

RESOLUTION NO. 3695

A RESOLUTION ADOPTING COUNCIL POLICY S-14, WHICH ESTABLISHES A CAPITAL RECOVERY POLICY FOR PUBLIC WATER AND SEWER LINES THAT ARE CONSTRUCTED BY PRIVATE PROPERTY OWNERS OR DEVELOPERS, AND DELETING EXISTING COUNCIL POLICY S-10 ON SANITARY SEWER CONNECTIONS, EXTENSIONS, AND OVERSIZING.

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, in 1978 the Council of the City of Albany duly adopted Council Policy S-10 that established a procedure for the use of sewer connection fees for payment to a property owner or developer for oversizing costs of privately constructed public sewer lines, and for a property owner or developer to be reimbursed for a share of the cost of constructing a public sewer line from new customers connecting to the sewer for five years following construction; and

WHEREAS, the Council has determined that Council Policy S-10, shown as Exhibit A attached hereto, no longer reflects current practice and the first two items addressed therein are now further clarified in existing Albany Municipal Code language; and

WHEREAS, the Council desires to clarify Article 3 in the existing Council Policy S-10 that establishes the process for the reimbursement of costs for constructing the public improvement from previously non-assessed property owners who may benefit from the improvement; and

WHEREAS, the Council desires to include private construction of public waterline systems in the reimbursement Policy; and

WHEREAS, the Council desires to delete Council Policy S-10, and to adopt a new policy, Council Policy S-14, that establishes a Capital Reimbursement Policy for water and sewer lines and is shown as Exhibit B attached hereto.

NOW, THEREFORE, BE IT RESOLVED that Council Policy S-10 is hereby deleted in its entirety as shown in Exhibit A attached hereto; and

BE IT FURTHER RESOLVED that Council Policy S-14 is hereby adopted as shown in Exhibit B attached hereto.

DATED THIS 25TH DAY OF SEPTEMBER 1996.


Mayor

ATTEST:



City Recorder

Existing Council Policy S-10 - Exhibit A

Delete the following Policy in its entirety:

~~CITY OF ALBANY, OREGON~~

~~CITY COUNCIL POLICY~~

~~COUNCIL POLICY NO. S-10~~

Page 1 of 3

~~SUBJECT: Sanitary sewer connection, extension, and oversizing~~

PURPOSE

~~To establish a policy for use of funds generated from sewer connection fees; and when city funds are not available, it establishes a procedure for allowing a sewer customer to pay the oversizing cost and/or extension of the sewer and be reimbursed for a share of the cost from new customers connecting to the sewer during the five years thereafter.~~

BACKGROUND

~~Section 10.08.040 of the Albany Municipal Code provides that at the time of connection to the city's sewer, the applicant for a sewer connection shall pay certain fees which will be expended by the City only for the purpose of making major emergency repairs, extending or oversizing of sewers, and construction of additions to the treatment plant and interceptor systems. However, there was no policy nor procedure on how much of the fees would be used for the treatment plant or on the collection system. There was also no procedure for allowing the customer to pay the total cost of extending and/or oversizing a sewer, then being reimbursed for part of this cost from users who connected to it later.~~

POLICY

- ~~1. For the use of sewer connection fee funds:
 - ~~a. Pending assessments' provisions shall not be used for sewer extension for property not eligible for immediate assessment.~~
 - ~~b. The City shall establish its own priorities for use of oversizing funds regardless of prior requests by any developer.~~
 - ~~c. The staff shall prepare an annual report for the City Council showing the recommended uses of sewer connection fees as a percentage of the allocations for use at the Wastewater Treatment Plant and a percentage for sewerage systems extension or oversizing.~~
 - ~~d. The City of Albany will continue to pay for trunk and interceptor over sizing, including pump station construction as funds are available. Should funds be available in excess of the city priority needs, extension or oversizing requests from developers will be considered on a "first come, first served" basis.~~~~

~~2. The sewer customer may pay the sewer oversizing cost and be partly reimbursed over a 5-year period:~~

~~a. Should city funds not be available or insufficient to cover the oversizing needs in any one fiscal year, a sewer customer will be allowed to pay the oversizing costs with the following conditions:~~

~~(1) For a period of five years after construction of the sewer extension is completed, a portion of any subsequent connection fees collected from new customers served by the system extension shall be refunded to the developer. The amount refunded the developer shall not exceed 100% of the final oversizing cost minus 10% for the city's cost of administering the reimbursement program.~~

~~(2) Each fiscal year, the staff shall recommend to the Council what percentage of the connection fee shall be refunded to the developer during the fiscal year. Any connection fees collected in that fiscal year from new customers of the system shall be refunded to the developer based on the above-described percentage.~~

~~(3) After five years have passed from the time the sewer extension is completed, all subsequent connection fees shall be retained by the City of Albany for sewerage extension oversizing.~~

~~(4) No developer shall be permitted to pay the project oversizing costs unless a contract between the developer and the City is signed containing at least provisions 2a(1), 2a(2), and 2a(3).~~

~~b. A developer shall not be entitled to have the City fund in any manner more than one oversizing project in any one-year period unless the projects are on the City's priority list described in Section 2 above and there are no other projects pending which would require city funds. Further, a developer shall not be permitted to submit a request for oversizing except within a current fiscal year or to reserve city funding for the future.~~

~~3. The sewer customer may pay an 8-inch equivalent cost on behalf of land not immediately assessable and be partly reimbursed over a 5-year period:~~

~~a. Should circumstances require, a developer may pay an 8-inch equivalent costs on behalf of land not immediately assessable by the City under the following conditions:~~

~~(1) At the time an unassessed property makes use of the sewer for which a developer has paid the 8-inch equivalent cost, the City will assess such property a proportionate share of the 8-inch equivalent cost.~~

- ~~(2) For a period of five years after construction of the sewer extension is completed, the City shall refund a predetermined percentage of any prepaid 8-inch equivalent cost to the developer from funds collected from unassessed property making use of the sewer extension. Such predetermined percentage shall be determined as 2a(1) and 2a(2) above.~~
- ~~(3) After five years have passed from the time the sewer is completed, all subsequent 8-inch equivalent assessments shall be retained by the City for sewer extensions.~~
- ~~(4) Sewer connection fees shall be collected from the unassessed property, but such connection fees shall not be used to repay 8-inch equivalent costs.~~
- ~~(5) No developer shall be permitted to pay the project 8-inch equivalent cost unless a contract between the developer and the City is signed containing at least provisions 3a(1), 3a(2), and 3a(3).~~

COUNCIL AGENDA REFERENCE DATE(S)

~~10/11/78~~ Resolution No. 2004

CITY OF ALBANY, OREGON

CITY COUNCIL POLICY

COUNCIL POLICY NO. S-14

Page 1 of 3

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:

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.
2. Amount of reimbursement is limited as follows:

- a. For lines which 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 of 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 which 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 of an eight-inch equivalent line for a low- to medium-density residential development, nor exceed one half of 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) participation and credits granted the developer as part of the improvement project will be deducted from the eligible 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.
 - e. If approved by the Council, 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)

09/25/96 Resolution No. _____