

## **RESOLUTION NO. 3659**

### **A RESOLUTION FORMING THE CHASE WASTEWATER REIMBURSEMENT DISTRICT**

#### **The City of Gresham Finds:**

A. Gresham Revised Code (GRC) Article 11.15 establishes a process for the formation of reimbursement districts.

B. An application has been submitted by the City of Gresham (the Applicant) for the formation of a reimbursement district.

C. The Applicant desires to recover costs from benefiting properties for the construction of approximately 1,020 feet of 8-inch wastewater main that will be owned and maintained by the City of Gresham. To recover costs, the Applicant has requested to form a reimbursement district.

D. A Manager's Report was drafted recommending approval of the proposed reimbursement district formation. The Manager's Report includes a recommended district boundary, the estimated cost of the district, and the recommended methodology for assigning costs to the properties within the proposed district boundary.

E. A Notice of Application and Informational Meeting was mailed to property owners in the proposed district on May 14, 2025, and the informational meeting was held on May 28, 2025.

F. Following the informational meeting the Manager finalized the Manager's Report.

G. The City sent a mailed notice to the property owners in the proposed district on June 17, 2025, to inform the property owners of the public hearing for district formation.

H. The City Council has reviewed the application and the Manager's Report and has considered any comments received from the impacted properties.

#### **THE CITY OF GRESHAM RESOLVES:**

1. The City Council approves the recommendations contained in the Manager's Report and declares the formation of the Chase Wastewater Reimbursement District. A copy of the Manager's Report is attached as Exhibit A. The recommendations of the Manager's Report are approved.

2. Upon receipt from the Applicant of the final costs and proposed assignment of costs to each benefiting property, the Manager shall prepare and submit to the City Council a proposed Reimbursement Resolution. Notice of Council action on the Reimbursement Resolution shall be provided to the property owners within the District.

Yes: \_\_\_\_\_

No: \_\_\_\_\_

Absent: \_\_\_\_\_

Abstain: \_\_\_\_\_

Passed by the Gresham City Council on July 1, 2025.

\_\_\_\_\_  
Eric Schmidt  
City Manager

\_\_\_\_\_  
Travis Stovall  
Mayor

Approved as to Form:

\_\_\_\_\_  
Ellen Van Riper  
City Attorney

# EXHIBIT A

## Manager's Report

### SE Chase Wastewater Reimbursement District

#### **BACKGROUND**

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There are several pockets of unsewered properties within the City of Gresham. Extension of the public wastewater system to these areas is generally reliant upon development or an individual property owner extending the public wastewater main when their onsite wastewater disposal system fails. The property owner or developer who extends the public wastewater system has the option to set up a reimbursement district if the extension benefits other properties, but the cost, timing and expertise needed to manage a wastewater main extension project and set up a reimbursement district is a major burden for most property owners. As a result, as funding allows, the City has been extending public wastewater mains to these areas and setting up reimbursement districts to recover the costs when properties connect to the wastewater main. Cost recovery is necessary to fund future wastewater main extensions.

The proposed wastewater main would extend from the existing wastewater manhole located at the intersection of SE Jasmine Way and SE Chase Road, to just east of SE Keller Avenue to the west. The proposal also includes a southerly extension from the new wastewater main in SE Chase Road in the undeveloped SE Inverness Road right-of-way. The proposed district boundary includes ten tax lots, three of which are already connected to public wastewater. The connected lots are proposed for inclusion because they would benefit from the proposed wastewater line if they added dwelling units in the future.

#### **REIMBURSEMENT DISTRICTS**

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The purpose of a reimbursement district is to provide a method to reimburse the City or a developer who finances master planning or the construction of public facilities that benefit multiple properties and provides a financial mechanism to allow the City or developer to proceed with critical infrastructure with at least partial cost recovery. Reimbursement districts provide a tool to determine a benefiting property's cost share and ensure the impacted property owners are involved in the process. A notice of the reimbursement district is recorded on the titles of properties in the district so prospective property owners are made aware of the district at time of purchase. Reimbursement district processes and requirements are codified in Article 11.15 of the Gresham Revised Code (GRC). An overview of the process is included as Exhibit A1.

The creation of a reimbursement district is a two-step process. In the first step, Gresham City Council votes on whether to form the reimbursement district. There are four basic components to consider when forming this reimbursement district:

1. Reimbursement District Boundary. The district boundary is the area that is most likely to benefit from the plan or infrastructure proposed.
2. Reimbursement Amount. The estimated costs to construct the new infrastructure or to complete the master planning which are passed on to the benefiting properties.
3. Reimbursement Methodology. The recommended reimbursement methodology is the methodology used to determine how much each benefiting property should be charged based on their expected portion of the benefit. There is no single mandated methodology, so each proposed reimbursement district may come up with a methodology that makes the most sense for the individual project.
4. Financial Safety Net. A financial safety net program is recommended when properties have future development potential, but the property has an existing home that would benefit from a single connection. The safety net amount would be the reimbursement due to connect the single *existing* home to the infrastructure. The remaining reimbursement district charge would be charged when the lot divided or (re)developed with a use that would intensify wastewater usage for the site beyond that of the existing single home.

In the second step, if Council approves the formation of the district, Council will review the developer's actual project costs and apply the methodology to determine the reimbursement district charge for each benefiting property. The second step would be considered at a subsequent council meeting after the project is constructed.

Per GRC 11.15.115, the reimbursement district would remain valid for 10 years and may be renewed for additional 10-year terms if a written renewal request is received prior to the date of expiration.

## PROJECT TIMELINES

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On May 12, 2025, the project engineer finalized their project cost estimate and formally applied for a reimbursement district.

A Notice of Application and Informational Meeting was sent to the property owners of record on May 14, 2025, and the informational meeting was held on May 28, 2025. The purpose of the informational meeting was to inform the property owners of the proposed reimbursement district and obtain comments from the affected property owners. One property owner attended the meeting, however, the project engineer communicated with owners of seven of the ten properties while in the field.

The funding for this project will go to Council for adoption on June 17, 2025, as part of the Capital Improvement Program (CIP). If the CIP (CIPWW00013) is not adopted or if Council decides to reduce or eliminate funding for this project, this project will not move forward until it is funded.

Advertising for bids for the construction of the wastewater main is scheduled for around June 24, 2025. If the reimbursement district formation is approved by Council and the CIP is approved, bid opening will occur on July 15, 2025. Construction timing will depend on the hired contractor's availability but should be complete before the end of 2025. Once the final costs are tallied, a council meeting to adopt the final costs resolution will be scheduled.

## **MANAGER'S FINDINGS AND RECOMMENDATIONS**

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The Manager recommends the formation of the SE Chase Wastewater Reimbursement District as follows:

### **1. REIMBURSEMENT DISTRICT BOUNDARY**

Exhibit A2 shows the proposed reimbursement district boundary. Six of the tax lots are developed with homes utilizing private onsite wastewater disposal (e.g. septic), one tax lot is undeveloped and three tax lots are connected to the public wastewater system. The connected homes would not be required to connect to the proposed wastewater main unless they further develop their property. The undeveloped lot would be required to connect when the property developed and the lots with onsite private wastewater disposal would be required to connect when their onsite system failed or those lots developed further.

### **2. TOTAL REIMBURSEMENT**

The estimated cost to plan, design, and construct the approximately 1,020 feet of 8-inch wastewater main, including laterals to all ten of the tax lots is \$557,000, as shown in Exhibit A3.

If the formation of the district is approved, the actual project costs will be tallied once the project is built by the lowest qualified bidder. The City Council would review those costs in a second city council meeting to adopt those final costs and each tax lot's resulting proportional share.

In addition to the reimbursement district share, the property owners will be responsible for payment of any applicable fees, such as the wastewater system development charge, connection fee and plumbing permit. They will also be responsible for the costs of extending the wastewater lateral on their private property and decommissioning of any

onsite sanitation systems. Decommissioning existing onsite sanitation systems requires a permit from Multnomah County Sanitation.

### **3. REIMBURSEMENT METHODOLOGY**

The proposed reimbursement methodology charge for each benefiting property is based on their portion of the projected density of the total district. Projected density was determined by calculating the developable area of the tax lot, taking into consideration reduced developability where the (Natural) Resource Area overlay district impacts a tax lot. The resulting developable area for each tax lot was then multiplied by the wastewater pipe design density per the Gresham Public Works Standards for each tax lot's applicable zoning district.

Based on this methodology, the projected density for the district is 62.0 units. The projected cost per unit, based on the estimated project cost, is \$8,983.90. This projected cost is utilized for determining the cost share.

Unless they choose to connect sooner, the existing unsewered homes in the proposed district would be required to connect to the proposed wastewater main when their onsite disposal system fails or when they develop further.

Payment prior to connection to the wastewater main is allowed but connections to the wastewater main will not be permitted before the final cost resolution is adopted by Council unless an agreement between the property owner and the City is executed and a deposit that is at least 25% greater than the estimated reimbursement is paid. Any unused portion of the deposit will be returned to the payee after the final cost resolution is adopted.

Exhibit A4 shows the proposed methodology and resulting proposed proportional share for each tax lot in the proposed district.

### **4. FINANCIAL SAFETY NET**

A financial safety net program is recommended to allow an existing home on a tax lot with the potential for higher density to connect to the City's wastewater system without having to pay the entire reimbursement district charge attached to the tax lot. The rationale of a safety net is to equalize the price to connect one existing home. The remaining reimbursement district charge would be charged when the property is divided or developed with a higher use, which includes any expansion of living area and/or changes that necessitate an increase in water meter size.

A safety net is proposed with this project. The recommended safety net is the estimated cost of one dwelling unit. The methodology for determining the safety net for this project is to divide the projected density by the total project costs. As shown in Exhibit A4, based

on the estimated costs, the projected safety net would be \$8,983.90. The final safety net amount would be set in a subsequent council meeting based on actual construction costs.

## **RECOMMENDATION**

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Move to approve the Manager's Report and Resolution No. 3659 forming the SE Chase Wastewater Reimbursement District.

## **LIST OF EXHIBITS**

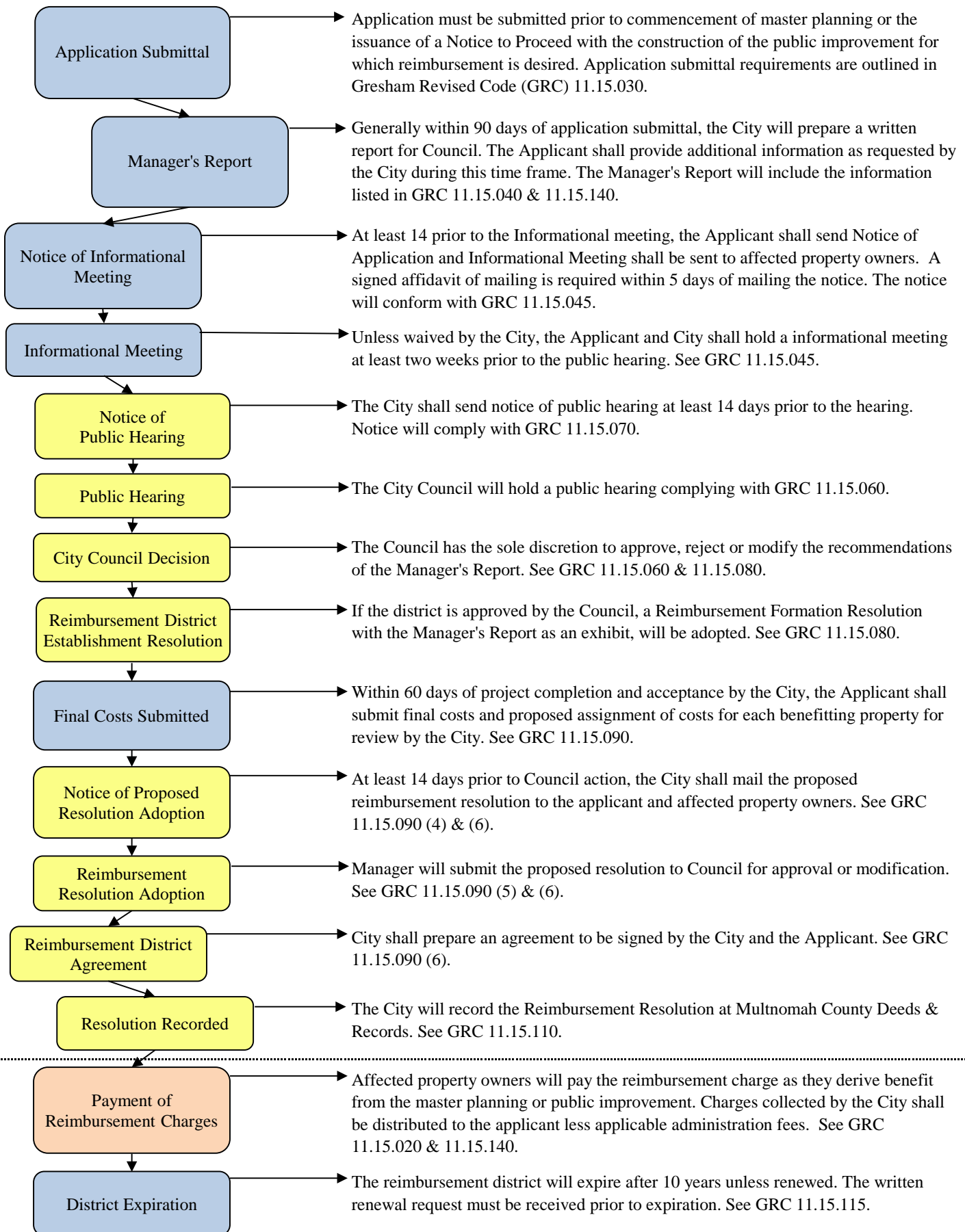
**A1 – Reimbursement District Process Steps**

**A2 – Proposed Reimbursement District Boundary**

**A3 – Engineer's Estimate**

**A4 – Proposed Reimbursement Methodology & Safety Net**

## REIMBURSEMENT DISTRICT PROCESS STEPS







## Exhibit A2 SE Chase Wastewater Reimbursement District

- Proposed Wastewater Main or Lateral
- Proposed Reimbursement District Lot
- Resource Area Overlay
- Open Water
- Piped Stream
- Existing Wastewater Main

0 40 80  
Feet

N

CITY OF GRESHAM

# Exhibit A3

SE Chase Wastewater Reimbursement District  
Version Received: 5/12/25

	Unit	Total Units	Unit Price	Item Total
MOBILIZATION	LS	1	\$ 35,378.00	\$ 35,378.00
EROSION CONTROL	LS	1	\$ 3,000.00	\$ 3,000.00
TRAFFIC CONTROL	LS	1	\$ 8,313.83	\$ 8,313.83
FOUNDATION STABILIZATION	CY	5	\$ 120.00	\$ 600.00
OVER EXCAVATION	CY	15	\$ 150.00	\$ 2,250.00
8-INCH DIAMETER PVC WASTEWATER PIPE	LF	1,020	\$ 170.00	\$ 173,400.00
4-INCH DIAMETER PVC WASTEWATER PIPE	LF	270	\$ 200.00	\$ 54,000.00
4-INCH TWO-WAY CLEANOUT	EA	10	\$ 750.00	\$ 7,500.00
STANDARD 48-INCH DIAMETER MANHOLE	EA	3	\$ 8,800.00	\$ 26,400.00
INSIDE DROP 48-INCH DIAMETER MANHOLE	EA	1	\$ 9,800.00	\$ 9,800.00
AC PAVEMENT TRENCH REPLACEMENT - 4" DEPTH, LEVEL 2, 1/2" DENSE GRADED.	TON	15	\$ 160.00	\$ 2,400.00
2" AC GRIND (SE CHASE RD)	SY	530	\$ 14.00	\$ 7,420.00
4" AC REMOVAL (INVERNESS AVE)	SY	890	\$ 18.00	\$ 16,020.00
AC PAVEMENT INLAY (2" AC CHASE, 4" AC INVERNESS) - LEVEL 2, 1/2" DENSE GRADED.	TON	260	\$ 160.00	\$ 41,600.00
MANHOLE ADJUSTMENT	EA	2	\$ 1,200.00	\$ 2,400.00
CONNECT TO EXISTING MANHOLE	EA	1	\$ 2,990.00	\$ 2,990.00
REPLACEMENT OF ROAD STRIPING AND PAVEMENT MARKINGS	LS	1	\$ 1,000.00	\$ 1,000.00
FINAL RESTORATION AND LANDSCAPING	LS	1	\$ 6,000.00	\$ 6,000.00
Construction Total:				\$ 400,471.83
Construction Contingency 12%				\$ 48,056.62
Engineering 10%				\$ 40,047.18
<b>SUBTOTAL:</b>				<b>\$ 488,575.63</b>
Admin 14%				\$ 68,400.59

**Grand Total \$ 556,976.22**  
**Rounded Total \$ 557,000.00**

**EXHIBIT A4**  
**PROPOSED REIMBURSEMENT METHODOLOGY & SAFETY NET**  
**SE CHASE WASTEWATER REIMBURSEMENT DISTRICT**  
**ASSIGNMENT OF ESTIMATED COSTS**

Last Revised: 5/12/25 mjk

Estimated Project Cost: \$557,000.00

Map & Tax Lot Number	Current Property Owner	Current Property Address	Total Lot Area (acres)	Area of Lot with Resource Area Overlay (RA) (acres)	Developable Area (Total Lot Area - Area w/ RA) (acres)	Zoning District	Net Density Per Zoning District (PWS Table 3.02-1 Design Values)	Projected Dwelling Units Connecting ((Developable Area * Net Density))-Existing Connection Credit)	% of District based on Projected Dwelling Units	Proportional Share by Projected Dwelling Units
1S3E13DB 02501	CAMPBELL, JOANNE M & MICHAEL J	5415 SE CHASE RD	1.22	0.00	1.22	LDR-7	6.22	7.57	12.21%	\$ 68,020.73
1S3E13DB 02500	HIPPENSTIEL, DARREN & HEATHER S	5339 SE CHASE RD	0.67	0.00	0.67	LDR-7	6.22	4.19	6.76%	\$ 37,650.75
1S3E13DB 02601	TOWNSEND, KEITH W & YVONNE L	1S3E13DB 02601	0.56	0.00	0.56	LDR-7	6.22	3.48	5.61%	\$ 31,230.67
1S3E13DC 00500	CARNEGIE, CYNTHIA J & RANDALL L	5326 SE CHASE RD	0.84	0.00	0.84	LDR-7	6.22	5.24	8.45%	\$ 47,089.08
1S3E13DC 00400	BETHINE V SIRON TR	5340 SE CHASE RD	0.92	0.00	0.92	LDR-7	6.22	5.75	9.27%	\$ 51,657.06
1S3E13DC 00100	ALCORN, NANCY A	5430 SE CHASE RD	0.48	0.00	0.48	LDR-5	8.71	4.19	6.76%	\$ 37,677.31
1S3E13DC 00200	SCHILLING, JEANNINE C	5400 SE CHASE RD	1.85	0.28	1.57	LDR-5	8.71	13.68	22.07%	\$ 122,932.95
1S3E13DC 00301	CAMP, GEANELLEN M	5348 & 5350 SE CHASE RD	0.77	0.00	0.77	LDR-7	6.22	4.82	7.77%	\$ 43,279.56
1S3E13DC 00302	RAMIREZ MARTINEZ,HUMBERTO	5360 SE CHASE RD	0.69	0.00	0.69	LDR-7	6.22	4.29	6.91%	\$ 38,514.08
1S3E13DC 03600	WHITE FAMILY TRUST	5403 SE WELCH RD	1.01	0.00	1.01	LDR-5	8.71	8.79	14.17%	\$ 78,947.81
<b>Total</b>			<b>9.02</b>	<b>0.28</b>	<b>8.74</b>			<b>62.00</b>	<b>100%</b>	<b>557,000.00</b>

**Note:** Unless otherwise agreed upon by the district owner and property owners involved, lot line adjustments involving properties in the district will result in proportional increases and decreases of proportional shares, as appropriate.

<b>Safety Net:</b>	<b>\$ 8,983.90</b>
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