

CITY OF DALTON GARDENS PROPOSED LOCAL IMPROVEMENT DISTRICT NEWSLETTER

Notice of Public Information Meeting:

When: Wednesday, July 7, 2010 at 6:00 p.m.

Where: Dalton City Hall

City Officials:

Dan Franklin
Mayor

Steve Roberge
Council President

Dick Epstein
Councilman

Joe Myers
Councilman

Ron Koontz
Councilman

Marcia Wingfield
Clerk Clerk

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INTRODUCTION

The City of Dalton Gardens (City) is considering initiating a Local Improvement District (LID) to fund construction of a sewer line on Government Way from Dalton Avenue to Prairie Avenue. This sewer line would provide municipal sewer service to commercial and light manufacturing parcels (hereinafter collectively referred to as "commercial"). The purpose of this newsletter is to provide property owners in the proposed LID boundary with background information, potential project benefits, estimated project costs and solicit feedback from property owners.

BACKGROUND

For many years, the City along with several property owners along Government Way, have evaluated how sewer service might be provided to properties in the commercial corridor. Since the City does not have a wastewater treatment facility, a major challenge was finding an adjacent City that would accept wastewater from the City's commercial corridor. Until recently, no adjoining City was willing to accept the City's wastewater. The City of Coeur d'Alene and the City of Dalton Gardens started working on a sewer service agreement in early 2010 and anticipate finalizing this agreement in July 2010.

The primary motivation for the City to consider this sewer project at this time is the planned 2011 reconstruction of Government Way between Dalton and Hanley Avenue (see inset box). The proposed sewer line will be constructed beneath the Government Way roadway. Once the City of Coeur d'Alene reconstructs the roadway, they will not allow the street pavement to be disturbed for at least five years.

The City considered constructing the sewer line in Government Way just between Dalton & Hanley Avenues, but after evaluating several options the City determined it was more cost effective to construct the sewer lines from Dalton to Prairie Avenue as one project.

Additionally, the City of Coeur d'Alene recently received funding to start roadway design and right-of-way acquisition on the Hanley to Prairie Avenue segment of Government Way and they anticipate this work will be complete in 2011. Funding for road reconstruction on the Hanley to Prairie Avenue segment of Government Way is anticipated in 2013 to 2015.

Government Way Roadway Project

Overview

This project will reconstruct approximately 1/2 mile of the existing two-lane roadway between Dalton and Hanley to five lanes (2-north, 2-south, center turn lane), two bicycle lanes, curb, and sidewalk. Street illumination, traffic signal modifications, and underground stormwater collection system will also be completed.

Schedule

Construction is tentatively scheduled for Spring of 2011.

Traffic Control & Phasing

Government Way will be reconstructed to allow two-way traffic at all times. Access to businesses will be available during the project with only partial blockages during excavation and concrete driveway construction.

PROJECT BENEFITS

The primary reasons for providing sewer service to the commercial corridor are to: 1) Allow commercial properties to be subdivided into less than one-acre parcels; 2) Allow business uses such as restaurants, higher density retail, medical, professional office and other uses that generate more wastewater; and 3) Provide greater protection of the aquifer, our sole source of drinking water. Each of these elements is discussed in the following sections.

COMMERCIAL PROPERTY SUBDIVISIONS

Currently, all City parcels must be a minimum of one acre. This restriction is a result of the City's Sewer Management Agreement (SMA) with Panhandle Health District (PHD) which regulates septic drain fields. The availability of municipal sewer service in the commercial corridor would allow divisions of land into parcels of less than one acre. The City's Planning and Zoning Commission (P&Z) has been conducting meetings and property owner workshops to present draft ordinances and solicit property owner feedback. In mid July, the Planning & Zoning Commission expects to recommend the Council adopt a subdivision ordinance that allows parcels to be divided into parcels of less than one acre, if municipal sewer is available. The P&Z Commission will continue to work on other ordinances related to the commercial corridor over the next 12 to 18 months.

EXPANDED BUSINESS USES

The SMA also limits business use to those that generate less than 250 gallons per day of septic effluent. This limitation results in business types such as storage units, limited retail, automotive sales, and other low wastewater producing uses. Effectively, sewer is the limiting factor for allowing business growth in the City. Municipally provided sewer service will remove this limiting factor and property owners will have the flexibility to develop a variety of business uses including restaurants, medical offices, professional offices and other higher wastewater producing businesses in the commercial corridor.

AQUIFER PROTECTION

Individual residential septic systems produce a relatively consistent quantity and quality of wastewater. Commercial septic systems can produce inconsistent wastewater quantity and quality due the variable nature of the commercial uses. Commercial septic systems have a greater potential impact on our aquifer than residential uses. Therefore providing municipal sewer to commercial land will limit this potential impact on our sole drinking water source.

PROPOSED PROJECT

The proposed project will provide municipal sewer service to the commercial properties shown in the attached map. The project will consist of a sewer mainline shown schematically in the attached map along with individual sewer services stubbed to each commercial lot. If the project moves forward, the City's engineer will work with each property owner to confirm their planned use to size the sewer service and the desired location.

ESTIMATED COST OF IMPROVEMENTS

The City's engineer has completed a preliminary estimate of the project costs and anticipates the project cost range to be between \$2,200,000 and \$2,400,000. The project costs do not include individual sewer connection fees that would be charged at the time the property owner connects their existing or a future business to the sewer. Sewer connection fees will match those charged in the City of Coeur d'Alene and are based on the type of business.

PROJECT FINANCING AND PROPERTY ASSESSMENTS

The proposed project would be financed with an LID in which properties that benefit from the improvements pay a portion of the project costs. Due to the variable nature of the lot widths that front a public street and lot size, the City has elected to use a combination front foot and square foot assessment method. The purpose of using this method is to establish, as much as possible, an equitable cost assessment to parcels that accurately reflects the full benefit of the improvements to the parcel. The project costs have been divided equally between the total front footage and square footage within the LID boundary.

Individual parcel assessments are calculated by multiplying the parcel's front footage times the front footage assessment (estimated at \$84/ff to \$91/ff) plus the parcel area times the square foot assessment (estimated at \$0.28 to \$0.31/sf). The following table provides an example of estimated LID costs for two example parcels:

Example Parcel	Front Foot	Acreage	Estimated LID Assessment
Parcel #1	166	2.4	\$43,216 to \$47,680
Parcel #2	139	1.005	\$23,934 to \$26,359

At the conclusion of the construction project, the City will calculate LID assessments based on actual project costs. Property owners will be mailed an LID assessment notice and the City will conduct a public hearing to consider LID protests. Once the City confirms the LID, property owners will have 30 days to pay their assessments in full or it will be financed over the term of the City's bond at the same interest rate plus an administrative fee (see table below).

The City has two financing options they are pursuing. The first option utilizes market-rate revenue bonds that are purchased by private investors. The market-rate terms for this type of financing are currently estimated at 5.75% for a 15-year term. The second financing option is a combination of market-rate bonds and bonds purchased by the Idaho Department of Environmental Quality (IDEQ) at a subsidized interest rate. If the City is successful at securing an IDEQ loan through its competitive selection process, the IDEQ funding would not be available until July 2011. The project environmental, design, bidding and construction of the Dalton to Hanley sewer segment must be completed before June 2011 in order to stay ahead of the road construction project. Therefore, the City would issue a series of bonds with different interest rates for the portion of the project funded by market-rate bonds and the portion funded by IDEQ bond. The example parcel LID assessments shown above are presented below showing their annual LID payment for the two financing options:

Example Parcel	Estimated LID Assessment	Estimated LID Annual Payment	
		Private Bonds (Option 1)	Combined Private Bonds & IDEQ Loan (Option 2)
Parcel #1	\$43,216 to \$47,680	\$4,545 to \$4,829	\$3,728 to \$3,960
Parcel #2	\$23,934 to \$26,359	\$2,424 to \$2,670	\$1,988 to \$2,190

SUMMARY

The City of Dalton Gardens encourages the participation of business and property owners, as well as all community members, to attend the public informational meeting on **Wednesday, July 7, 2010 at 6:00 pm at Dalton City Hall.**

