

RESOLUTION NO. 3886

A RESOLUTION MODIFYING COUNCIL POLICY S-14 THAT ESTABLISHED A CAPITAL RECOVERY POLICY FOR PUBLIC WATER AND SEWER LINES THAT ARE CONSTRUCTED BY PRIVATE PROPERTY OWNERS OR DEVELOPERS.

WHEREAS, the Council of the City of Albany has duly adopted Chapter 15.06 of the Albany Municipal Code, titled Private Construction of Public Improvements, wherein they have declared their intent to allow private property owners or developers to construct public improvements to water or sewer systems, as well as other public improvements; and

WHEREAS, on September 26, 1996, the Council of the City of Albany duly adopted Council Policy S-14 that established a capital recovery policy for public water and sewer lines that are constructed by private property owners or developers, and which outlines the process for a property owner or developer to be reimbursed for a portion of the cost of constructing a public water or sewer line through in-lieu-of assessment fees charged by the City to new customers connecting to the water or sewer line for a period of 10 years following construction; and

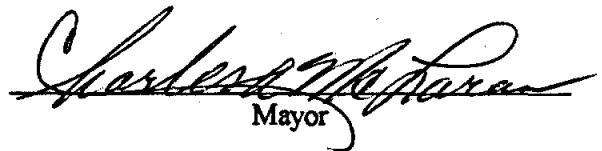
WHEREAS, the Council desires to clarify Article 1 in the existing Council Policy S-14 that establishes a condition that the agreement must be approved prior to constructing the improvement, and adds language that will link the request for an agreement to the submission of an application for public improvement drawing and specification review, more commonly known as a site improvement permit; and

WHEREAS, Article 6.e. of Council Policy S-14 requires approval of the full Council for reimbursement agreements, and the Council desires to delegate the approval process to the City Engineer; and

WHEREAS, the modifications to Council Policy S-14 are shown as Exhibit A attached hereto.

NOW, THEREFORE, BE IT RESOLVED that Council Policy S-14 is hereby modified as shown in Exhibit A attached hereto. Modifications shall become effective upon adoption of this Resolution.

DATED THIS 17TH DAY OF DECEMBER 1997.


Mayor

ATTEST:



City Recorder



CITY OF ALBANY, OREGON

CITY COUNCIL POLICY

COUNCIL POLICY NO. S-14

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SUBJECT: Capital Reimbursement Policy for Water and Sewer Lines

PURPOSE

To provide a mechanism where property, which benefits from the construction of public improvements by another property owner, may share in the cost of those improvements through payment of a recovery charge to the original developer at the time the later developed, benefited property is developed and the improvements are utilized.

BACKGROUND

An existing Council Policy provides a limited method for reimbursing a property owner or developer for the non-oversizing costs of constructing a public sewer line that benefits other non-assessed properties. There is no corresponding policy for private construction of public waterlines. Material costs for water or sewer oversizing costs may be partially funded by the City from Systems Development Charge (SDC) funds. In addition, there are SDC credits available to developers for Master Plan-identified improvements that are constructed and that will benefit adjacent and off-site undeveloped properties. The process for applying SDC credits and determining oversizing participation is outlined in existing ordinances and the Albany Municipal Code.

POLICY

A property owner or developer who constructs a public improvement to either the sanitary sewer system or the water system may be eligible for reimbursement of a portion of the cost of constructing the line when, in the opinion of the City, such line benefits other properties not immediately assessable, subject to the following conditions:

Delete the following section:

1. ~~Reimbursement agreement will be a written agreement between the private property owner or developer and the City, it must be established prior to construction of the improvement, and it will be limited to a period of up to ten years following construction of the improvement and acceptance by the City.~~

Replace with the following:

The reimbursement agreement will be a written agreement between the private property owner or developer and the City. The request for the reimbursement agreement must be submitted with the Application for Public Improvement Drawing and Specification Review, more commonly known as the Site Improvement Permit application, along with the required construction cost estimate information. The agreement must be fully executed prior to beginning construction of the improvement and will be limited to a period of ten (10) years following the effective date of the agreement by the City.

2. Amount of reimbursement is limited as follows:

- a. For lines that front the developer's property, the amount of reimbursement for sewer system lines is limited to the construction costs, as established and approved by the City, and shall not exceed one half an eight-inch equivalent line that is apportioned to other non-assessed benefited properties. For lines that are constructed beyond the developer's property line, the amount of reimbursement is limited to the approved construction costs for the entire eight-inch equivalent line.

- b. For lines that front the developer's property, the amount of reimbursement for water system lines is limited to the construction costs, as established and approved by the City, and shall not exceed one half an eight-inch equivalent line for a low- to medium-density residential development, nor exceed one half a twelve-inch equivalent line for all other land uses. For lines that are constructed beyond the developer's property line, the amount of reimbursement is limited to the approved construction costs for the entire equivalent sized line.
 - c. The amount of reimbursement is limited to only the in-lieu-of assessment amount collected by the City from other non-assessed properties specifically benefited by construction of the improvements. In no case would the reimbursement amount exceed the amount recovered by the City from the non-assessed benefited and connecting properties.
 - d. During the term of the agreement, the eligible reimbursement amount will not be indexed to inflation, nor will the amount accrue any interest.
 - e. A processing fee of 10 percent of the total eligible reimbursement amount will be deducted by the City prior to any payments or reimbursement payments.
 - f. Any City System Development Charge (SDC) non-oversizing participation and credits granted the developer as part of the improvement project will be deducted from the total construction costs.
3. Reimbursement will be made by the City only after other non-assessed properties connect to the improvement and have paid the City an appropriate in-lieu-of assessment fee.
4. As non-assessed benefited properties connect to the improvement, the City may elect to provide, as reimbursement to the developer or property owner who constructed the improvement, up to the full amount of the in-lieu-of assessment collected from the non-assessed benefited properties, less the 10 percent processing fee, until the total amount of the eligible reimbursement as calculated under Article 2 above and itemized in the agreement is paid.
5. Reimbursement agreements will only be between the property owner or developer and are not to be considered transferable contracts.
6. To qualify for a reimbursement, the developer or owner must take certain actions as follows:
 - a. Follow the requirements as outlined in Albany Municipal Code Chapter 15.06, Private Construction of Public Improvements.
 - b. The property owner or developer shall make a written application for a capital reimbursement agreement at the time of application for the public improvement drawing and specification review.
 - c. If the improvement to be constructed is larger than the minimum line size required to serve the development, then the costs for the minimum-sized line must be identified and bid separately from the total project estimated cost and this information submitted with other project documentation at the time of application for public improvement drawing and specification review. The minimum line size for sewer is eight inches. For water the minimum line size is eight inches for low- to medium-density residential, and twelve inches for all other land uses.
 - d. The actual reimbursement agreement amount shall be approved by the City Engineer.

Make the following change:

- e. If approved by the Council City Engineer, prior to construction of the improvements, enter into a written agreement with the City for a period not to exceed ten years. In addition to other provisions as may be required by the City, as a minimum, Sections 2, 3, 4, and 5 of this policy, shall also be incorporated into the agreement.
7. At the end of the agreement term, any subsequent in-lieu-of assessments collected by the City from non-assessed benefited properties shall be retained by the City.
8. During the course of the agreement, should the address of the property owner or developer change from what is contained in the agreement, the property owner or developer shall be responsible for notifying the City Recorder by registered mail of the change. Such notice shall reference the signed agreement by title and date.

COUNCIL AGENDA REFERENCE DATE(S)

Initial Adoption: 09/25/96 Resolution No. 3695

Revisions: 12/17/97 Resolution No. 3886