Memorandum 13-150 Paradise Place Sewer Main Extension

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Memorandum Status: No Status

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To: Walt Wrede, City Manager

From: Dan Gardner, PW Inspector

Date: October 15, 2013

Subject: Proposed Paradise Place Sewer Main Extension
From Spencer Drive East for 700 Lineal Feet
Approval to Create Deferred Assessments on Benefitted Properties

A property owner on Paradise Place is in need of replacing their on-site sewer system, and desires to connect to the City sewer collection system. The referenced lot is identified as Lot #1 Delehanty on the attached map. A 700 foot sewer mainline extension would be required for this lot to have sewer service. The owner has made contact with all but four lot owners in the area north and west of their lot and there is not anyone that is interested in participating in a sewer LID. Based on this information, the owners of Lot #1 have pursued a design for the 700 foot extension and also have a cost estimate for the extension and are ready to pursue construction.

When the proposed 700 foot extension is completed, there will be a total of 5 benefitting properties. One of the properties would be owned by the “developer”, and identified on the attached map as Lot 1 Delehanty. Two of the lots have active city sewer service and are identified as Lot #4 Springer and Lot #5 Schulz. These two lots paid extension costs at the time of their connection, and the lots were considered “adjacent to the main” at the time of their connection. Based on this fact, and the city attorney’s opinion, the city should pay for the extension costs for the main along these two lots. The remaining two lots are Lot #2 Anderson and lot #3 Lucas, neither of which are interested in connecting at this time.

Homer City Code does provide for a method that allows a “developer” who extends a main to be reimbursed by benefitting properties when connections are made. The method is seldom utilized because it requires considerable upfront documentation, only applies to connections made within 10 years, and the situation is difficult to monitor after construction is complete.

Another approach to this situation, used in the past as recently as 2007 on Fairview Avenue and again in 2009 on Fairview Avenue, is for the City to reimburse the “developer” for the costs of extending that portion of main that benefits others and create deferred assessments (based on fairly apportioned construction costs) on benefited properties. These assessments are due and payable to the City, only if and when connection permit applications are made.

Below is a cost estimate and methodology approach for deferred assessments:

The lot owner needing service (Lot #1 on attached map) is required to extend the sewer main from Spencer Drive, west to the western edge of their property to be eligible for sewer service (approximately 700 feet). This proposed extension would front and benefit Lot numbers 2, 3, 4, and 5 in addition to the “developer’s” lot.

The total cost of design and construction would then be shared equally between the 5 benefitting properties.

Estimated Cost Responsibility

Lot #1 $ 7400
Lot #2 $ 7400

Lot #3 $ 7400
Lot #4 $ 7400
Lot #5 $ 7400
Total Cost = $ 37,000

Recommendation

City Council authorize expenditure of Homer Accelerated Water & Sewer Program (HAWSP) funds for construction of the proposed Paradise Place Sewer Main Extension, and approve the creation of deferred assessments on benefitted properties. The owner of Lot #1 (see attached map) will initially cover all costs associated with design and construction. As soon as the improvements are installed and approved, the City will reimburse the owner the value of the deferred assessments based on the actual, documented design and construction costs and according to the cost share table referenced above.

Related Ordinances**Memorandum - Related Ordinances:** Ordinance 13-43 Authorizing Expenditure of HAWSP Funds for Paradise Place Sewer Main Extension

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