

# Coburg Wastewater Project

February 2014

## COST CALCULATOR – LID FOCUS



**NOTE:** All figures are *estimates*. The final cost will be calculated upon completion of the project. The numbers given here do not constitute a promise by the City for any particular rate or charge upon completion of the project.

In addition to secured loans and grants, there are two charges that current property owners of Coburg will pay directly to cover the cost of the Wastewater Project and one charge for future developments and redevelopments. This fact sheet provides an overview of those costs, but focuses on the upcoming local improvement district assessment.

### 1. Local Improvement District Assessment

**(LID).** An LID is a standard way property owners share the cost of a public improvement. All properties in the LID will pay an assessment, estimated (2010) to be \$0.17-\$0.18 per square foot of property. (Average-sized residential property, one-time assessment of about \$1,500- \$2,000). However, the final cost will be determined – primarily – by the final construction cost of the Project. The actual assessment could be higher or lower.

The Council established the LID structure well before construction began in 2010. When the LID was established, Council decided that the amount of the assessment would be determined by balancing the contributions of the LID, user rates and property tax revenue contributions from the Urban Renewal District. These projections were made based on the best information at the time, but did not include all of the cost changes since that time.





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When all costs are 'in' (probably two-three months after closeout of construction), Council will look at the costs and determine a balance between the contributions. There are several factors that will play into the Council's evaluation. Given the *latest* projected number of users and replaced tanks at the end of construction, there could be an additional assessment of about \$0.01-0.02 per square foot. For an average residential lot of 12,500 square feet, this would lead to an additional assessment of \$125.

**How will the LID assessments work?** Once the Council determines the amount, the assessments will be calculated for all properties in the LID. Notice of the assessment will be sent to each property owner. The property owner will have two choices. One choice will be to pay the assessment within thirty days of the time the notice of the assessment is sent. The second choice will be to finance the assessment. If the property owner chooses to finance the assessment, The City will enter into a finance agreement with the property owner, where the property owner would make the first of ten annual payments, including an estimated six percent annual interest rate. The finance agreement will be secured by a lien on the property.

### Other Direct Fees to Users

**2. User Rate.** All user rates are based on an EDU (Economic Development Unit) charge. One EDU is 835 cubic feet of water, or less, used monthly during the winter months (average winter water use).



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Current users will have the winter average calculated at the end of each winter (April) for the year following. New users will have an estimate calculated for the first year, based on an estimated flow for the type of land use. Coburg City Council has established a sliding rate based on use. Currently the base residential rate is \$85 per EDU for each *connected* site. This rate is not anticipated to change for multiple years unless the final construction cost significantly exceeds expectations.

**3. System Development Charge (SDC).** An SDC is a one-time fee imposed on new development and some types of redevelopment. The fee is intended to recover a fair share of the costs of existing and planned future improvements and to off-set the cost to current users for the impact on the system of new development. The State law allows SDCs for water, transportation, parks, wastewater, and stormwater. Coburg currently has SDCs for wastewater, water, transportation, and parks.

### Contact:

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