

Annexation

1. How long has planning been going on?

The city was approached by the Spellman-area property owners Michael and Suzanne Walls in early 2018 about a connection to the city's sewer system and their concern about the high cost to connect if their septic system failed. The discussion was expanded to consider other nearby property owners because many of the homes have similar issues with their sewer systems.

2. What is Beaverton's annexation policy?

Currently, the City of Beaverton responds to annexations through owner-initiated petitions. Property owners request annexation for a variety of reasons, including the need for city services, the preference to develop under Beaverton's zoning or other reasons that they want their property to be in the City of Beaverton.

3. What is the legal process and requirements for annexation? Are there specific statutes for how annexations works?

State rules, known as Oregon Revised Statutes (ORS), provide guidance to the city on the types of annexations that can be processed. The following is a summary of the annexation types and process applicable to this area with reference to the state rules (https://www.oregonlegislature.gov/bills_laws/ors/ors222.html) that apply:

Types of Annexations

- A. **All property owners:** If all property owners in an area consent to annexation, the city can annex the properties through a process outlined in state rules (ORS 222.127). This process requires:
- i. The area is inside the urban growth boundary. Properties near Spellman are within the urban growth boundary.
 - ii. The area will be part of the city's Comprehensive Plan (a document that provides long-range guidance on how the city plans to develop). As part of the annexation process the area would become part of the Comprehensive Plan and receive land use designations and zoning. The Comprehensive Plan also notes the area is part of the city's assumed urban service area where it will eventually govern and facilitate service provision.
 - iii. At least one lot or parcel is contiguous to the city limits or separated from the city limit by a public right of way. Lots in the Spellman Project meet this requirement.
 - iv. The annexation conforms to all other requirements of the city's ordinance.

In this type of annexation, a public hearing is not required. The Council would approve the annexation.

- B. **Owners of a majority of property and the majority of voters:** 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 can annex using the method outlined in the state rules (ORS 222.170), often referred to as “double majority.” This option requires public notice and a decision made by the City Council after a public hearing.
- C. **Annexations when an area is surrounded by a city, also known as island annexation:** State rules (ORS 222.750) permit cities to annex unincorporated areas that are surrounded by a city through a hearing process. Spellman is not currently surrounded by the city. The City Council also has not provided staff direction to pursue this type of annexations at this time.

Although state law provides a range of annexation options, staff assume the methods No. 1 and No. 2 above are the most likely.

4. Does Beaverton have legal authority to require people to annex to connect to city sewer lines? Do existing laws preclude the city from requiring connections and annexations?

Yes. The city can require annexation to connect to city sewer lines. When the city operates and maintains the sewer lines to which a property would connect, then the city can require annexation prior to connection. Beaverton's Municipal Code Section 3.08.030 discusses alternative installation and financing of water and sewer lines and states:

Nothing in BC [3.08.005](#) through [3.08.030](#) shall be construed to require the City to provide water or sewer service to property outside the City. In addition to payment of the proportionate share of costs of an extension, the City may require a property owner to consent to annexation and may impose any other conditions the Council considers necessary for the best interests of the City prior to authorizing a connection to the City's water or sewer systems.

Staff does not know of state rules that restricts cities from policies that require annexation if sewer connection is being required, ORS 222.115 permits cities to require annexation related to providing services. Clean Water Services and the city have an intergovernmental agreement that designates this area as a future operation and maintenance area for Beaverton.

5. What if annexation occurs but the city does not build the sewer project?

While annexations are a separate process from the construction and financing of sewer services, the Spellman Project was developed as a way to assist the neighborhood in the development of a sewer project. Prior to an annexation application, information on the sewer project would be provided and the city would make commitment to proceed with the sewer project. Please see the timeline question below to review the proposed process.

6. How do you determine the 50 percent annexation (double majority)? How many specific properties need to say “yes?”

If this annexation method is used, the majority will be determined once staff is able to finalize the project area based on property owners' interest in moving forward with the sewer project. Once a preliminary design is identified, the city will be able to determine the number of lots that would utilize the sewer line. Once that is determined, property owners together who own more than 50 percent of the total land area in the project and more than 50 percent of the registered voters in that area would have to approve under the double majority annexation method.

7. Does the city intend to annex our area in the future? In the long term, will there be no “islands” of unincorporated area remaining?

Although the city's urban service area has not been entirely defined, Beaverton's Comprehensive Plan describes an assumed urban service area that extends west to at least 185th Avenue (excepting, of course, areas inside the City of Hillsboro that are already east of 185th Avenue). The urban service area is where the city would eventually govern and provide services or coordinate urban service provisions through special districts.

The city does not have a current policy or program to pursue annexation of areas surrounded by the city (often called “island” annexations). We expect annexations into Beaverton to continue in this area, but we do not have a program or schedule for annexations other than the discussions we are having about the potential shared financing method for the sewer project near Spellman Drive.

Clean Water Services

1. Where is the nearest CWS line?

Based on CWS's map below, there are CWS storm (green) and sewer (red) lines located west of Spellman Drive that were constructed as part of the Kemmer Ridge Subdivision. Staff reviewed the elevations in the area, and it appears the CWS sanitary sewer line is at a higher elevation than almost all of the 28 properties in the Spellman area. That would prevent the sewage from getting to the CWS line via gravity. CWS' interactive map can be accessed using the following link:

<http://cws.maps.arcgis.com/apps/webappviewer/index.html?id=a2a448a5079d4dc18f78383af829f247>



Clean Water Services Interactive Map

2. When neighborhoods are interested in adding new CWS sewer lines to an area, does CWS provide the option of creating local improvement districts to pay for them?

Yes. For urban areas in which CWS can provide sewer services, the District has developed programs to help finance these improvements using Local Improvement Districts (LIDs) or Reimbursement Districts (RDs). The property owner or developer requesting a new sewer line is responsible for the cost, and the Clean Water Services LID and RD programs provide a way to share costs and finance the construction of public sewer lines.

3. Does CWS have a program to help property owners finance sewer projects?

CWS has programs to help owners finance the costs of public infrastructure through their LID and RD programs. If property owners connect within 6 months of sewer being available, property owners can also finance up to \$2,000 in private lateral construction and septic system disconnection costs. The SDC (connection charge) that individual property owners pay can also be financed.

4. Would Beaverton allow Clean Water Services to provide the sewer connection if the neighborhood chose to do an LID?

CWS and Beaverton both support logical, efficient provision of sewer services. Beaverton and CWS frequently coordinate on these issues and have an intergovernmental agreement regarding how the two agencies cooperate and coordinate. Due to the topography of the neighborhood and the location of the closest lines, the most efficient connection for the Spellman Drive area is to the city's sewer system. Beaverton expects to provide service here and has sewer lines that are well positioned to provide gravity service to the properties. Downstream sewers in Beaverton have been sized in accordance with the natural drainage basin and have the proper capacity to serve the Spellman Drive area.

Ultimately, this area is planned to be within the City of Beaverton and the city is the logical service provider in this area. The city has offered to assist property owners who would like to participate in a shared financing method to install sewer lines in Spellman, 166th and 170th. Whether the project proceeds will depend on property owner interest.

5. Does CWS have a policy that waives the \$5,650¹ System Development Charge if a connection to the CWS line to a home is done within a certain time after a new CWS service line is constructed? Can the city ask CWS to waive the \$5,650 charge if people connect to the new sewer line within a year as part of the city's project?

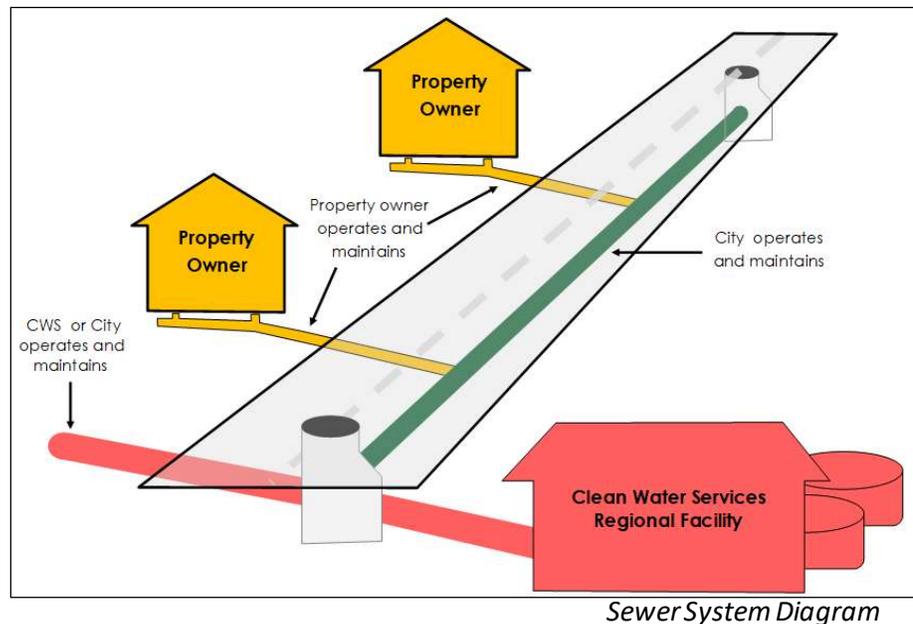
CWS does not waive SDC fees. CWS provides some incentives to users that connect early by reducing internal project design and administration cost portions of the assessment and providing financing (low interest loans) of certain costs (i.e. private plumbing and SDC fees), but the SDC fees are not waived. Contact CWS for more information on their incentives. The District's website is www.cleanwaterservices.org.

6. If the sewer line is built and property owners pay system development charges to connect to it, where does the money go?

If the System Development Charges (SDC) are collected by the city, then 96 percent goes to CWS and 4 percent remains with the city to fund larger diameter sewer lines. CWS' connection fees, known as SDCs, help pay for the cost of expanding the system to handle growth, such as building trunk sewers and expanding the wastewater treatment plants.

7. Who owns the wastewater treatment facility in on River Road (treatment system), and why do we have to connect to Beaverton if the city doesn't own the wastewater facility, which is owned by Clean Water Services.

The facility on River Road is owned and operated by Clean Water Services as one of four sewer treatment facilities for the urban areas of Washington County. While CWS collects and



¹ CWS updated System Development Charge fee.

cleans the sewage in the area, the cities are responsible for operating and maintaining smaller sewer lines that connect homes and businesses to larger “trunk” lines that convey the area’s sewage to these CWS facilities (see diagram). Note this area is actually served by the Durham facility in Tigard and not the facility on River Road.

Engineering

1. What sewer line location alternatives have been considered? Why was Spellman Drive chosen and not farther north along Nora? Can we see what other options are available?

This phase of the project was to provide a conceptual design to the neighborhood to determine if there is interest in the project. The possible location was chosen based on factors such as:

- Ability to serve more homes currently on septic system
- Ease of access and maintenance if the line is installed in an existing public street
- The number of trees that would have to be removed along SW Nora Road
- A retaining wall that provides a barrier on at least part of Nora Road
- The need for safe separation from other city infrastructure.

Given these factors, Spellman was provided as the preferred option.

2. What is the estimated accuracy of the current cost estimates? Could the city bear the cost if prices increased as the project is bid and constructed?

The estimated project cost in our initial communication with Spellman area property owners was \$18,250 per property. This was based on conceptual engineering to provide a ballpark estimate at the beginning of the conversation. The conceptual engineering estimate could change based on a more detailed assessment and survey of the project area. As described in the process section below, the city plans to refine the estimate as we talk with property owners and get more information about the project.

This city estimate will be more accurate as we go forward. The conceptual engineering estimate included a 25 percent contingency that recognizes the uncertainty of the estimate. If the city does not use the contingency because the final construction cost is lower than the estimate, all property owners’ assessments would be reduced to reflect that.

Staff is looking into ways to provide more precise information and certainty on the actual cost for the sewer improvements before the annexation process begins. Staff also is researching and preparing an answer to what happens if, for example, the project bid is higher than the estimate. Staff will share that answer as soon as we have it.

3. Is the average cost shown in the FAQ for each property, or will the cost go up/down based on the location of my property?

The Spellman Sewer Project proposes the construction cost would be equally shared by the property owners that benefit from the project. The cost was based on 20 properties connecting to the sewer line. All else being equal, if it is determined that

fewer than 20 properties will participate in the project, then the cost per property could increase. If more than 20 properties participate, the cost per property could be reduced.

4. What if you can connect to an existing line?

Connections for other existing sewer lines may be available to some property owners. This might result in those properties being removed from the project. The city would like to discuss with individual property owners their situations to help determine what their options are.

5. If is area is annexed in the future, would the new sewer line then become the responsibility of the city to pay in full?

The city is responsible for the operation and maintenance of the city's sewer system including the repair and rehabilitation of lines. Construction of new lines or extension of existing ones is the responsibility of the property owner and developer of the property wanting to connect to the city's system. In this case, the city recognizes the significant cost involved and has offered to establish a shared financing program and would like to know if property owners are interested.

Cost and Financing

1. Is the amount of funds contributed by the city negotiable? If property owners annex into the city, will the city install and pay for the sewer line?

No. The funds contributed by the city are not negotiable and will not cover the entire cost of the project. We recognize that cost is a concern for property owners. The city believes the current offer balances the need to reduce costs for Spellman area residents with our fiscal responsibility to current city sewer customers/ratepayers. The project is not intended to be funded completely by the city.

The city is offering to pay for design, engineering, construction management and 10 percent of the construction costs. The city contribution will be coming from the sewer fund, which means sewer ratepayers already in the city will be assisting with the project. Because the new sewer line will provide benefits to property owners in this neighborhood, the property owners would be responsible for much of the cost. The city is offering to participate in the shared financing strategy to reduce the cost and avoid property owners facing large, unexpected costs that would result from one property owner having to pay for a connection on their own when a septic tank fails.

It is typical for property owners to pay all or most of the cost of sewer lines in local streets because developers typically install the infrastructure and include the cost in the price of the houses they sell.

2. What other investment options are the city considering that may use the same funds?

There is no other joint sewer project proposed. The Spellman Sewer Project would be funded using the city's sewer funds. Since these funds cover the operation and maintenance of the all of the city's system, the funds will go to other areas of the

city's sewer system. The city has 276.5 miles of sanitary sewer lines to maintain with about \$5 million in capital projects anticipated in the next four years.

3. Will the city offer to finance the sewer connection from the property owners' property line to their house and the system development charges they have to pay (in addition to the already stated offer to finance the sewer line built in the street)?

This is possible. Since the city does not routinely do sewer projects with shared financing strategies like the one being proposed for Spellman, we have not developed a specific method to do this. Property owners who are interested in this option should discuss it with Beaverton staff. It will be important to discuss this early to ensure necessary agreements are in place. It also would be necessary to complete these arrangements before the project is put out for contractor bids. If this were to occur, each property owner would be responsible for costs associated with work on their property.

4. Is the city willing to finance the project costs over a longer period of time, such as over 15 or 20 years to allow for lower payments?

No. Property owners do have the option of seeking financing through a third party financial institution, such as a bank or credit union.

5. What is the total cost per property, including the cost of the sewer line in the street and the cost of connecting from a property owner's house to the sewer line in the street (i.e. \$18k plus \$20k = \$38k)?

This will be different for different property owners. The city has provided the estimated cost of the sewer line in the street that will bring a pipe to the edge of each property, but individual circumstances makes it impossible for the city to provide an accurate estimate for each property. See the Fact Sheet for a rough estimate. Property owners also can choose to seek estimates from private companies for the lines that would be installed on their property for more accurate numbers.

6. What happens if the actual project cost is lower or higher than the original estimate? Will property owners have to pay more?

If the cost to construct the line is lower than the original estimate, the project will cost less per lot and each property owner will pay less for the project. Staff is looking into ways to provide more precise information and certainty on the actual cost for the sewer improvements before the annexation process begins. Staff also is researching and preparing an answer to what happens if, for example, the project bid is higher than the estimate. Staff will share that answer as soon as we have it.

7. If the number of property owners that are part of the project drops, the cost per property will increase. Will property owners know the final number of properties included and the final estimated cost before committing?

The city plans to share the final project details, including the number of participating properties and the estimated cost per property, before people decide whether they would like to annex and participate in the project. Please see the draft timeline for more details on the expected order of project steps.

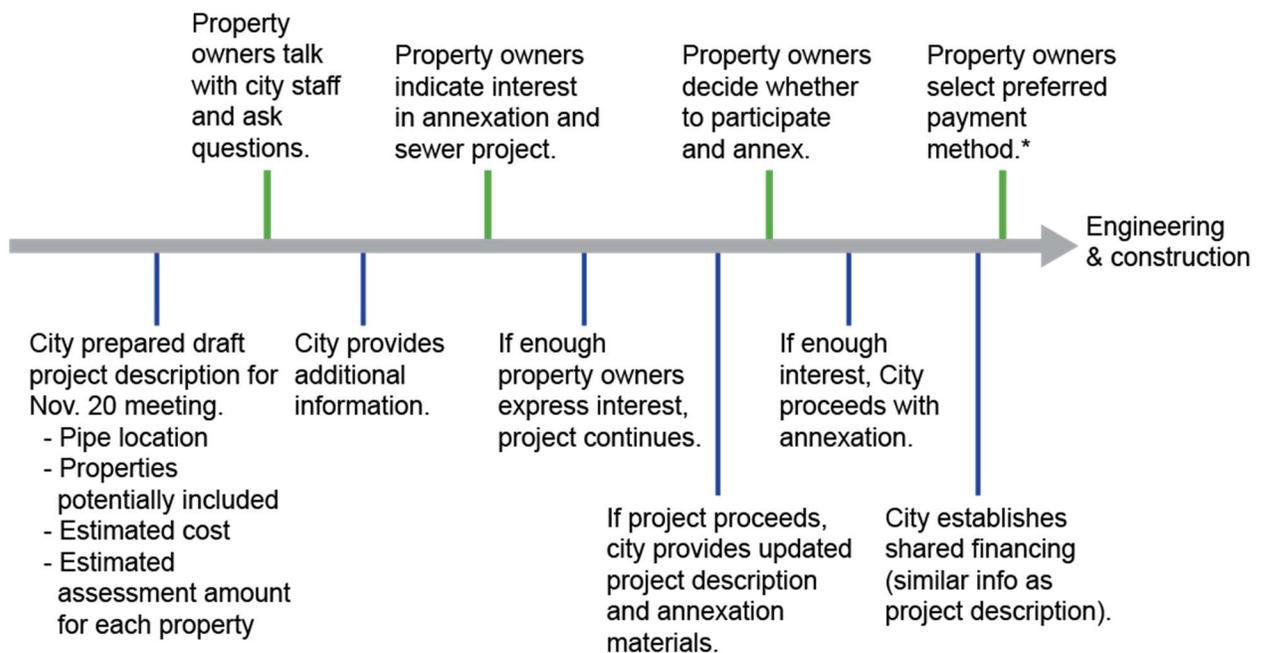
Project Process

1. Can property owners have more time before giving the city an initial, non-binding response about interest in annexing and participating in the shared financing method for building the sewer line? Dec. 1 seems too soon.

Yes. City staff is looking get a better understanding of what your neighborhood would like to do. We are now asking that you contact us by **January 1** as to whether you are or are not interested in a joint solution with the city. Contact staff any time with questions.

2. What are the decision milestones and phases? What is the best estimate of timeline to “commitment”?

Below is a diagram of the steps involved for the Spellman project, with actions by the property owners in the neighborhood above the arrow and the actions of the city at the bottom. We have not yet provided dates because we would like to talk with property owners and learn more before we attempt to establish a set schedule.



* Pay up front, pay in installments or pay later when connect to the sewer.

3. How will property owners be assessed? By linear feet of street frontage? By number of sewer connections? By number of lots?

The city proposes to assess the cost of the sewer project based on the number of houses requiring connection to the proposed sewer line.

4. If the sewer project is built, do property owners have to connect to the new line right away, or can they wait until they are ready (such as when their septic system fails)?

The Spellman Sewer project coordinates the construction of the sewer line in the right of way and the laterals that connect from the main line to each property.

Connection from the property line to the home is done by each property owner individually when they are ready to connect. While the assessment for the public line for each property owner will be completed at the time of the project, the city provides a finance option that allows interested property owners to delay payment of the Spellman Sewer project until connection to the line occurs or after 10 years, whichever comes first.

5. If the neighborhood says no, what happens to neighbors whose septic systems fail or are just about to fail?

Property owners that need to connect to a sewer line will be responsible for paying the cost to connect to the sewer line and will also have to annex into the city without the advantage of a shared financing strategy that includes many properties.

6. If 51 percent say yes, will the other 49 percent be required to participate?

While the annexation process allows the city to proceed with majority support, staff will need guidance from our City Council about whether to proceed with the project or not.

Assessment & Taxation

- 1. Will taxable assessed value for properties that connect to city sewer (or have sewer available in the street) increase? This is a three-part question:
 - a. Does the sewer line increase property values?**
 - b. Does the sewer line prompt Washington County to reassess the entire property?**
 - c. Will our assessed property values go up over time as a result of annexation?****

The sewer improvements could potentially impact your assessed value. Assessments includes the highest and best use of a property, including future development potential. Additional discussions with Assessment and Taxation are recommended if you would like more information about tax implications. Please call John Moffitt, Washington County Resident Property Appraiser (503-846-8223).

Other

- 1. Will the city invest in the area, such as adding sidewalks and lights? Will the property owners be assessed for these improvements (ex. using a local improvement district)? Would there be assessments for future projects/additional neighborhood needs?**

Public improvements such as sidewalks and lighting are not required to meet city standards for existing neighborhoods when annexed into the city, unless it is part of a redevelopment project or if requested by a neighborhood. Neighborhood-initiated improvements are done through local improvement districts or in some cases through a capital improvements project with the city.