



CITY OF PENDLETON

Report for Formation of East End Reimbursement District

Executive Summary:

East End Reimbursement District is to assist with opening up over 250-acres of workforce housing properties between Hwy 11 near Interstate 84 Exit 210, located on the northside of Interstate 84, to Hwy 30 around existing Goad Road. In order to accommodate development, the District is being formed to cover expenses related to necessary water system improvements and arterial and collector roads to attract development. Infrastructure within the District will be installed to serve planned development with the following criteria having been met:

Developer(s) completed tentative subdivision plat approval process and entered into a development agreement, including an Improvement Plan, with City Council for financial commitment and investment by both parties. Development Agreement will include, at a minimum, required timelines for construction milestones and required financial milestones.

Public Works Director and Community Development Director have been working with property owners, other City staff, and City Council on the formation of a reimbursement district. Ordinance No. 3974, an ordinance for reimbursement districts, was adopted by City Council in May 2021. There are four components to be recommended in the Directors' report for the formation of the District:

- 1) Recommend whether the reimbursement district be formed;
- 2) Recommend the area to be included in the reimbursement district;
- 3) State the estimated cost of improvement planning and/or public improvements with the area of the proposed reimbursement district and the portion of cost for which each requester should be reimbursed;
- 4) Recommend a methodology for spreading the cost among the parcels within the reimbursement district and, where appropriate, defining a "unit" for applying the cost to property which may be partitioned, altered, modified, or subdivided at some future date. The methodology should consider the cost of the improvement planning or improvements, prior contributions by property owners, the value of the unused capacity, rate-making principles employed to finance public improvements, and other factors deemed relevant by the Community Development Director. The methodology may include a safety net, which would provide a reduced cost to connect a single home to new infrastructure if the reimbursement district contains existing single-family homes on dividable lots. The remaining cost would be paid at the time of redevelopment of a property to a higher use. Prior contributions by property owners will only be considered if the contribution was for the same type of improvement and at the same location.

In October 2021, Letters of Commitment were executed by the City Manager with Soaring G, Rees Family, and Indian Hills Investment, primary property owners within the reimbursement district. These Letters were based on a series of meetings with the owners, Oregon Department of Transportation District 12 staff, City staff, and City Council. These Letters outlined an agreement between property owners and the City of Pendleton for land necessary to dedicate an arterial road right-of-way (ROW), collector road ROW, purchase property for a booster

pump station, rezoning, dedication documents, etc.

City retained Anderson-Perry & Associates and Consor North America to assist with ROW development and water system improvements.

City staff and owners met numerous times to discuss various draft designs for ROW development and water system improvements.

City Council had a workshop in February 2023 to provide direction for the assessments within the reimbursement district. Discussion centered on recommendation consideration to charge the water system improvements as reimbursable through future rates to be collected, lowering the reimbursement fee - Council did not want this option considered in the formation recommendation. Current Transportation System Development Charges (SDC) and Parks SDCs were also discussed. Council supported not applying current Transportation SDCs, but to apply Parks SDCs within the reimbursement district.

If the formation is approved, Community Development Department staff will track the actual costs and will present to Council a final reimbursement resolution after the initial first phase of development is complete. This will allow for actual costs incurred for the initial phase of development to be used for the final determination regarding costs to be assigned to the benefiting properties.

Directors' Recommendation:

- 1) Formation: Directors' recommendation: Move to approve the Directors' Report and Resolution No. 2900 forming the East End Reimbursement District.
- 2) District Boundary: Exhibit A1/A2: Proposed reimbursement district comprises all the non-developed lots that would benefit from arterial road, collector road, and water system improvements. These lots are shown in the two attached ROW dedication Exhibit B maps and have been identified as:
 - 2N3211C TL 100: Indian Hills Investment
 - 2N3211D TL 200: Indian Hills Investment
 - 2N3211A TL 5700: Hatley
 - 2N3211D TL 101: Rees Et Al
 - 2N3211 TL 600: Soaring G
 - 2N3212 TL1003: Soaring G
 - 2N3212 TL 1005: Soaring G
 - 2N3212 TL 1100: Rees Et Al
 - 2N3212 TL 1002: Soaring G
 - 2N3212 TL 1200: WhitWhit

Figure 1: Final Conceptual Layout: Exhibit A3: shows a high-level overview of the roads to be built by the reimbursement district and the access points. Access points are referenced by stationing; whereby, 1+00 equates to 100-feet. Note: sewer stub-out will be provided at Sta F37+12, and not at Sta F43+00 or Sta F47+00. Also, note: East End Booster Pump Station will be located north of the Water Filtration Plant property at elevation 1280-feet and is not shown on this layout.

Slope of Developable Areas: Exhibit A4: shows the following: 1) 270-acres, or less, of total acreage calculated to be available for development; 2) 21 acres have been discounted for ROW consideration; 3)

developable areas are considered to have slopes less than or equal to 20%; 4) Elevation 1310-feet (red line) is the lowest elevation within the water system pressure zone to serve the reimbursement district area and existing development; and 5) Elevation 1230-feet (purple line) is the lowest elevation of a step-down pressure zone to be served by new water system improvements.

- 3) Cost: The overall cost of improvements for the reimbursement district is estimated to be just under \$14,000,000 in 2023 dollars. This estimate consists of design work already performed, more to follow, and eventual phased construction. This estimate is based on 2023 design and construction costs. Estimates were received from City consultants Anderson-Perry & Associates and Consor North America.

The following is a breakdown of the reimbursement district anticipated total expenses:

Expense Component:	Funding	Budget	Ratio	Estimate
Hwy 11/30 ROW Procurement / Env Review	Water	\$ 215,000	100%	\$ 215,000.00
18-inch & 30-inch WL Design*	Water	\$ 128,700	30%	\$ 38,610.00
18-inch WL Construction Estimate*	Water	\$ 3,050,000	30%	\$ 915,000.00
East End Booster Station: Design*	Water	\$ 433,300	30%	\$ 129,990.00
East End Booster Station: Construction*	Water	\$ 2,500,000	30%	\$ 750,000.00
		\$ 6,327,000		\$ 2,048,600.00
Hwy 11/30 Connector Road Engineering Estimate	TBD	\$ 1,100,500	100%	\$ 1,100,500.00
Hwy 11/30 Connector Road Construction Estimate	TBD	\$ 9,166,000	100%	\$ 9,166,000.00
HWY 11/30 Sanitary Sewer	Sewer	\$ 60,500	100%	\$ 60,500.00
		\$ 10,327,000		\$ 10,327,000.00
Franklin Grade / SE 15th Engineering Estimate	TBD	\$ 154,000	100%	\$ 154,000.00
Franklin Grade / SE 15th Construction Estimate	TBD	\$ 1,224,500	100%	\$ 1,224,500.00
Franklin Grade / SE 15th Sanitary Sewer	Sewer	\$ 196,000	100%	\$ 196,000.00
		\$ 1,574,500		\$ 1,574,500.00
Total		\$ 18,228,500		\$ 13,950,100.00
Based on 250 acres: cost per acre:		\$ 72,914		\$ 55,800.40

*Note: 1,250 gallons per minute (GPM) for housing development / 3,000 GPM for existing development.
Ratio of expense: 30%

*Note: 30-inch water line (WL) is for Water Filtration Plant transfer to South Hill Reservoir and does not serve the reimbursement district.

- 4) Methodology for reimbursement is based on charging a “per acre fee” applied to each “dwelling units per acre” of development. Reimbursement district fee would be collected at the time of building permit issuance. As construction components are completed, the “per acre fee” will be prorated based on actual costs of engineering and construction. Since reimbursement district infill is expected to be phased over many years, the annual 20-City Engineering News Record construction cost index will be applied every April 1st for the prior calendar year.

For the East End Reimbursement District, the estimated total construction cost is \$13,950,100. Based on 250-acres, \$55,800 per acre is the initial “per acre fee.” This fee will be charged at the time of development to each “dwelling unit per acre” of development.

ROW assessment: The area of ROW for SE 11th Street will not be included in the fee. This ROW is recognized as necessary for gravity sewer and storm drainage to assist with continued development. ROW for the arterial road connecting Hwy 11 to Hwy 30 and SE 15th are also not included in the fee. Other road ROW areas for development will be included in the fee.

Other assessment: Hatley property will have steep slopes on the east side of the property with construction of SE 11th within a future ROW dedication. City staff is working with property owner on a final reimbursement fee to be applied to land located west of the proposed SE 11th ROW. This reimbursement fee recommendation will be in the Community Development Director’s final reimbursement resolution.

Funding sources to assist with infrastructure improvements within the reimbursement district are:

- Business Oregon has approved a Drinking Water State Revolving Fund award of about \$6.9 million to construct the arterial road to subgrade from Hwy 11 for the first 4,800-feet and construct the 18-inch domestic water line. Also included with this funding is construction of 30-inch transfer water line to replace the existing 1910-12 concrete gravity line.
- Business Oregon approved a Special Public Works Fund award of just over \$10 million, in which proceeds of about \$2.5 million will be used to build the East End Booster Pump Station.

To accommodate only the domestic service design and construction costs, 30% of the total water system improvement costs are included in the reimbursement district.

- City of Pendleton has received a Congressional Directed Spending award of about \$1.5 million in late-2021. These monies are to be applied to construction of the arterial road for workforce housing support. These monies are anticipated to become available by mid-2024.
- City of Pendleton has a Housing Infrastructure Fund with about \$2.1 million available for funding consideration. \$2 million is from Umatilla County and \$100,000 is the 2-year contribution from Port of Umatilla. These funds can be applied to city-wide housing needs for infrastructure and are a revolving fund; whereby, these funds are to be paid back with development.

Development consideration underway:

- Rezoning and annexation process are underway for 2N3212 TL 1102, which is about 42-acres currently zoned Umatilla County Exclusive Farm Use and within City’s Urban Growth Boundary. Developer/property owner are working with City staff to advance this project. As part of the consideration, Developer will provide 3-acres to City of Pendleton to place settled solids from the Water Filtration Plant settling ponds. City will abandon the 1910-12 concrete transfer water line, allowing for the remaining 39-acres to be fully developed.

Property owners in the proposed reimbursement district have met with City staff in a series of meetings to review the reimbursement. Primary property owners involved in development of the reimbursement district were

represented by Fred Rees and Greg Goad. Letters have been sent to inform all property owners of the public hearing to be held on Tuesday, May 16, 2023, on or after 7 pm, for consideration to approve Resolution No. 2900 – Formation of the East End Reimbursement District.

End of Report