

**FINAL COST REPORT**  
**For**  
**CLACKAMAS COUNTY SERVICE DISTRICT NO. 1**  
**ASSESSMENT DISTRICT 2009-1**

North Clackamas Revitalization Area Sanitary Sewer Project

March 2009 – December 2012

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## Executive Summary

Assessment District 2009-1 (“AD 2009-1”) was formed to provide public sanitary sewer service to 932 existing residential, commercial and industrial parcels in the Clackamas County Service District No. 1 (“CCSD#1” and “District”) service area of the North Clackamas Revitalization Area (“NCRA”).

Sanitary sewer facilities constructed for AD 2009-1 by CCSD#1’s NCRA Sanitary Sewer Project (“NCRA Project” or “Project”) include 50,917 feet of 8-inch to 12-inch collector sewer pipe; and 934 separate private service laterals requiring 22,890 feet of 4-inch and 6-inch pipe; and 212 manholes. The initial cost estimate to serve these parcels was \$12,700,000.00. The final cost to serve 932 parcels is \$12,117,542.50.

AD2009-1 and the NCRA Project were administered by Water Environment Services (WES), a Department of Clackamas County, on behalf of Clackamas County Service District No. 1.

The NCRA Project was primarily financed through an Oregon Department of Environmental Quality Clean Water State Revolving Fund (“CWSRF”) loan and a loan from the 2009 American Recovery and Reinvestment Act (“ARRA”). The terms of the \$4,142,142.00 ARRA loan include forgiveness of one-half of the principal; the remaining principal will be interest-free over the 20-year term of the loan. These principal and interest reductions will be passed along to the assessments on the benefited properties within AD2009-1, reducing the final Project cost by \$2,071,071.00. The final cost to be allocated to the benefited properties is \$10,046,471.50.

In addition, through an Intergovernmental Agreement between CCSD#1 and the Clackamas County Development Agency, a \$1,292 urban renewal credit will be applied to each assessed property.

Estimated assessments were provided to property owners on January 29, 2009 based on the 2009 Project estimate of \$12,700,000. 80% of the estimates were from \$8,000 to \$12,999.

Based on the 2013 final Project cost of \$10,046,471.50, 92% of the final assessments are in the <\$8,000 to \$12,999 range.

The NCRA Project was completed in three phases. As each phase was completed and in service, property owners were able to connect to the new system. As of April 1, 2013, 214 properties have connected to the new system.

Several factors contributed to the success of this project, including:

- The Project was designed and awarded in three phases to coordinate with availability of the Clean Water State Revolving Fund loan, which was to be allocated over three construction seasons. This

approach allowed a more practical timeline for the design and acquisition of necessary easements; and kept the construction cost of each phase low enough to attract a larger pool of contractors to bid and bond the work – thereby increasing competitiveness.

- The three-phase approach also minimized the impacts to the community (traffic, access, dust and noise).
- The Project benefited from very detailed construction drawings and specifications and an engineering consultant that was responsive in resolving unforeseen issues that are common to underground utility construction.
- Constant and thorough construction inspection and construction management contributed to better contractor coordination, property owner responsiveness, traffic-impact monitoring and community interaction.

## Final Report

The original boundaries of Assessment District 2009-1 (“AD2009-1”), established by Board Order No. 2009-20, were based upon the unsewered properties within the North Clackamas Revitalization Area annexed to Clackamas County Service District No. 1 (“CCSD#1” or “District”) by Order 2008-136. The area consists primarily of single family residences, with some vacant lots, several duplex rentals and apartment buildings, several mobile home parks, and a small number of industrial properties. All of these properties were served by on-site wastewater disposal systems such as cesspools or, where lot size allows, septic tank/drain field systems.

The objective of the NCRA Sanitary Sewer Project (“NCRA Project”) was to provide gravity sanitary sewer service to existing homes and businesses within AD2009-1 using the most cost-effective routes. In order to best serve this community and provide gravity service to as many residences as practical, creative design efforts and 71 easements were required. Although the vast majority of the District’s pipelines are within public rights-of-way, easements were an important necessity to provide the level of service desired and to minimize construction costs.

Unique challenges in completing the NCRA Project included:

- coordination with adjacent service providers;
- maintaining access for residents, emergency and public transportation in the densely-populated project areas;
- the necessity to bore under Johnson Creek to convey sanitary flows to the sewer interceptor;
- unforeseen construction impacts from heavy equipment to community roadways; and
- ensuring that all aspects of design and construction were in full compliance with Clean Water State Revolving Fund (“CWSRF”) and American Recovery and Reinvestment Act (“ARRA”) requirements.

Project challenges are further discussed in the Construction and Engineering Cost Reconciliation sections of this report.

### Cost-sharing for construction of common facilities

As noted, the NCRA Project was primarily financed by a CWSRF loan and ARRA loan and grant. In addition, as the Project was being planned, the Cities of Milwaukie and Portland each had projects to extend public sewer service in their respective service areas located adjacent to the CCSD#1 boundary. The projects presented the opportunity to provide services to both District and City customers in the most efficient, cost-effective and non-duplicative manner. Separate Intergovernmental Agreements describing each project, District and City responsibilities, expected costs and cost-sharing methodology and payment, and ongoing use and maintenance responsibilities for the new lines were approved by the Board of County Commissioners and City Councils. The costs associated with these Agreements are included in the Construction Cost Detail section of this report.

### Urban Renewal Credit

The Clackamas County Development Agency (Agency) has assisted in helping to make sewers affordable for property owners with contributions from the urban renewal district. Through an intergovernmental agreement between the CCSD#1 and the Agency, final assessments will be reduced by a \$1,292 credit per assessed property. CCSD#1 has received the funds from the Agency and has applied the credit to each property with a final assessment per the Agreement.

The final assessments recommended for AD 2009-1 are based on the actual costs and the unit rates for each of the special benefits as follows:

General Benefit Assessment	\$12,032.69 per acre
Basic Unit Benefit	\$6,000.00 per unit
Service Lateral Benefit	\$2,100.00 per connection
Urban Renewal Credit	\$1,292.00 each

The final cost unit rates will produce the following amounts when applied to all of the benefited properties within the sewer extension area:

General Benefit Assessment \$12,032.69 per acre (206.7 acres*)	\$2,487,071.50
Basic Unit Benefit \$6,000.00 per unit (932 units)	\$5,598,000.00
Service Lateral Benefit \$2,100 per connection (934 each)	\$1,961,400.00
<b>TOTAL COST</b>	<b>\$10,046,471.50</b>

\*Acreage reflects 211 total acres less excluded lands, per the Assessment District Policy Formula.

Board Order No. 2009-20 established the boundaries of AD 2009-1. The final Benefited Area Boundary map of the completed improvements has been prepared and is referenced and identified in Exhibit A on Page 22. The Assessment Policy is shown on Pages 23-24 and marked as Exhibit B. The project final cost comparison summary for this sewer project is shown on page 8.

Exhibit C, beginning on page 25, lists all the properties benefited in Assessment District 2009-1 compiled from the records of the County Assessor. Also included are tabulations of assessable property, listing the following detailed information for each individual property:

1. Assessor's Tax Lot Number
2. Owner's Name
3. Site Address

Clackamas County Service District No. 1  
Assessment District 2009-1  
North Clackamas Revitalization Area Sanitary Sewer Project  
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4. Deed Reference
5. Real Market Value Per Assessor
6. Total Lot Acreage
7. Acreage Assigned General Benefit
8. General Benefit Assessment (per acre, based on final project cost)
9. Basic Unit Benefit Assessment @ \$6,000 each
10. Service Lateral Benefit @ \$2,100 each
11. Urban Renewal Area Credit \$1,292 per assessed property

Project Final Cost Comparison Summary

ACTIVITY	ESTIMATED COST	FINAL COST
Construction	\$10,395,000.00	\$9,654,606.16
Engineering	\$1,894,000.00	1,785,025.00
Easements, Rights of Way and Permits	\$80,000.00	193,926.93
Legal and Administrative	\$331,000.00	483,984.41
<b>Total Cost</b>	<b>\$12,700,000.00</b>	<b>\$12,117,542.50</b>

The attached report has been prepared to comply with State Statutes and the Board of County Commissioners Order No. 75-285, dated March 5, 1975.



## Construction Cost Detail

### PHASE 1 CONSTRUCTION: Dunn Construction, Inc.

BID AWARDED December 23, 2009 .....	\$3,330,489.00
▪ Change Order #1 .....	17,886.39
▪ Change Order #2 .....	36,835.30
▪ Change Order #3 .....	95,492.13
▪ Change Order #4 .....	<u>6,688.94</u>
TOTAL AUTHORIZED CONTRACT .....	\$3,487,391.76
Quantity Variation Over/Under .....	<u>(\$103,082.01)</u>
Total Work Completed .....	\$3,384,309.75
PHASE 1 FINAL CONSTRUCTION COST .....	\$3,384,309.75

### PHASE 2 CONSTRUCTION: Rotschy Inc.

BID AWARDED January 3, 2011 .....	\$3,199,958.00
▪ Change Order #1 .....	<u>32,833.50</u>
TOTAL AUTHORIZED CONTRACT .....	\$3,232,791.50
Quantity Variation Over/Under .....	0.00
Total Work Completed .....	\$3,232,791.50
PHASE 2 FINAL CONSTRUCTION COST .....	\$3,232,791.50

### PHASE 3 CONSTRUCTION: S-2 Contractors, Inc.

BID AWARDED August 20, 2011 .....	\$3,198,727.00
TOTAL AUTHORIZED CONTRACT .....	\$3,198,727.00
Less Work Completed SE Brehaut SW Drywell Decommissioning .....	(68,997.66)
Quantity Variation Over/Under .....	(\$265,241.42)
Total Work Completed P111869 .....	\$2,864,487.90
PHASE 3 FINAL CONSTRUCTION COST .....	\$2,864,487.90

**PHASES 1, 2 AND 3: OTHER CONSTRUCTION EXPENSES**

Construction Mitigation: Johnson Creek Riparian Area .....	\$6,598.13
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**PHASES 1 AND 2:**

**Intergovernmental Agreements with Adjacent Service Providers: Cost Sharing of Construction of Common Sanitary Sewer Facilities**

City of Milwaukie (COM):

CCSD#1 cost share: \$213,975.67

COM cost share: 162,673.00

NET	\$ 51,302.67 .....	\$51,302.67
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City of Portland (COP):

CCSD#1 cost share: \$342,368.21

COP cost share: 227,252.00

NET	\$115,116.21 .....	\$115,116.21
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PHASES 1, 2 AND 3: TOTAL CONSTRUCTION COST .....	\$9,654,606.16
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## CONSTRUCTION COST RECONCILIATION

Several elements created unique challenges for this project, including:

- Coordinating both the service boundaries and the timing of construction with the adjacent City of Milwaukie project which was entering into design and construction at the same time as the District's project.
- Coordinating with the City of Portland for sanitary sewer service to homes that are near District boundaries.
- Coordinating with the City of Portland the connection of our sanitary lines to their Lents Trunk interceptor in two locations. (The Project areas are within the design area of the City's collection and treatment system.)
- Determining the location of on-site wastewater systems to help determine service lateral placement. There are numerous rental properties in this service area; many owners or residents did not know where their on-site wastewater disposal systems were located or where the old sanitary lines left the house.
- Maintaining traffic flows and access for residents in the densely populated project areas, as well as for school buses, mail deliveries, emergency services and Tri-Met.
- Boring underneath Johnson Creek in order to convey sanitary flows to the sewer interceptor.
- Rebuilding many of the local streets. The majority of the streets impacted by construction were in poor structural condition and needed to be fully rebuilt as part of this project.
- Ensuring all aspects of design and construction were in full compliance with Clean Water State Revolving Fund (CWSRF) and American Recovery and Reinvestment Act (ARRA) requirements.

## CONSTRUCTION CONTRACTS

The NCRA project consisted of 9.6 miles of collector sanitary sewer line and 4.3 miles of sanitary sewer laterals. It was designed and awarded in three phases. The purpose of phasing was to:

- Coordinate construction with the availability of the CWSRF loan funds, which were to be distributed over three construction seasons.
- Minimize the impacts to the community (traffic, access, dust and noise).

- Keep the construction cost of each phase low enough to attract a larger pool of contractors to bid and bond the work – thereby increasing competitiveness.
- Divide the service area up to allow a more practical timeline for the design and for the acquisition of necessary easements.
- Minimize the resources the District would have to make available to manage the project successfully.

The original bid for **Phase I** was awarded to Dunn Construction inc. for their bid of \$3,330,489. Change orders during construction were necessary to handle the following conditions that were not identifiable prior to construction:

- A section of waterline was found to be in a location conflicting with the designed location for the sanitary pipeline. It was determined that relocating the waterline would be easier than relocating the sanitary line.
- A significant amount of clean native sand was found in the pipeline trench excavation. Rather than hauling it away and importing 100% gravel for the backfill, controlled use of these clean native sands was allowed in the lower portions of the backfill – creating overall savings to the project and better use of native materials.
- During this first construction phase staff discovered that the roadways were not going to hold up under heavy construction equipment. The resolution involved a change order to cover rebuilding most of the roadways after pipeline installation.

The total amount paid to Dunn Construction Inc. for Phase I construction was \$3,384,309.75; 1.6% above their original bid.

The **Phase II** construction contract was awarded to Rotschy Inc. for their bid of \$3,199,958. Minor change orders during construction were necessary to handle the following conditions that were not identifiable prior to construction:

- Additional roadway resurfacing was required above that originally anticipated, but the end result was a much better roadway system for the community.
- Allowed the contractor to screen and process native gravels excavated on site as trench backfill, creating overall savings to the project and better use of native materials.

The total amount paid to Rotschy Inc. for Phase II construction was \$3,232,792.50; 1.0% above their original bid.

The **Phase III** construction contract was awarded to S-2 Contractors Inc. for their bid of \$3,198,727, which included a stormwater drywell decommissioning to be funded under a separate project.

Change orders during construction that were not identifiable prior to construction were quite minimal on this phase. A redesign during construction of a section of line across additional properties required three additional easements to minimize construction impacts, but resulted in a net savings to the project.

In coordination with sewer installation work on SE Brehaut, the Phase 3 contractor also installed stormwater piping to a nearby stormwater system and removed an existing stormwater drywell. The work was bid under this contract, but deducted from the NCRA Project cost. CCSD#1's Surface Water Management Capital Improvement Project budget separately funded the work for the amount of \$68,997.66.

The total amount paid to S-2 Contractor Inc. for Phase III sewer construction was \$2,864,487.90 or 8.58% below their original bid.

#### ROADWAY RESTORATION

Roadway restoration was an important and integral part of the scope of work for this sanitary sewer system installation. Roadway restoration became a challenge when, during construction, it was discovered that the majority of the roadways in the project area had very little asphalt or gravel base. What was left of most roadways became obliterated by the heavy construction equipment necessary for this project.

Typical roadway reconstruction includes removal and disposal of adequate native material to provide room for a robust gravel base and at least 4-inches of new asphalt. Facing the potential of significant roadway rebuilding construction impacts as well as significant budget over-runs, the District explored other alternatives and found that these roadways were ideal candidates for an in-place restoration process called Full Depth Reclamation ("FDR").

Roadways to be fully rebuilt were typically pulverized to a ½-foot depth with specialty equipment (existing asphalt and base included), graded and a 5% addition of Portland cement then mixed into the ½-foot of pulverized base. After full compaction of this new base, the roadway was resurfaced with new asphalt pavement. The end result was a totally new driving surface on a very solid base and a long-term life expectancy.

Utilizing the FDR method saved the Assessment District approximately 50% in construction dollars over typical construction costs for roadway rebuilds, shortened construction impact timelines to local traffic significantly and conserved natural resources.

In addition:

- Very little material had to be hauled off-site and disposed of;
- Importing large amounts of gravel for a new structural base was not necessary; and
- Most streets were rebuilt in less than two days – greatly minimizing impacts to the community.

All streets, approximately 8 ½ miles, where sewers were installed in the NCRA Project area received a new full-width paved driving surface. Over 60% of these streets were completely reconstructed using the Full-Depth Reclamation process. Just under 40% of the streets were deemed in adequate condition to warrant a trench patch and a full-width overlay for the final street restoration.

#### CONSTRUCTION OVERSIGHT

The success of this project is also largely attributable to the controls in-place during construction. The following construction measures utilized by the District were positive factors in this accomplishment:

- Full time and thorough construction inspection and construction management: Contractors performing this construction typically had between three and six crews working in different areas of the project at the same time. The District takes very seriously the importance of good construction management and inspection to assure that the final products installed will meet the design's intent and serve the community well. The District utilized its own construction manager onsite and also retained the highly experienced public works construction inspection services of Silverton Consulting Services.
- Very detailed construction drawings and specifications;
- An engineering consultant that was very responsive to helping project staff resolve unforeseen conflicts that are common to underground utility construction;
- A good rapport with other utility companies that the project's underground efforts would encounter (water districts, gas, power, telephone, cable, etc); and
- The support of the County's Department of Transportation and Development Engineering and Road divisions to expedite steps necessary to keep construction efforts moving and minimizing impacts. This was especially noted for the needed permits, traffic detours, road closures, and surface restoration quality assurance.

The total final cost for construction contracts was \$9,481,589.15, which compares favorably with the original estimate of \$10,395,000 from the January 2009 Engineer's Report. The very competitive bidding climate was a positive factor in helping to offset the unexpected increase in construction scope to rebuild the majority of roadways.

Water Environment Services ("WES") labor was used for construction management, civil engineer, field inspection, testing and acceptance.

## ENGINEERING AND CONSTRUCTION SERVICES COST DETAIL

### PHASES 1, 2 AND 3: Century West Engineering Corporation

ORIGINAL AGREEMENT AWARDED May 27, 2008 .....	\$1,011,056.00
▪ Amendment #1 (October 1, 2008) .....	18,500.00
▪ Amendment #2 (July 30, 2009) .....	25,950.00
▪ Amendment #3 (December 2, 2009) .....	26,000.00
▪ Amendment #4 (August 21, 2010) .....	63,138.00
TOTAL AUTHORIZED AGREEMENT .....	\$1,144,644.00
AGREEMENT OVER/UNDER .....	(\$53,027.85)
 TOTAL PHASES 1, 2 AND 3 ENGINEERING COST .....	 \$1,091,616.15

### PHASES 1, 2 and 3: CONSTRUCTION SERVICES

Construction Inspection Services: Silverton Consulting Services .....	\$200,726.82
Clackamas County Dept. of Transportation and Development Traffic engineering and inspection .....	44,040.33
Additional paving/compaction testing .....	7,302.40
Coordination with other utilities .....	5,092.07
Construction office and staging; utilities .....	17,206.27

### PHASES 1, 2 AND 3: WES LABOR and EQUIPMENT

Civil Engineer; FT Construction Mgr; Acceptance and Testing .....	379,614.90
Equipment .....	<u>42,188.74</u>
 TOTAL CONSTRUCTION SERVICES .....	 \$693,408.85

TOTAL ENGINEERING AND CONSTRUCTION SERVICES	\$1,785,025.00
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### ENGINEERING COST RECONCILIATION

This project came in well within the anticipated engineering costs. The total cost of the engineering consultant, Century West Engineering, was \$1,091,616.15 which represents 11% of the total construction cost. The District's full-time construction management, full-time contract inspector, field office costs and civil engineer/project management added an additional \$639,408.25 to project costs.

The following engineering-related efforts contributed to the success of this project:

- An aerial survey of the entire area was conducted to obtain a more accurate photogrammetric base and contours than was otherwise available. This step also benefited other agencies for their future projects:
  - All the water valve box covers were marked prior to the aerial survey so that the water districts could utilize the mapping to see their relative location and enhance their limited records;
  - Other County departments have already utilized this mapping for their improvement projects.
- Survey work was utilized to locate existing monumentation and identify rights-of-way and property boundaries. Survey also located existing utilities as they were marked by utility locates, to minimize conflicts during construction.
- Construction contract documents were written very carefully and drawings created accurately to not only assure a quality construction effort but also to minimize contractors feeling a need to add contingencies into their bid for the unanticipated obstacles and challenges. This encouraged more competitive bidding.
- Geotechnical information of underground materials was obtained and included in the bidding documents. This gave bidding contractors a better idea of what soil conditions would be encountered and allowed them to bid more competitively.
- Having full-time District construction management on the project construction site also contributed to better contractor coordination, responsiveness to property owners, traffic-impact monitoring and community interaction.
- Being promptly responsive to site-specific project challenges also contributed to project savings. These included:
  - The utilization of native materials where appropriate;



- The implementation of the FDR road rebuilding processes not previously employed in the area for this type of construction project; and
- Fast-track alternate designs were orchestrated while under construction to overcome obstacles, keeping the project moving and minimizing impacts.

## EASEMENTS and PERMITS COST DETAIL

### PHASES 1, 2 and 3:

Acquisition of 71 easements .....	\$107,372.74
Compensation to Property Owners: Construction Impacts and Surface Restoration of Easements .....	67,860.00
State and Local Permits (Clackamas County, City of Portland, State of Oregon)	<u>18,694.19</u>
TOTAL .....	\$193,926.93

## EASEMENT COST RECONCILIATION

In order to best serve this community and provide gravity service to as many residences as practical required creative design efforts and 71 easements. Even though the vast majority of our pipelines are within public rights-of-way, easements became an important necessity to provide the level of service desired and to minimize construction costs. Of the 71 easements, 14 were donated and 57 were purchased.

Property owners from whom easements were necessary were assured that impacts to their property would be kept to the minimum necessary and that restoration would be complete. Owners were made an integral part of the design process in identification of the best location for the needed easement. Owners were compensated fairly for the easement, for loss of use and for loss of any trees or vegetation that had to be removed.

Owners were also given options on the restoration of their property. Some owners elected to have the District contractors complete the surface restoration while others chose to receive cash payments in lieu of anticipated restoration costs, giving them the control of when and what restoration work was completed.

On those properties where the owner elected to complete restoration, the District contractor was only required to compact backfill, return the surface to original grade and stabilize the surface with grass seed and/or erosion protection materials. As noted, property owners were offered reasonable compensation if they chose to complete their own post-construction landscaping restoration on their properties. Numerous property owners elected to perform this final restoration themselves, which added to the total amount of budget spent on easements, but resulted in savings on the final construction contract costs.

All property owners were assured that the District would renegotiate the easement and surface restoration compensation for any property owner who felt that construction impacts exceeded those described in the originally obtained easement.

These approaches to easement acquisition resulted in better community reception to the project, better property owner satisfaction – and overall lower easement costs.

#### ADMINISTRATIVE COST DETAIL

##### **PHASES 1, 2 and 3:**

WES Labor: Project and Assessment District Administration	\$149,834.06
Advertising; reproduction and printing; community outreach and events	9,604.76
Miscellaneous small equipment and materials, rentals	1,925.26
Recording Expenses	6,500.00
CCSD#1 Overhead and Allocation of Capital Project Support	<u>316,120.33</u>
<b>TOTAL ADMINISTRATIVE COST</b>	<b>\$483,984.41</b>

#### ADMINISTRATIVE COST RECONCILIATION

##### Water Environment Services (WES) Labor:

In addition to the WES labor described under “Construction Cost Detail”, WES labor was used for overall project management and contract administration; CWSRF and ARRA loans and grant administration; assessment district administration; and engineering and engineering support.

Legal support for this project was provided by the Clackamas County Assistant County Counsel, and those costs are included in “Overhead” above. There are no construction claims pending. None of the easement acquisitions required condemnation. There are no other known legal issues associated with AD2009-1.

##### Overhead and Allocation of Capital Project Support:

Each District capital project has an overhead amount added to its costs each month, if applicable. This amount is currently calculated at 50% of the direct labor charged to the project. The overhead charge covers the general administrative expenses of the WES organization, including utilities, rent, legal, finance, community involvement, customer service, administrative support, and geographic information services.

Allocation of Capital Project Support is applied for costs that are not associated with a specific project number, but that are related to the overall management of capital projects. A pre-determined percentage, based on prior year actual charges, is added to all projects as part of the monthly allocation process. At the end of each fiscal year, the calculated rate is compared to the actual amount charged to program 20900-Project Support, and a variance adjustment (+ or -) is made to each project cost total. The rate used for 2009-10 was 1.5%, and the rate used for 2010-11, 2011-12 and 2012-13 is 1%.

Recording: Recording expenses were estimated at 3 documents for each assessment. The final assessment, installment payment note, and a satisfaction of lien are required to be recorded for most properties.

#### FINANCING DETAIL

CWSRF/American Recovery and Reinvestment Act (ARRA) Loan #R06224	\$4,142,142.00
Less ARRA Grant (principal forgiveness)	<del>-\$2,071,071.00</del>
	\$2,071,071.00
Clean Water State Revolving Fund (CWSRF) Loan #R22403	\$7,018,376.00
CCSD#1 General Funds	<u>\$957,024.50</u>
TOTAL FINANCING .....	<u>\$10,046,471.50</u>

#### FINANCING RECONCILIATION

The NCRA Sanitary Sewer Project was primarily financed by two Clean Water State Revolving Fund (CWSRF) loans, with loan funds made available annually during the Oregon Department of Environmental Quality's 2009, 2010 and 2011 funding cycles. Funds for project expenditures were disbursed to the District on a reimbursement basis upon submittal of reports for eligible project expenses.

The balance of project costs, which consisted of expenses not eligible for reimbursement through the CWSRF program, was funded by the general funds of CCSD#1. These expenses included the purchase of easements, and CCSD#1's portion of the IGA's with the Cities of Milwaukie and Portland cost sharing for construction of common facilities, which were not within the loan scope.

The first loan, R06224, was funded through CWSRF program with funds from the ARRA. Consequently, the initial loan will have one half of the principal amount, \$2,071,071.00, forgiven with the remaining \$2,071,071.00 not accruing any interest over the 20 year term of the loan. These principal and interest reductions will be passed along to reduce the assessments on benefited properties within the NCRA.

The second loan, R22403, consisted of traditional CWSRF funding sources, and has a 2.77% interest rate. The annual fee for both loans is 0.50%.

Property owners within AD2009-1 have the right to apply to the District for payment of the final assessment in installments, as provided by ORS 223-210. For those who wish to finance all or a portion of their assessment through CCSD#1, staff recommends a blended interest rate of 5%, which will reduce the risk to the current ratepayers.

#### ASSESSMENT ALLOCATION

Number of Benefited Acres .....	206.7*
Number of Tax Lots Benefited .....	932
Direct Assessments .....	\$10,046,471.50

#### Assessment Formula

General Benefit Assessment \$12,032.69 per acre	\$2,487,071.50
Basic Unit Benefit Assessment, \$6,000 per unit (932 units)	\$5,598,000.00
Service Lateral Benefit Assessment, \$2,100 per connection (934 units)	\$1,961,400.00
<b>TOTAL</b>	<b>\$10,046,471.50</b>

\*Number of benefited acres reflects 211 total acres, less excluded lands as per the Assessment Policy.

In addition, the Clackamas County Development Agency ("the Agency") desired to facilitate provision of sanitary sewer services in the NCRA by contributing to the reduction of property owners' final assessments. Through a 2010 Intergovernmental Agreement between Clackamas County Service District No. 1 and Clackamas County Development Agency, the Agency paid CCSD#1 \$1,198,750.00 to be applied to each assessed property as an Urban Renewal Discount. Each final assessment will reflect the \$1292.00 Urban Renewal Discount, per the Agreement.

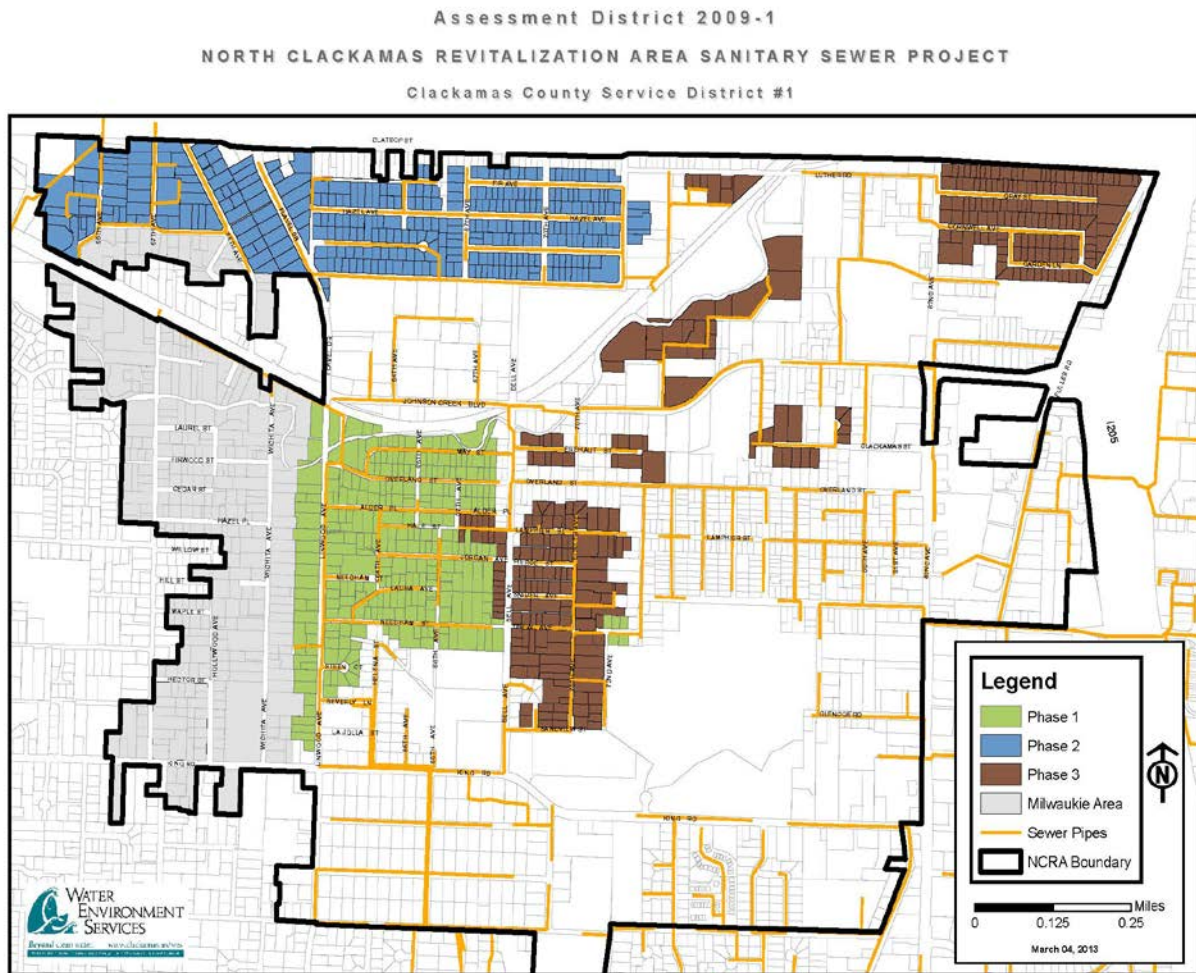


EXHIBIT A

Assessment District 2009-1 Boundary Map

## EXHIBIT "B"

### ASSESSMENT POLICY for Assessment District 2009-1

The following is the recommended statement of benefits and assessment formula applicable to Assessment District 2009-1 within Clackamas County Service District No. 1.

Each property within Assessment District 2009-1 derives special benefits from the sanitary sewer facilities on one or more of the following:

#### GENERAL BENEFIT

**General Benefit** is a cost assigned to each property within the proposed Assessment District directly proportional to the total acreage of the property. Benefit is derived by all properties in Assessment District 2009-1 because of the availability of public sanitary sewer service, whether it is utilized immediately or in the future. All properties within the Assessment District will be assessed a General Benefit with the following exceptions: public rights-of-way, public utility facilities, operating railroad rights-of-way, cemetery interment lands, designated wetlands, sensitive area buffers and exclusive private roads. The General Benefit cost is calculated by dividing the total project cost, minus the Basic Unit Benefit and Service Connection Benefit, by the total acres (less excluded lands). This calculation establishes a cost in dollars per acre, which is then assigned proportionately to the benefited properties.

#### BASIC UNIT BENEFIT

The **Basic Unit Benefit** is defined as the minimum amount each property in the proposed Assessment District benefits from a point of connection to the public sanitary sewer system. This benefit is a fixed cost and is defined as the minimum connection charge as specified in CCSD#1 Rules and Regulations for Sanitary Sewer and Surface Water Management, Table XII.

The minimum connection charge listed in the CCSD#1 fee table is subject to change by Board approval.

The Basic unit benefit will not be assigned to public rights-of-way, public utility facilities, operating railroad rights-of-way, cemetery, interment lands, designated wetlands, sensitive area buffers and exclusive private roads. The basic unit benefit is a fixed rate of one unit assigned to all developed properties and vacant buildable properties. Small tax lots which could not be developed separately under current land use regulations and that are contiguous with larger tax lots under common ownership will NOT be assessed for a Basic Unit Benefit, but will be assessed for General Benefit. Properties requesting additional service laterals will be assigned a basic unit cost for each additional connection to the public sanitary sewer system.

Future development will pay a proportional cost based on this policy.

#### SERVICE LATERAL BENEFIT

The **Service Lateral** (pipe) connects the property to the public sewer system. Benefit is derived by each property in proposed Assessment District 2009-1 provided one or more private sanitary sewer service lateral(s) to the public sanitary sewer mainline. The Service Lateral Benefit is calculated based on the average cost of a private service lateral pipe from the mainline sewer to the property line of each benefited property. This fixed cost includes design engineering, traffic and erosion control, pipe and fittings, trench excavation, pipe bedding, imported trench backfill, street restoration and surveying.

All properties in proposed Assessment District 2009-1 receiving one or more service connection laterals along a serviceable main will be subject to a Service Lateral Benefit for each service connection lateral provided to the property.



Exhibit "C"

Assessment Roll