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March 25, 2013

Tillamook City Council  
City Hall  
210 Laurel Avenue  
Tillamook, OR 97141

Subject: Helmick Sanitary Sewer Reimbursement District

Dear Council Members:

In 2007, Don Helmick developed property in Tillamook north of 12<sup>th</sup> Street and west of Murray Way (Tax Lot 2915 and 2921). In order to provide sanitary sewer to these properties, it was necessary to extend the interceptor sanitary sewer (15-inch diameter) easterly from its then upstream end on the Five Rivers property along the south side of Holden Creek to Murray Way. An 8-inch diameter sewer was also constructed in the 20-foot wide easement area (access road area to Lots 2915 and 2921) to the southern boundary of Tax Lot 2921. Then in 2010, in order to serve another Helmick property (Tax Lot 3401 on Murray Way), an 8-inch diameter sanitary sewer was constructed in Murray Way from the upstream end of the new interceptor sewer extension southerly to the south side of Tax Lot 3402. All costs related to the planning, designing and construction of these sanitary sewers were paid for by Don Helmick.

Don Helmick has requested that a reimbursement district for these sanitary sewers be created. City Ordinance No. 1254 covers the formation of a reimbursement district of this type. The reimbursement district, after its formation, provides a mechanism whereby the properties served by these public improvements may share in the cost of those improvements at the time the properties receive a tangible benefit from the improvements-in this case actual connection of the property to the sanitary sewer included in the reimbursement district. See Exhibit 1 for the locations of the new sanitary sewers covered by the reimbursement district. It should be noted that under an agreement dated October 31, 2012, Don Helmick has assigned all rights and obligations available or conferred upon him via this reimbursement district to Helmick Reimbursement, LLC.

The referenced ordinance calls for an engineering report concerning the proposed reimbursement district be prepared. Section 3 of the ordinance covers what is to be included in the engineering report. This letter will serve as the engineering report.

Following is a summary of the costs submitted by Don Helmick for planning, designing and constructing the sanitary sewers to be included in the sanitary sewer reimbursement district. The total costs submitted and verified by the City, and the allowable costs to be included in the reimbursement district cost basis are as follows:

	<u>Total</u>	<u>Allowable</u>	<u>Note</u>
Easements-2007 project	\$21,000.00	\$ 2,079.73	1
Construction-2007 project	\$55,624.00	\$ 51,224.00	2
Construction-2010 project	\$13,695.80	\$13,695.80	
Legal project-2007 project	\$ 1,575.00	\$ 1,575.00	
Engineering-2007 project	\$17,214.00	\$ 8,343.60	3
Engineering-2010 project	\$ 6,984.00	\$ 2,054.25	3
Total	\$116,093.80	\$78,972.38	

### Notes

1. Allowable easement cost for area within the easement is based on the average cost per square foot of the land as on the county assessor's tax rolls times 15%
2. Service lateral costs not allowable in reimbursement district costs
3. Engineering costs limited to 15% of eligible construction cost per ordinance

Refer to Exhibit 2 which shows the properties which are currently or can be served by the sewer lines installed by Don Helmick. These properties are as follows (all on Tax Map 1S0930DD)

<u>Tax Lot</u>	<u>Address</u>
2917	--
2901	3662 12 <sup>th</sup> Street
2915	3664 12 <sup>th</sup> Street
2921	3666 12 <sup>th</sup> Street
2904	3668 12 <sup>th</sup> Street
2903	3660 12 <sup>th</sup> Street
3200	1030 Murray Way
3100	1040 Murray Way
3400	1035 Murray Way
3401	1045 Murray Way
3402	1055A & B Murray Way
3000	3706 12 <sup>th</sup> Street
3500	3708 12 <sup>th</sup> Street

All of the properties are served by the interceptor sewer equally, and it is recommended that the portion of the allowable project costs allotted to the interceptor sewer be shared equally by the owner of each property. An analysis of the 2007 project construction costs (under which all of the interceptor sewer and one of the collector sewers were constructed) was done. This analysis determined that 51% of these costs are related to the interceptor sewer work and 49% are related to the collector sewer work (recommendation based on footage of each sewer type included in the project). The easements and legal costs associated with the 2007 project are all related to the interceptor sewer portion of the project.

The following table shows a breakdown of the allowable costs separated out by interceptor and collector sewer classification.

	<u>Allowable Cost</u>	<u>Interceptor Cost</u>	<u>Collector Cost</u>
Easements-2007 project	\$ 2,079.73	\$ 2,079.73	\$ 0.00
Construction-2007 project	\$ 51,224.00	\$26,124.24	\$ 25,099.76
Construction-2010 project	\$13,695.80	\$ 0.00	\$ 13,695.80
Legal project-2007 project	\$ 1,575.00	\$ 1,575.00	\$ 0.00
Engineering-2007 project	\$ 8,343.60	\$ 4,255.24	\$ 4,088.36
Engineering-2010 project	\$ 2,054.25	\$ 0.00	\$ 2,054.25
Total	\$78,972.38	\$34,034.21	\$ 44,938.17

Based on the above cost breakdown, it is recommended that each of the 13 properties in the reimbursement district be assessed  $\$34,034.21/13 = \$2,618.02$  for the interceptor sewer portion of the costs when they connect to the sanitary sewer system.

Some of the properties can be served by the interceptor sewer directly, but most of the properties are served by the collector sewers running southerly from the interceptor sewer. It is recommended that all properties share in the cost of the collector sewers, in relation to the front footage length of the individual properties adjacent to the collector sewer. At the upstream end of the collector sewer, where the collector does not extend along the entire length of the property, the entire length of the property will be utilized in the apportioning calculations. The following table shows the assessments recommended for the collector sewer assessment and the total construction assessment (which includes the interceptor sewer assessment indicated above).

<u>Tax Lot</u>	<u>Collector Front Footage</u>	<u>Interceptor Sewer Assessment</u>	<u>Collector Sewer Assessment</u>	<u>Total Constr. Assessment</u>
2917	170 (9.23%)*	\$2,618.02	\$4,149.64	\$6,767.66
2901	174 (9.45%)	\$2,618.02	\$4,247.28	\$6,865.30
2915	162 (8.80%)	\$2,618.02	\$3,954.36	\$6,572.38
2921	132 (7.17%)	\$2,618.02	\$3,222.07	\$5,840.09
2904	120 (6.52%)	\$2,618.02	\$2,929.16	\$5,547.17
2903	250 (13.58%)	\$2,618.02	\$6,102.41	\$8,720.43
3200	157 (8.53%)	\$2,618.02	\$3,832.32	\$6,450.33
3100	140 (7.60%)	\$2,618.02	\$3,417.35	\$6,035.37
3400	120 (6.52%)	\$2,618.02	\$2,929.16	\$5,547.17
3401	53 (2.88%)	\$2,618.02	\$1,293.71	\$3,911.73
3402	123 (6.68%)	\$2,618.02	\$3,002.39	\$5,620.40
3000	120 (6.52%)	\$2,618.02	\$2,929.16	\$5,547.17
3500	120 (6.52%)	\$2,618.02	\$2,929.16	\$5,547.17

\* % values are rounded

In addition to the above construction assessments, the City shall charge \$250.00 for its cost in administering the reimbursement district. This charge will be added to the total construction assessment at the time a particular property owner makes application to connect their property to the sanitary sewer system.

Whenever one of the properties included in the reimbursement district is connected to the sanitary sewer, the total construction assessment cost for this property as listed in the above table plus the City's administrative fee is to be paid by the then current property owner to the City of Tillamook. The City will then transfer this payment to the Helmick Reimbursement, LLC (less the \$250 administration fee which is to be kept by the City). It should also be noted that other fees relating to the sanitary sewer system (i.e. system development charges) will also be paid to the City at that time.

The situation may arise where a property owner cannot pay the entire reimbursement district assessment as listed herein. In this case, with the approval of the City Council the amount not able to be paid by the property owner may be paid by the City to the reimbursement district. In this case a lien would be recorded against the subject property until the entire balance is repaid to the City. This lien amount shall bear interest at the rate established by the City Council. Additional administrative fees may also be established and assessed by the City Council for setting up this financial arrangement for the property owner. At the time the entire balance is repaid, including the interest charges which have accrued, the lien will be removed from the property. The property owner shall bear all costs of lien recording and removal, which costs shall be added to their balance due the City.

It is recommended that the term of the reimbursement district be set at ten (10) years from the official date of formation of the district by the City Council, as allowed in Ordinance #1254.

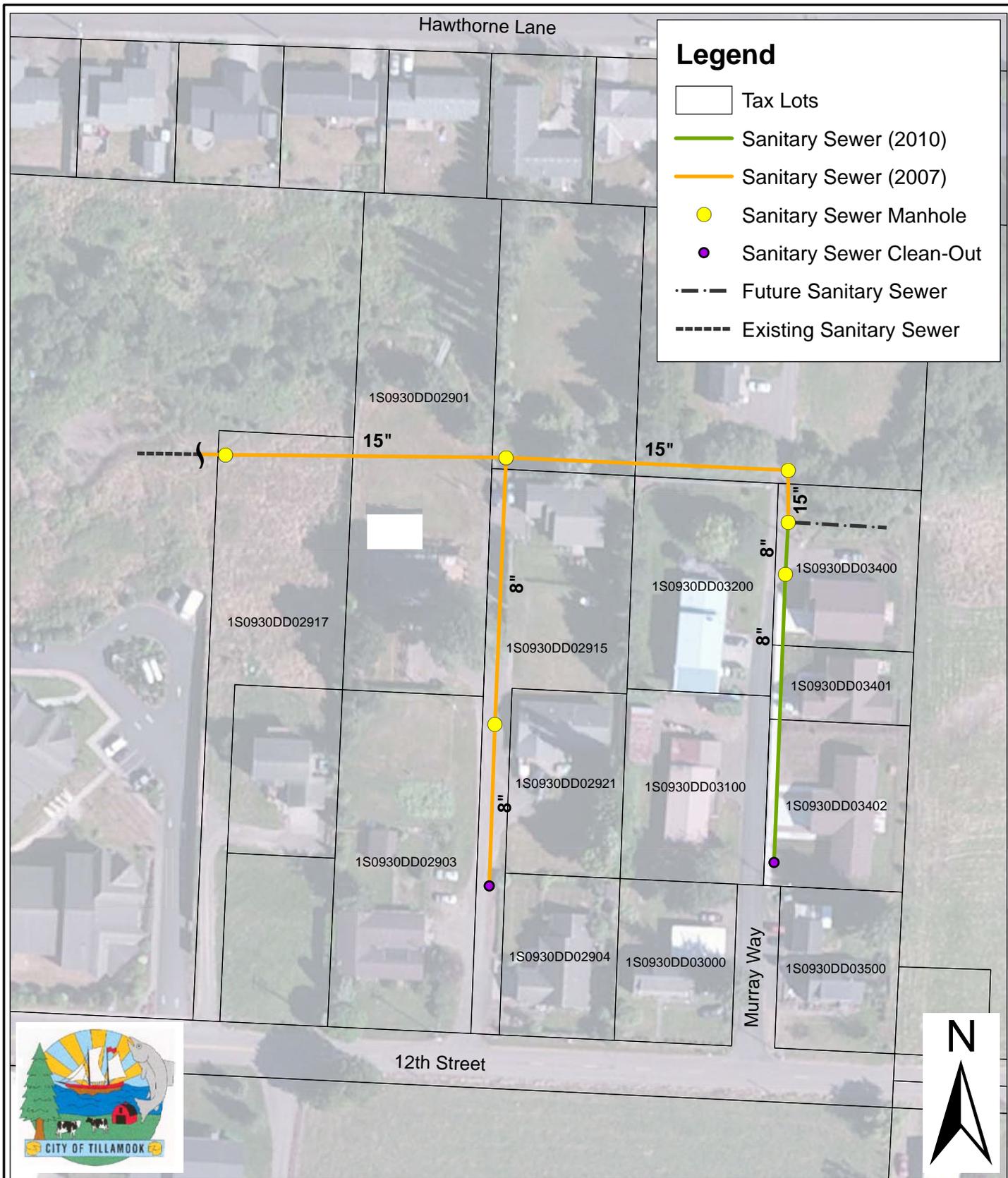
After examining all of the data submitted by Don Helmick I have found that the information required by Ordinance #1254 has been submitted and is satisfactory. I have reviewed the documentation of this construction and determined that all of the public improvements meet City standards. I believe that it is fair and in the public interest to create the Helmick Sanitary Sewer Reimbursement District.

Sincerely,



Gregory M. Thiel, P.E.  
Engineer of Record



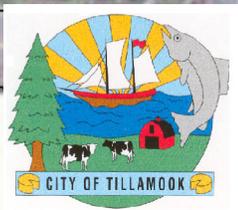


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**Aerial Overlay of  
 Helmick Sanitary Sewer Reimbursement District  
 City of Tillamook, Oregon**

Source:  
 Tillamook County Tax Lots and ESRI Basemap Bing Maps Aerial.

Date: 03/19/2013
Scale: 1 in. = 100 ft.
Project #: N0182
Drawn By: CEB



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