCOME PRODUCING ASSETS (IPA)

Financial Capacity Varies Widely in the Project Area

Class	Household IPA	%
Millionaires	\$1m or greater	—
Elite	\$450k or greater	52%
High	\$250k or higher	5%
Above Average	\$100k - \$250k	9%
Moderate	\$50k - \$100k	6%
Below Average	\$25k - \$50k	13%
Low	Less than \$25k	14%



REPORT FROM AC WORK GROUPS



- Timely solutions (finished within 10 years)
- Solutions property owners understand and support
- Durable solutions: good for 50-100 years
- Equitable, fair, affordable
- Financially feasible
- Shared responsibility
- Reasonable, practical
- Replicable



1. Community-wide problem

- A durable commitment by the City of Bend to eliminate septic tanks and facilitate hookups



2. STEP program

- Bend adopt formal policy to decommission all 2,800 septic tanks citywide over 15-20 years



3. STEP implementation/fee

- Initiate STEP program in 2018 with full-time coordinator
- Provide menu of financing options
- Establish a monthly, time-limited STEP fee to be paid by all sewer ratepayers (\$5/month)
- Implement a safety net program for low income households, using Craft3 or other financing
- Review experience in cities where LID financing has failed



4. Benefits to City of Bend

- Fulfills a long-standing city responsibility to annexed properties
- Meets a core goal in Bend's 2017-2019 Strategic Plan
- Meets Oregon statute and city ordinance requirements
- Meets Council liaisons' goals: homeowners pay a fair share; citywide program; considers burden on citywide ratepayers
- Most cost effective method to eliminate septic tanks in a timely manner
- Lessens the risk of property abandonment or degradation
- Adds 2,800 ratepayers



5. Benefits to Bend residents

- Eliminates the need to maintain / repair septic systems and pumps
- Coordinated program with known costs and financing
- Homeowners share equally in the project costs
- Includes a safety net program
- Provides predictability for the 2,800 septic homeowners
- Helps stabilize real estate transactions
- Use of septic tank and drain field areas for improvements
- Upgrades the sewer system and attends to health and safety



6. Cost containment

- Bundle construction for public/private work to save money for homeowners
- Participating homeowners sign liability waiver in exchange for fixed/reduced price



7. Affordability

- Total homeowner costs should not exceed \$25,000 or \$250 per month
- Offer diverse funding options



8. First conversion area

- Convert project area first (599 lots), before moving STEP to other neighborhoods



9. Public project financing

- Area homeowners should contribute \$10 million to public costs
- Homeowners should pay around \$18,000 each for public costs
- SEI adjacent properties should pay \$10,000 to \$15,000 each
- Pursue grants to lower public costs



10. Private property financing

- Reduce this portion of cost to \$7,000 per property
- STEP program coordinator assist with education, support, etc.
- Homeowner preparation to ensure easy access
- Include private work in public bid
- Waive SDCs



11. Required hookup

- Require hookup within 90 days of sewer availability
- SEI homeowners should hookup by December 2020 or project completion



12. Recommended timeline

- Start construction in summer 2019

COMMITTEE

DISCUSSION / Q&A



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





Thursday, July 12

Draft Recommendations

June – July

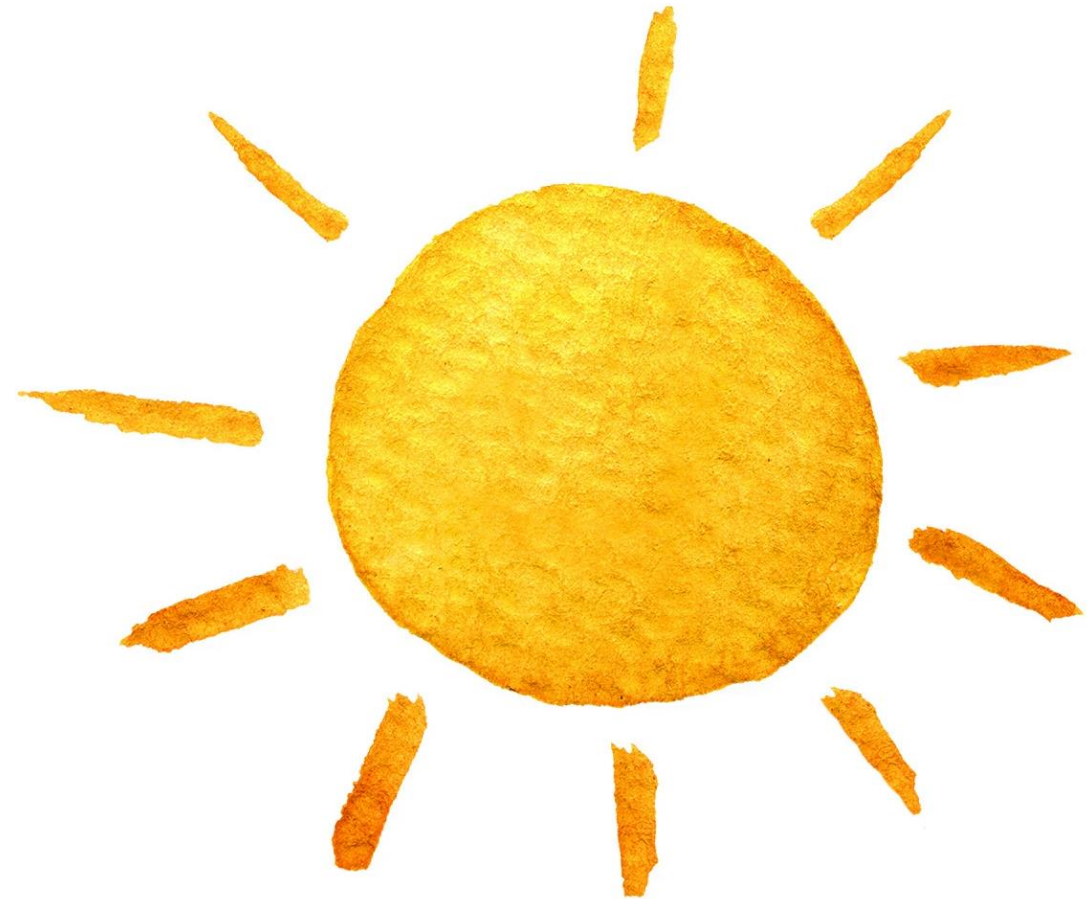
Door-to-door contacts

Wednesday, July 18

City Council work session

Wednesday, August 15

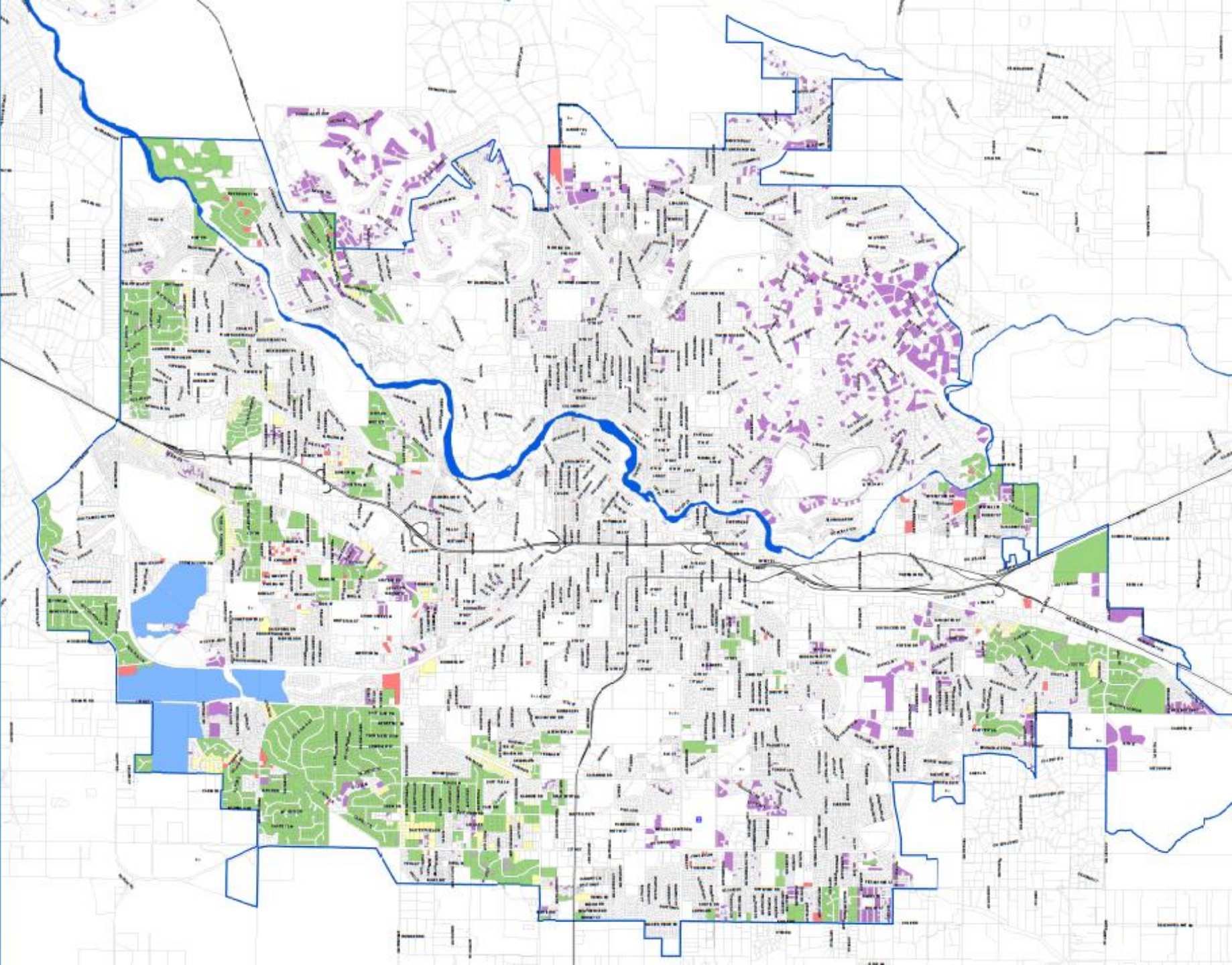
City Council listening session



THANK YOU



**FIGURE 1.
SEPTIC
SYSTEMS
IN BEND**



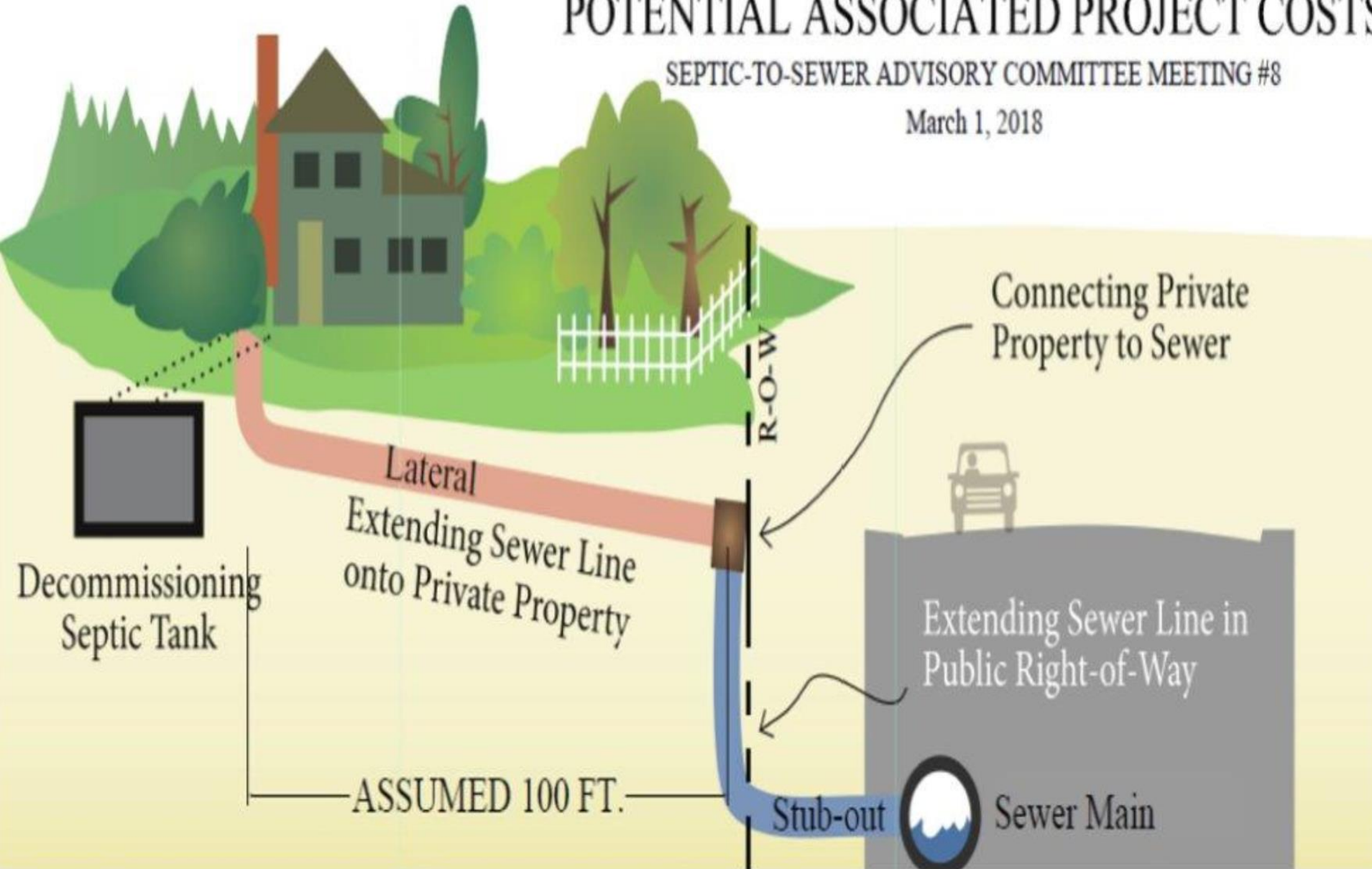
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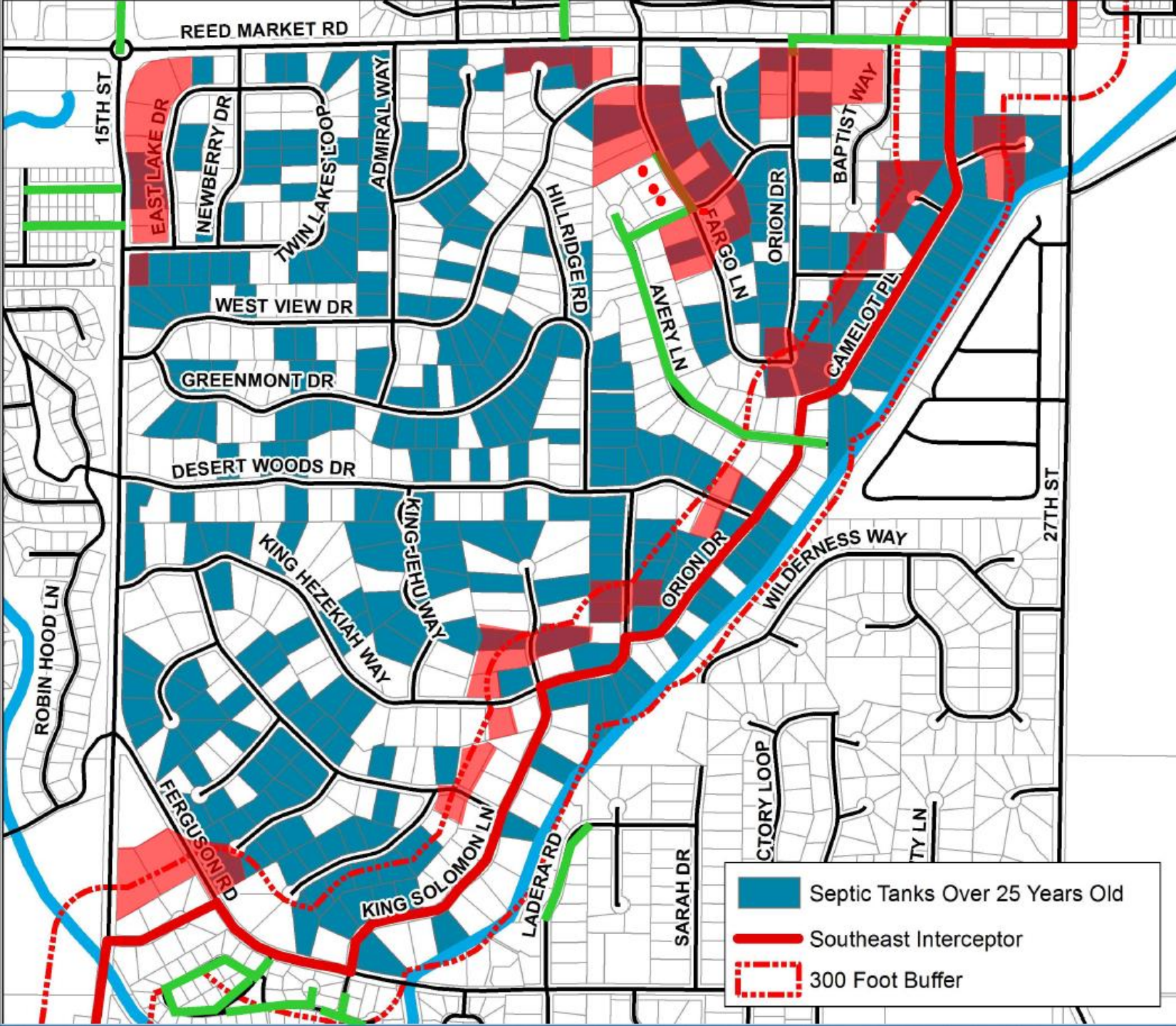
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**FIGURE 2.
PUBLIC /
PRIVATE**





**FIGURE 3.
300 FOOT
BUFFER /
SEPTIC
TANKS
OVER 25
YEARS**