

What is the Spellman Sewer Project?

The Spellman Sewer Project is a proposal to have the city partner with your neighborhood to construct a new sewer line in your area. This is an opportunity to address aging septic systems in your area to help prevent large, unexpected costs for individual homeowners. It also minimizes neighborhood disruption by building all necessary sewer lines at the same time.

Why is the city considering a project in the Spellman area?

Spellman Drive properties have aging septic systems that at some point will stop working.

When this happens, individual property owners within 300 feet of a public sewer system likely will need to connect to a public sewer line — consistent with Clean Water Services, Washington County and state rules — instead of replacing their failing septic system. In some cases, property owners also might need to connect to the sewer system because their property does not have enough room to accommodate a replacement septic system.

The city recently spoke with a Spellman Drive property owner who is concerned about how long his septic system will last and the potential cost of building a connection to the city sewer system on his own. This brought to our attention that other individual property owners in your neighborhood could face unexpected, expensive and required sewer hookups after a septic system failure.

In response, the city is offering a project to make sewer lines available to your neighborhood with a shared financing method that saves property owners money and avoids hassle by having the city design and construct the project.

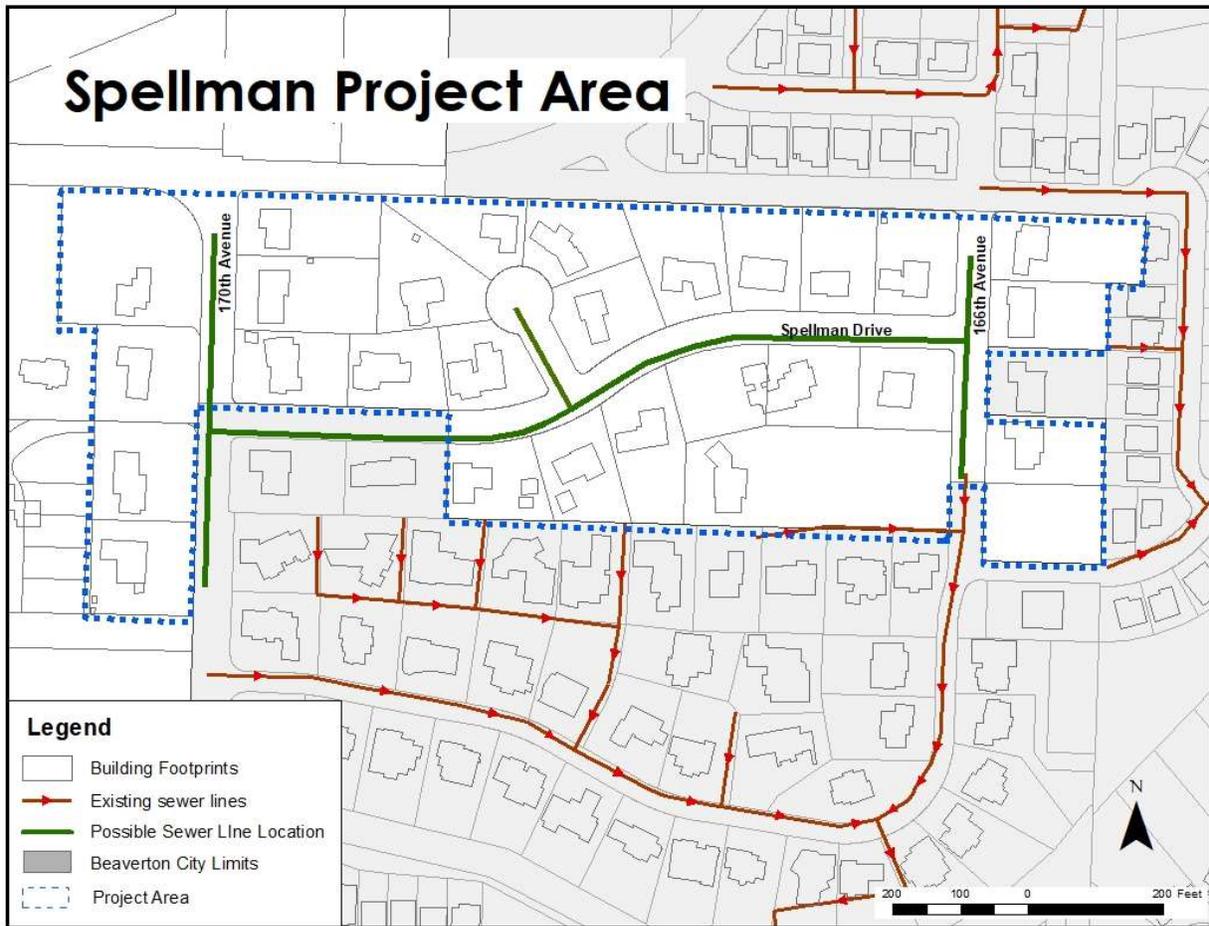
What does the project involve?

The project involves three steps:

1. Properties must annex into the city.
2. Property owners and the city establish a shared financing method to pay for sewer line installation, where the city contributes significantly to the project.
3. The city installs the sewer lines.

Sewer installation involves the construction of new sewer lines in Spellman Drive, SW 166th Avenue and SW 170th Avenue (see Spellman Project Area Map below). The project also includes the installation of a stub from the main line that brings sewer service to each property's boundary. Connection from the property line to the house on each lot is not included in this project

When each property owner is ready to connect to the sewer line, the property owner will be responsible for paying for and arranging construction of the connection from the house to the sewer line's stubbed connection at the property line.



How many properties does the project include? The project involves up to 28 properties in the Spellman Drive area. The exact number may depend on individual circumstances and engineering considerations.

What are the potential sewer-related costs if connected individually? For each property owner, the cost to connect to the city sewer can be sorted into two categories: 1) cost to construct the sewer line in the road and 2) cost to connect from the sewer line in the road to your home.

Cost to Construct the Sewer Line in the Road

The cost of constructing the sewer line within the roadway and stubbing at the property line will depend on the length of the connection to the city line and the grades in the area. Based on pre-engineering design* evaluation:

- If your connection requires 100 feet, the **estimated** cost would be **\$47,000**
- If your connection requires 300 feet, the **estimated** cost would be **\$92,000**

The following table shows the breakdown of the cost if an individual property owner had to build a sewer line to their property at approximately 100 feet and 300 feet.

	Your estimated cost to connect at...	
	100 feet	300 feet
Design & Engineering Costs	\$4,000	\$8,000
Construction Costs	\$40,000*	\$79,000*
Permit Fees	\$3,000	\$6,000
TOTAL	\$47,000**	\$92,000**

**Pre-engineering design is a preliminary analysis of the project area based on data available to the city, but does not include detailed site analysis. Therefore the analysis does not take into account site issues that may impact the cost to design and construct the line.*

*** Note these cost are in 2018 dollars.*

Cost to Connect From the Sewer Line to Your Home

The Spellman Sewer Project will provide a connection to city sewer to each property. The connection from the property line to each home will be done separately. The cost to connect from the property line to the house will vary depending on where the connection is placed. The following are the pre-design estimated cost to connect to your home:

- Cost to connect to the house: **\$10,000 to \$15,000***
- Sewer System Development Charge (SDC): **\$5,500**
- Monthly Sewer Bill: **\$47****

**The estimated cost is based on the decommissioning of the septic tank (to pump and fill), installing 50 feet of sewer line, connecting the system to the house, and the permit cost. This pre-design estimate does not take into account unique factors for each property.*

***Based on an estimated average household use.*

What options are available to alleviate these costs?

The city wants to help reduce the cost of a new sewer line that connects the existing public line to your property line. If costs are shared among property owners, there will be significant savings, especially with some financial assistance from the city.

As an example, following table shows the pre-engineering design estimates to construct the sewer line in the project area with the city's contribution. The table also shows the approximate cost to the individual properties when the cost is split equally among 20 properties.

	Spellman Sewer Project (cost of the entire line)	Proposed Contribution from the City	Cost after City Assistance	Individual Cost (for each property) Based on 20 Properties
Design & Engineering Costs	\$40,000	-\$40,000	\$0	\$18,250*
Construction Costs	\$425,000	-\$60,000	\$365,000	
TOTAL	\$465,000*	-\$100,000*	\$365,000*	

**Note these costs are in 2018 dollars*

As a public project there would not be permit fees associated, saving an additional \$28,000 beyond what is shown in the table.

Note: this table provides only a pre-engineering design estimation of project costs for the average Spellman Drive property owner. In addition to the costs noted above, the city will conduct a maintenance overlay on Spellman Drive after sewer construction to address lateral cracking already occurring on the street.

Will financing options be available? Yes. Beaverton City Code Chapter 3.08 allows for the creation of a shared financing method specifically to address sewer and water line service needs. The city is offering three financing options to assist property owners, as we recognize that individual property owners have different payment abilities and preferences. Although each property will be assessed the same cost, each property owner can choose one of the following financing options:

Finance Option 1: Full or Partial Payment upon completion of the extension. The property owner can choose to pay their portion of the cost in full at the time of project completion. If a partial payment is made, the remaining balance is paid in installments as described in Option 2.

Finance Option 2: Installments. The property owner can choose to pay their portion of the cost in 20 payments during a 10-year period. This option includes interest accruing on the remaining balance.

Finance Option 3: Lump Sum Payment at the Time of Connection. The property owner can choose to pay the entire amount, with accrued interest, when connection to the sewer line is needed.

Since Finance Options 2 and 3 will not include full payment at the completion of the project, a lien on the property is required with both options. The lien ensures costs are covered if the property is sold before payment of the project is completed. If the property owner plans to sell their property, the remaining balance (principle and interest) on the assessment will be required at the time of sale.

How is interest calculated? The interest for both Finance Options 2 and 3 will be determined prior to the assessment of the improvements by the Beaverton City Council, likely at prime rate plus 1.5 percent. Based on the interest rate of 3.5 percent (current prime + 1.5 percent) the following is the overall cost of using Finance Option 2 or 3 assuming the pre-design estimate of \$18,250:

	Finance Option 2 (20 payments)		Finance Option 3 (Lump Sum)*	
Total Estimated Cost of the project for each owner	Total Payment	Total Interest	Total Payment	Total interest
\$18,250	\$21,603.44	\$3,353.44	\$25,819.70	\$7,569.70

* Based on lump sum payment made 10-years after final assessment.

Details on Financing Options 2 and 3 are available on the project's webpage.

Is this project considered a Local Improvement District (LID)? No. This process is not considered an LID; however, billing and tracking for Finance Options 2 and 3 will be handled similarly.

If I choose to participate, what happens next? For the city to provide sanitary sewer service to the area, the properties that benefit from the project will need to annex into the city with one of the two options below.

Annexation Option 1: All property owners ask to annex. If all property owners agree to annexation, the city can annex all the properties and continue with the project. A public hearing is not required.

Annexation Option 2: Double majority. If owners of more than 50 percent of the land in the project area and more than 50 percent of the registered voters in the project area agree to annex, the City Council can choose to annex the area after public notice and a public hearing.

If most of my neighbors choose NOT to participate, what happens next? The sewer line project ceases. The city is providing a proactive solution to a future sewer problem for your neighborhood. Since septic systems have a limited lifespan, in the future your system will fail. At that time, if your property needs to connect to the city's sewer line, you will be responsible for paying to connect to the city's system and will be required to annex into the city without the financial assistance identified with this project.

The reason the city is proposing this partnership is to alleviate some of the uncertainty with the aging septic systems in the area and to help make the transition from the county to the city easier. If not enough property owners commit to support this project, then the resources the city is willing to provide will go to other needed projects.

If most but not all property owners choose to participate, what happens next? Installation of a public sewer line is to be a benefit to the neighborhood as whole. To move forward with this project requires that, in addition to the city contribution, all the property owners that will use this sewer line in the future contribute to the shared financing method. So it is possible that annexations (using Annexation Option 2 described above) and the shared sewer financing method would proceed and include all property owners even though some property owners were not interested in participating. The city will make this determination once we have heard from the property owners in your neighborhood and gauged the level of interest.

Does annexation into the city include additional costs and fees, such as sewer rates and taxes? Yes. Properties that are annexed into the city are subject to all rates, fees and taxes paid for by all City of Beaverton residents. The table below shows property taxes for example assessed values with all current jurisdictions and with the addition of the City of Beaverton and Tualatin Hills Park & Recreation District. The table compares the rate changes for a range of assessed values at its current (2017/2018) rate and the 2017/2018 rate if it were annexed into the city.

Assessed Value	Current Assessed Tax (County)	Taxes after Annexation	Changes in Taxes	Breakdown in the change in taxes
\$250,000	\$3,992	\$5,098	\$1,106	City: \$710 THPRD: \$396
\$350,000	\$5,588	\$7,137	\$1,549	City: \$995 THPRD: \$554
\$450,000	\$7,185	\$9,176	\$1,991	City: \$1,278 THPRD: \$713

Does annexation into the city include any other benefits? In addition to the costs savings for property owners associated with the Spellman Sewer Project, a number of additional benefits can be expected as a city resident. These may include, but are not limited to:

- More law enforcement services, including community policing, patrolling, investigative services, code compliance and other community-based programs. The city provides 1.48 officers per 1,000 citizens, compared to 1.0 officers per 1,000 the county provides.
- Access to the city's Traffic Calming Programs that create safer city streets.
- Funding for city streets improvements, streetlights and pedestrian paths (including sidewalks) in the city.
- More street sweeping services on city roads.
- Emergency management programs and services during disaster situations.
- Neighborhood Association Committee representation and involvement opportunities on the city's boards and commissions.
- Additional governmental representation provided by the Beaverton City Council.

When do I have to decide on involvement? The city would like to contribute to this project so property owners can avoid costly, unexpected projects when septic systems fail. We would like property owners to reply by **December 1, 2018** so that we know the shared funding method is available to proceed with the project.

If the project proceeds, what is the timeline and when will it be completed? The process would begin with the annexation of the area. Once annexation is complete, it is likely design will be complete within a year, and construction will occur within the next year. The details of the project timeline will be provided further in the project process.

Will there be any upcoming meetings with property owners to discuss the project? Yes. The city will be reaching out to property owners individually, as well as hosting a community meeting for all property owners.

Who do I contact for more information and with questions? City of Beaverton Senior Planner Sambo Kirkman can be reached at 503-526-2557 and skirkman@beavertonoregon.gov.