

**ENGINEER'S REPORT**  
**For Proposed**  
**ASSESSMENT DISTRICT 2009-1**

**CLACKAMAS COUNTY SERVICE DISTRICT NO. 1**

**NORTH CLACKAMAS REVITALIZATION AREA**  
**SANITARY SEWER PROJECT**

**Water Environment Services**

**January 29, 2009**

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January 29, 2009

Board of Commissioners  
Clackamas County

Members of the Board:

ACCEPTING THE REPORT FOR PROPOSED ASSESSMENT DISTRICT 2009-1  
FOR CLACKAMAS COUNTY SERVICE DISTRICT NO. 1

The attached report has been prepared for proposed Assessment District 2009-1 to comply with State Statutes and Board of County Commissioners Order No. 75-285, dated March 5, 1975.

The proposed assessment district area is within Clackamas County Service District No. 1 (CCSD#1) and the North Clackamas Revitalization Area and has received the strong support of property owners with the recent annexation to CCSD#1 in August 2008. If the assessment district is formed, the District will proceed with the project to make sanitary sewer service available to 971 homes, businesses and properties currently served by cesspools and other on-site wastewater disposal systems.

I trust your review will find this report sufficient for the Board's affirmative action in this matter.

Sincerely,

Michael S. Kuenzi, P. E.  
Director

## **CLACKAMAS COUNTY SERVICE DISTRICT NO. 1**

### **PROPOSED ASSESSMENT DISTRICT 2009-1**

Proposed Assessment District 2009-1 is located within Clackamas County Service District No. 1 ("CCSD#1" or "District") and the North Clackamas Revitalization Area (NCRA).

On August 7, 2008, the Board of County Commissioners approved annexation of the affected properties to CCSD#1, allowing the District to begin the process of offering public sanitary sewer service to the area. District staff and the District's engineering consultant have completed preliminary engineering and design work in order to prepare this Engineer's Report of estimated project costs in preparation for the next step in the process, formation of an assessment district. If the Board accepts the Engineer's Report, estimated costs will be mailed to each property that will benefit from the public sewer system. Two public hearings will be set to allow the Board to receive objections to formation of the assessment district. After hearing objections, the Board of County Commissioners, as the governing body of CCSD#1, will decide whether to form the assessment district or abandon the project.

If the Board approves formation of Assessment District 2009-1, the District will proceed with final design and construction of the public sewer system. Sanitary sewer service will be available to approximately 959 existing homes, businesses and properties currently served by cesspools and other on-site wastewater disposal systems. Engineering and construction will be financed with a Department of Environmental Quality (DEQ) Clean Water State Revolving Loan, with loan funds to be available over a three-year period. The District plans to construct the sanitary sewers in three phases beginning in 2009 and ending by 2012. Once the project is completed, the actual final costs will be fairly apportioned and levied as final assessments to the benefited properties.

The Board of County Commissioners established the NCRA urban renewal district in August 2006 for the purpose of implementing community and Comprehensive Plan goals by undertaking public improvement projects, such as sanitary sewers, in the North Clackamas area. This infrastructure upgrade is one step in helping the community obtain the tools necessary for establishing and maintaining a safe, clean and affordable mixed-use residential neighborhood that provides retail, economic, educational, transportation and recreational opportunities, and a sense of identity and place for its diverse citizenry. While

the neighborhoods in this area are among the more affordable places to live in Clackamas County, the area has long suffered from inadequate infrastructure, particularly a lack of sanitary sewer service. The area lacking sewer service within the NCRA is the largest urban area in the state without a public sanitary sewer system. Throughout the extensive public process of establishing this urban renewal district, providing sanitary sewer service to the remainder of the NCRA was consistently emphasized and is a priority in the adopted plan.

#### Description of Project

The proposed sewer extension will consist of approximately 49,900 feet of 8" to 12" collector sewer, 30,000 feet of 4" private laterals and 182 manholes. The majority of the properties average from 7,000 to 10,000 square feet as is normally found in urban areas of this density. In addition, lots for approximately 40 homes in the northeast area of the NCRA are zoned R5 (5,000 sq. ft) and a number of 5,000 square foot or smaller lots can be found throughout the other areas of the NCRA. The District intends to provide gravity service to these properties wherever possible. If project cost is significantly affected by the inability to secure easements or if an excessively deep installations to serve a single home is required, then individual pumping may be required for those properties.

The other significant elements of the proposed project are:

- Ability to secure all environmental permits on Phase I improvements in time to allow construction to begin in 2009.
- Coordination with local water purveyors to insure their pipes are protected during construction.
- Restoration of road surfaces following sewer construction.
- Maintaining access for local traffic on main streets, including Linwood Ave, Johnson Creek Blvd., 82<sup>nd</sup> Ave and Bell Ave.
- Possible ground water issues requiring pumps and delays in construction.
- Coordination with industrial properties.
- Special circumstances to be defined.

#### Statement of Need for Sanitary Sewers

The target areas consist primarily of existing single family residences with some vacant lots, several duplex rentals and apartment buildings and a small number of industrial properties. Numerous properties proposed to be served are experiencing onsite system failures as documented by the Clackamas County Departments of Transportation and Development and Community Environment, and the Water Environment Services Soils Division. Some failures are due to aging systems and, in some cases, poor soil conditions which are not suitable for the percolation necessary to properly operate onsite disposal systems. Other properties have soils that are so granular and free draining that untreated sewage is readily finding its way into the ground water table. Many of the current property owners are aware that, although many of the on-site disposal systems are still operational, their age and growing usage will reduce the life expectancy of those systems. The DEQ no longer allows cesspools to be repaired or used as replacement systems. Most of the lots do not have adequate area for any type of alternative onsite system when the existing system fails.

#### Property Owners' Interest

Through a telephone and web survey, attendance at four community meetings and numerous telephone calls to and visits with District staff, a majority of the citizens have indicated their desire to acquire public sanitary sewers by the Assessment District process. The District annexed the area on August 7, 2008 without any testimony in objection from property owners.

#### Partnership with the Clackamas County Development Agency

CCSD#1 and Development Agency staff collaborated on the planning and implementation of the public communication plan throughout the annexation process, including community meetings and newsletter updates. Through an Agreement with CCSD#1, the Development Agency will help reduce costs to property owners by prepaying system development charges in the NCRA. This will result in a savings of \$2,200 per existing home or developed property. The Agency will also reduce property owners' assessments with an Urban Renewal Assessment Discount of \$1,250 per assessed property. The Agency and the District continue to look for opportunities for additional funding sources and grants to offset costs and provide additional assistance to property owners for costs associated with connecting their homes and businesses to the public sewer system and decommissioning old on-site wastewater disposal systems.

Assessment District Boundary

The boundaries of proposed Assessment District 2009-1 have been identified based upon need indicated by the affected property owners, and by the approximately 959 existing homes currently without public sewer service in the District's service area. The proposed boundaries are included in this report and shown on page 11 as Exhibit "A". The affected area generally extends east of SE Linwood Avenue, west of I-205, south of the Clackamas/Multnomah County line and generally north of SE King Street.

Service to Properties

The approximately 971 identified properties represent a total benefited area of approximately 218 acres within the boundaries of Clackamas County Service District No. 1. (12 of these properties will not receive Basic Unit or Service Lateral Benefit. See "Exceptions to AD 2009-1", Exhibit B). All potentially affected parcels are described in detail on pages 16 through 37 shown on Exhibit "D" of this report and also designated on the map marked Exhibit "A" of page 11. During the course of engineering design and construction, those properties that wish to purchase additional service connections for future development may do so by written request to the District.

Estimated costs are based upon the preliminary engineering of the District's consultant, Century West Engineering, Inc., and CCSD#1 staff. Final engineered design may revise some of the locations and lengths of the proposed lines.

Report of Project Cost Estimates

A preliminary plan of the proposed improvements has been prepared and is described here as the Report of Project Cost Estimates. A summary of the cost for the facilities shown on the preliminary plan is as follows:

Construction	\$ 10,395,000.00
Engineering and Construction Management	\$ 1,894,000.00
Easements, Rights of Way and Permits	\$ 80,000.00
Legal and Administrative	<u>\$ 331,000.00</u>
TOTAL ESTIMATED PROJECT COST =	\$ 12,700,000.00

Project costs for proposed Assessment District 2009-1 would be funded from direct property assessments and urban renewal participation, as follows:

Total Estimated Property Assessments (property owners)	\$11,500,000.00
Urban Renewal Assessment participation (Development Agency)	<u>\$1,200,000.00</u>
Total Estimated Project Cost	\$12,700,000.00

Staff recommends that the assessment policy for proposed Assessment District 2009-1 be accepted as defined in Exhibit "B" and that the assessment formula be as outlined below. Based on the allocation of costs, the assessment for each of the special benefits would be as follows:

General Benefit Assessment	\$ 19,603.83 per acre
Basic Unit Benefit	\$ 6,000.00 per unit
Service Lateral Benefit	\$ 2,800.00 per connection

Applied over all the assessable property within proposed Assessment District 2009-1, it is estimated that unit assessment rates will produce the following total amounts:

General Benefit Assessment, \$19,603.83 per acre (217.3 acres)	\$ 4,260,800.00
Basic Unit Benefit Assessment, \$6000.00 per unit (959 units)	5,754,000.00
Service Lateral Benefit Assessment, \$2,800 per connection (959 each)	<u>2,685,200.00</u>
<b>ESTIMATED TOTAL COST</b>	<b>\$ 12,700,000.00</b>

Exhibit "D" on pages 16 thru 37 lists all the properties benefited in proposed Assessment District 2009-1 compiled from the records of the County Assessor. Also included are tabulations of assessable property, listing the following detailed information for each individual property:

1. Assessor's Tax Lot Number
2. Owner's Name
3. Site Address
4. Deed Reference
5. Real Market Value per Assessor
6. Total Lot Acreage
7. Acreage assigned General Benefit
8. General Benefit Assessment (per acre, based on final project cost)
9. Basic Unit Benefit Assessment @ \$6,000 each

10. Number of Service Connections per tax lot
11. Service Connection Benefit Assessment @ \$2,800 each
12. Estimated Total Property Assessment
13. Urban Renewal Assessment Discount
14. Estimated Individual Assessment

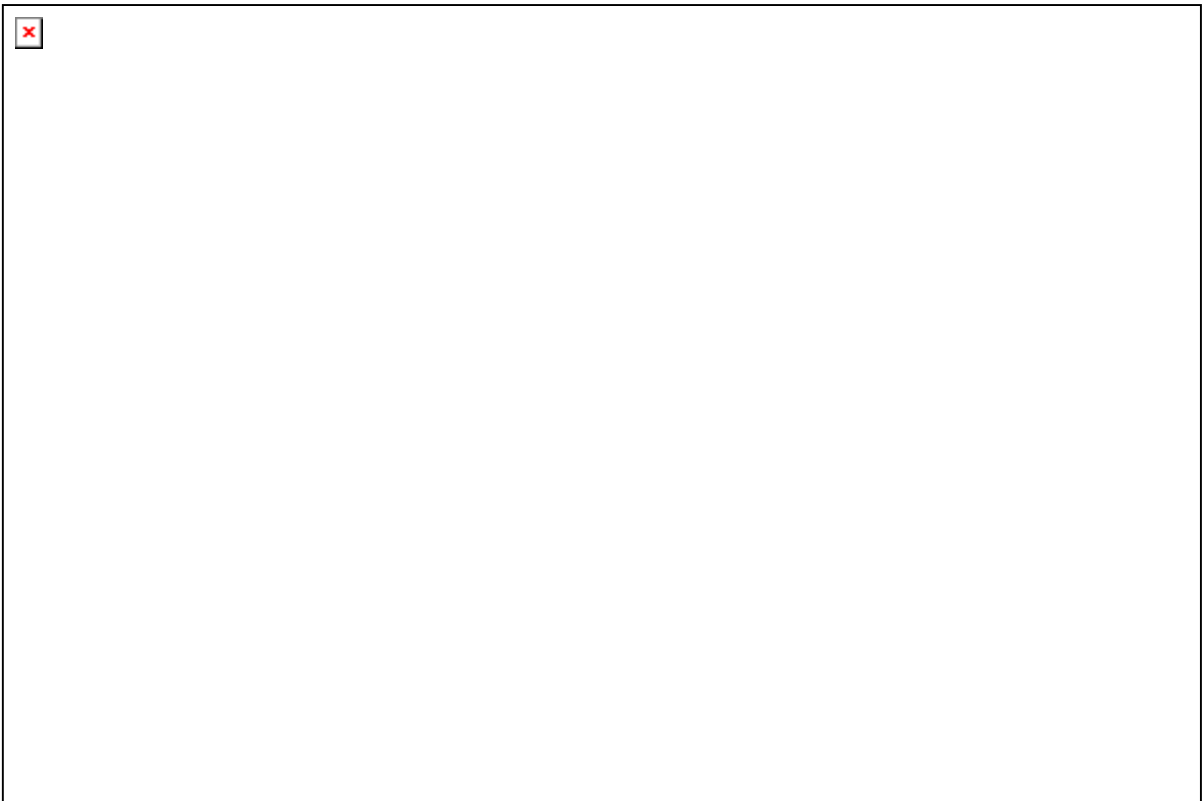
In order to form proposed Assessment District 2009-1, it will be necessary to adopt either this report or a modified report. The formation will establish the Assessment Policy contained in the adopted report as the basis for assessing benefited properties. The general benefit assessments proposed in the report are estimates only and will vary, depending upon the actual cost of the completed project. It is proposed that final assessments will be computed and levied after completion of the work.

Staff recommends that construction work contemplated for proposed Assessment District 2009-1 be accomplished by private contractors and that contractors be selected through a competitive bid basis. If the proposed Assessment District is formed, it is expected that contracts for the construction work will be segregated into Phases 1, 2 and 3. The entire project will take approximately three years to complete with a proposed preliminary schedule as follows:

Jan. 29, 2009	Board of County Commissioners (BCC) accepts the Report for Proposed Assessment District (AD) 2009-1 for CCSD#1 and sets the dates for 2 public hearings to hear objections
Jan. 30, 2009	Notices of estimated assessments mailed to property owners
March 5 & 12, 2009	BCC hears objections to the formation of AD 2009-1
March 12, 2009	Board decision on approval of AD 2009-1 or abandon project
March-June 2009	If AD is approved, final design for Phase 1*
July-Aug 2009	Advertise for Bids and Award of Phase 1 construction contract
July 2009	Phase II* design begins
Sept 2009	Phase 1 construction begins
April 2010	Advertise for Bids on Phase II construction contract
May 2010	Phase III* design begins
June 2010	Phase II construction begins
July 2010	Phase 1 construction complete
	Advertise for Bids on Phase III construction contract

March 2011	
July 2011	Phase II construction complete
May 2011	Phase III construction begins
August 2012	Phase III construction complete
December 2012	Notices of final assessment and public hearing
January 2013	Final assessments levied
July 2013	First assessment installment payment due

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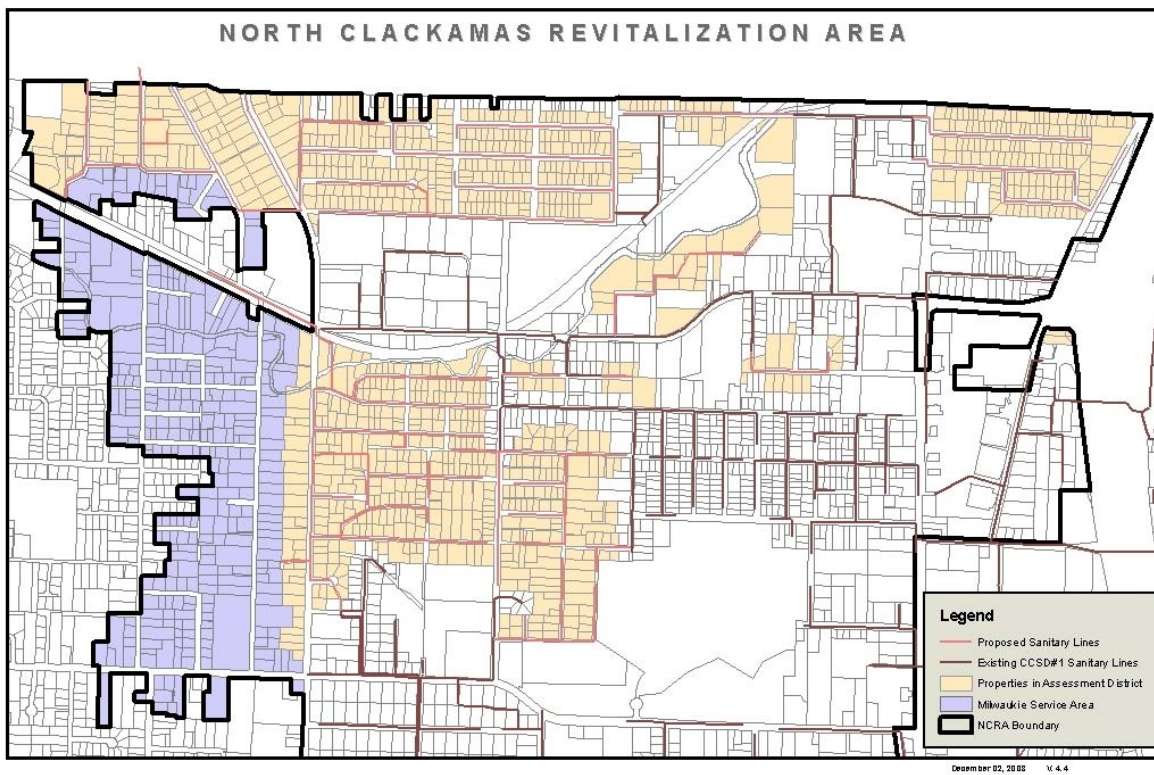
The foregoing represents the Report for proposed Assessment District 2009-1.

CLACKAMAS COUNTY SERVICE DISTRICT NO. 1

ASSESSMENT DISTRICT 2009-1

VICINITY MAP

EXHIBIT "A"



## **Exhibit “B”**

### **ASSESSMENT POLICY**

for Assessment District 2009-1

The following is the recommended statement of benefits and assessment formula applicable to Assessment District 2009-1 within Clackamas County Service District No. 1.

Each property within Assessment District 2009-1 derives special benefits from the sanitary sewer facilities on one or more of the following bases:

#### **GENERAL BENEFIT**

**General benefit** is a cost assigned to each property within the proposed Assessment District directly proportional to the total acreage of the property. Benefit is derived by all properties in Assessment District 2009-1 because of the availability of public sanitary sewer service, whether it is utilized immediately or in the future. All properties within the Assessment District will be assessed a General Benefit with the following exceptions: public rights-of-way, public utility facilities, operating railroad rights-of-way, cemetery interment lands, designated wetlands, sensitive area buffers and exclusive private roads. The General Benefit cost is calculated by dividing the total project cost, minus the Basic Unit Benefit and Service Lateral Benefit, by the total acres (less excluded lands). This calculation establishes a cost in dollars per acre, which is then assigned proportionately to the benefited properties.

#### **BASIC UNIT BENEFIT**

The **basic unit benefit** is defined as the minimum amount each property in the proposed Assessment District benefits from a point of connection to the public sanitary sewer system. This benefit is a fixed cost and is defined as the minimum connection charge as specified in CCSD#1 Sanitary Sewer Rules and Regulations Table XII.

The minimum connection charge listed in the CCSD#1 fee table is subject to change by Board approval.

## **Exhibit “B”, continued**

The Basic unit benefit will not be assigned to public rights-of-way, public utility facilities, operating railroad rights-of-way, cemetery, interment lands, designated wetlands, sensitive area buffers and exclusive private roads. The basic unit benefit is a fixed rate of one unit assigned to all developed properties and vacant buildable properties. Small tax lots which could not be developed separately under current land use regulations and that are contiguous with larger tax lots under common ownership will NOT be assessed for a Basic Unit Benefit, but will be assessed for General Benefit. Properties requesting additional service laterals will be assigned a basic unit cost for each additional connection to the public sanitary sewer system.

Future development will pay a proportional cost based on this policy.

### **SERVICE LATERAL BENEFIT**

The **service lateral** (pipe) connects the property to the public sewer system. Benefit is derived by each property in proposed Assessment District 2009-1 provided one or more private sanitary sewer service lateral(s) to the public sanitary sewer mainline. The Service Lateral Benefit is calculated based on the average cost of a private service lateral pipe from the mainline sewer to the property line of each benefited property. This fixed cost includes design engineering, traffic and erosion control, pipe and fittings, trench excavation, pipe bedding, imported trench backfill, street restoration and surveying.

Properties receiving one or more service connection laterals along a serviceable main will be assigned a Service Lateral Benefit for each lateral provided to the property.

## **Exhibit “B”, continued**

### Exceptions to Assessment District 2009-1

The following special conditions are applicable to all properties subject to a general benefit and a basic unit assessment.

1. Small tax lots which could not be developed separately under current land use regulations and that are contiguous with larger tax lots under common ownership will NOT be assessed for a Basic Unit Benefit but will pay for General Benefit as described in Exhibit “D”. “General Benefit Only” assessment applies to tax lots; 12E28BA00101, 12E28BD02790, 12E28BD02890, 12E29BB02700, 12E29BC01900, 12E29CA02600, 12E29CA04700, 12E29CB08500, and 12E29CB13900.
2. Those tax lots that have no direct service (NDS) but do receive general benefit as described in Exhibit “D”. Applies to tax lots 12E29BC01000, 12E29BC01001.
3. Those tax lots that are used exclusively for public use or park area only with no connection for public sewers shall receive general benefit as described in Exhibit “D”. Applies to tax lot; 12E29BC01700.

**ASSESSMENT DISTRICT 2009-1**

**Exhibit "C"**

SUMMARY

Proposed Assessment District:

Total Properties: 971

Total Land Area (Acres): 217.3

Total Property Real Market Value (2008): \$198,545,281.00

Summary of Estimated Costs for Proposed Assessment District Properties:

Total Project Cost: \$12,700,000.00

Total Assessments: \$11,500,000.00

Total General Benefit Assessments: 971 Properties

Total General Benefit: \$4,260,800.00

Total Basic Unit Benefit Assessments: 959 Properties

Total Basic Unit Benefit: \$5,754,000.00

Total Service Lateral Benefit Assessments: 959 Properties

Total Service Lateral Benefit: \$2,685,200.00

Total Urban Renewal Assessment Discount: \$1,200,000.00

**ASSESSMENT DISTRICT 2009-1**

Exhibit "D"

Estimated Assessments