

IMPROVING OUR ROADS

Panoramic Access Special Road District

PASRD BOARD COMMITMENTS

As we move forward investigating a potential road improvement project the board is working from the following commitments:

- ❖ The board will continue to investigate and develop a potential road improvement project *as long as we have a demonstrated majority of owners in support*. We will continue to take surveys as project costs are developed and decisions need to be made to measure support or opposition.
- ❖ The total project cost would be divided equally by lot. There are 144 lots.
- ❖ All properties within the PASRD boundaries would be included and all roads within the boundaries would be hardened at the time of construction. We are not currently pursuing a project that would spread the improvements out over a number of years.

OPTIONS BEING CONSIDERED

The recent survey results indicate a majority of property owners wish the PASRD Board and Road Improvement committee to continue to investigating a road improvement project to harden the roads within PASRD. The two options to be further considered with either Otto Seal or Asphalt paving.

OTTO SEAL or ASPHALT?

We propose to not spend further time considering the gravel only option because the estimates for gravel only came in at about \$754,000 with higher annual maintenance costs going forward, and no dust mitigation provided.

ESTIMATING TOTAL COST

The total project cost would include:

- **COST OF CONSTRUCTION** - we have received 4 firm bids included in this presentation
- **COST OF ENGINEERING** - \$6000 already paid. No further engineering anticipated.
- **OREGON MUNICIPAL FILING FEE** – estimated at \$1000
- **SDAO FEE** - \$2,500 for construction financing and \$2500 for permanent financing, only due if the project is completed
- **LEGAL FEE** - \$25,000-35,000 only due if the project is completed
- **ADMINISTRATIVE FEE** - estimating 1% for the cost of collecting assessments, perhaps a bit higher to establish a reserve
- **FINANCE CHARGES AND INTEREST** - estimating 5%
- **BANK TRUSTEE FEES** – estimated at \$7500

COST COMPARISON OF OPTIONS (UPDATED 6/3)

COMPARISON OF COST TO PAY IN FULL vs. COST TO FINANCE		
CONSTRUCTION COSTS		
	OTTA SEAL	ASPHALT
Construction Bid	\$680,480	\$1,510,579
PROJECT COSTS		
PASRD Administrative Fee (1% of construction costs)	\$6,805	\$15,106
Bank Counsel Fee	\$7,500	\$7,500
Bank Origination Fee	\$2,500	\$2,500
Oregon Municipal Financing Fee	\$800	\$800
SDAO Advisory Svcs Fee	\$5,000	\$5,000
Legal Fees	\$25,000	\$25,000
Misc	\$5,000	\$5,000
Rounding	\$1,700	\$1,700
Interest on Interim Financing	\$2,835	\$6,294
Total Project: (with no permanent financing costs)	\$737,620.13	\$1,579,478.87
Per Lot cost if paid in full	\$5,122.36	\$10,968.60

Permenent Finanging costs (100% of project financed for 20 years)	\$411,592	\$881,349
Total Project: (includes permanent financing for 20 year term)	\$1,149,212	\$2,460,828
Per Lot cost if 100% financed for 20 years	\$7,980.64	\$17,089.08
Cost per year for 20 years	\$399.03	\$854.45

PLEASE NOTE!

- The bids presented on the previous slide are firm bids but will eventually expire. If the project were not completed until 2021 or later we would need to get new bids and they may go up, or down.
- All the costs involved have been identified on the previous slide, but many are just ESTIMATES at this time.
- FINANCING costs will be SIGNIFICANT and SUBSTANTIAL, but have not yet been calculated. Before we can calculate reasonably accurate estimates for finance costs, we will need to have some idea of the total loan amount to be financed. To determine that we must select a paving option, we must how many people might pay up front vs. how many would choose installment contracts, and we need to determine the term of the loan. Our next survey will begin to help narrow this down.

THE PROCESS WE WOULD FOLLOW

- The process we would use is ORS 223.387 - 223.401 Assessments for Local Improvements.
- Next step: another mailing and survey – present costs and process - gauge support
- Public Hearing(s) - present best option for hardened road surface, present process and financing details, facilitate discussion. Seek to resolve concerns and objections.
- After the Hearing(s), Board decides to proceed or not proceed. Though not required by ORS 223, the Board is going to conduct a VOTE of property owners with one vote per lot. If a majority wish to proceed, the Board would pass “Final Determination Resolution”

PROCESS: ASSESSMENTS

The board would send a notice of the proposed assessment to each lot Owner, giving a date (usually 10 days) for objections to be received. Objections should state a reason for objection. ORS 223 only requires that the board “consider” objections received. The board then reviews any objections received, decides to modify the assessment or proceed, and then passes the assessment by resolution.

However, the board has already resolved not to proceed without a majority of owners in support of the project. The board will conduct a VOTE of all property owners with one vote per lot.

If the assessment passes the VOTE, the board creates a Lien Record, notifies county of intent to lien, but doesn't record the liens with the county at this time. This preliminary assessment becomes a lien on the property (each lot). Once these liens are in place, this allows PASRD to borrow interim financing for construction based on the value of these liens being PASRD assets.

PROCESS: CONSTRUCTION

The Board would then get interim financing and proceed with construction.

Once construction is complete, if the project cost comes in less the board would revise the assessment to reduce. If the project costs come in higher, the board would do a supplemental assessment.

At this point, the board would then mail a NOTICE of FINAL ASSESSMENT to all owners. Owners would have 10 days to either:

- **Pay in full** – If owners choose to pay in full, their Lien is fully satisfied and would never be recorded with the county. .
- **Enter into an installment contract** – If owners choose installments, their total would include the longterm financing costs. Their lien would be recorded with the county. Installment contracts can be paid off at any time without penalty. When the installment Contract is paid in full, the lien is satisfied and the county is notified.

Installment contracts can be from 10-30 years but should match the financing period selected by PASRD. If PASRD financing is 20 years, installment contracts should be 20 years as well. However, owners may pay off their contract at any time. The lender will require a semi-annual interest payment and an annual principal payment. PASRD can decide how often to collect assessments, monthly, quarterly, bi-annually, or annually.

PROCESS: EXAMPLE

Using one million dollars as the final project cost *only for this example*, if \$200,000 is paid in full up front, and \$800,000 is in installment contracts, PASRD would then get final permanent financing for the remaining balance of \$800,000.

We still have to determine interest rates, total cost of financing, and the appropriate administrative fee.

These type of liens would be the priority over all other liens, equal with a tax lien. The foreclosure potential is depended on the type of lending agreement we enter into. The board is researching lending agreements that would be fair and equitable, with the goal of preventing any foreclosures.

The most likely solution is to charge an administrative fee sufficient to build up a reserve such that PASRD would always have sufficient funds available to pay the loan payments, even if some owners default on their installment contracts.

If an owner defaults on their installment contract, PASRD could assess a penalty and record that penalty as an additional lien with the county, but then refrain from foreclosing on that lien until such time as the property is refinanced or sold.