

Item Title: Petition from Property Owners in the Banks Pointe Subdivision Requesting County Financing by Special Assessment to Improve Subdivision Roads for Acceptance into the NC Department of Transportation Maintained Highway System

Specific Action Requested:

That the Board of Commissioners accepts the petition from property owners in the Banks Pointe Subdivision and authorizes a Preliminary Assessment Resolution for County financing by special assessment to improve the subdivision roads for acceptance into the NC Department of Transportation Maintained Highway System.

Item Summary:

On April 6, 2015, the Wake County Board of Commissioners adopted a Water, Sewer, and Road Financial Policy. This policy was adopted to help guide the County in determining when to consider public financing of critical community infrastructure projects (e.g. water, sewer, and roads). Over the past year, staff has been working closely with representatives from the Banks Pointe Subdivision regarding the roads within their community. The developer failed to properly complete the roads and turn them over to the NC Department of Transportation (NCDOT) for maintenance.

In accordance with the adopted policy and North Carolina General Statutes, property owners within the Banks Pointe subdivision have submitted petitions to the County requesting County financing by special assessment to improve the roads within their subdivision for acceptance into the NC Department of Transportation maintained highway system.

Banks Pointe Background

The Banks Pointe Subdivision was built in three phases from 2004 to 2005. It includes 89 lots, several of which are still vacant. The subdivision roads were designed, platted and recorded by the developer as public roads. Unfortunately the developer failed to turn the roads over to NCDOT for maintenance. Roads in this situation are termed “orphan roads”. There is no financial guarantee in place as this development preceded the County’s current ordinance that now requires guarantees on the front end of a development. The condition of the roads does not present an immediate public safety hazard; however, if left unrepaired, they will continue to deteriorate and the cost to bring them up to NCDOT standards will escalate.

Petition Process

In accordance with NCGS 153A-205(c), before a county may finance the cost of improvements to a subdivision road, it must receive a petition for the improvements signed by at least seventy-five percent (75%) of the owners of property to be assessed, who must represent at least seventy-five percent (75%) of all the lineal feet of frontage of the lands abutting on the street or portion thereof to be improved.

In August, the Banks Pointe Homeowners Association (HOA) agreed to move this project forward by committing \$7,000 of their funds toward the preparation of a detailed engineering cost estimate. The estimate was administered by the County's Facilities Design and Construction Office and prepared by one of the County's consulting engineering firms. The purpose of the cost estimate was to have a reliable and accurate cost to apply to the community petition used by the HOA. The total estimated cost is \$963,000. This includes engineering design, preparation of bid documents, construction, project close-out, project contingencies, and the \$7,000 paid by the HOA to the County for the engineer's estimate.

Project Costs

The estimated costs to repair the Banks Pointe subdivision roads and bring them up to NCDOT standards are in the table below. These amounts are an estimate. Final engineering, design, and construction costs will be developed and bid competitively upon the Board's approval to move ahead with the project. The project development costs that are estimated at \$136,800 will be paid by the County from the project budget and reimbursed as the special assessments are paid off.

Project Cost Estimate	
Project Estimate	\$7,000
Construction	\$737,825
Contingency	\$73,783
Engineering: Design, Construction Admin., Project Close-out	\$136,800
Geotechnical Services	\$7,500
Estimated Project Total	\$962,908

The County has identified a funding source for up-front costs in the capital budget. Funding had been appropriated for the RTP Water and Sewer project budget, established in the Capital Improvement Program to fund offsite utility infrastructure. These facilities provide water, sewer, and reclaimed water service up to the property line of the individual sites within RTP. A majority of the required water and sewer lines in RTP have already been installed; remaining efforts are primarily related to the installation of reclaimed water lines. The fund has been dormant for several years since there has not been further development in areas planned for future infrastructure. Two million dollars will be transferred to establish a unit to pay the design, construction and other related costs of the capital projects which will be replenished with the special assessments over time. In the event an RTP project arises, funding would need to be evaluated within the context of the larger CIP.

Special Assessment Options

The petition dated October 22, 2015 is included as an attachment to this item. The property owners approved the petition based on a total cost not to exceed \$963,000, which equates to \$10,820.22 for each of the 89 lots, to be paid back to the County over a period of up to 10 years.

Staff is providing two financing options for the Board to consider in this item. Presented here are five (5) and ten (10) year payback amortization schedules for the special assessments applied to each property. The expectation is that the special assessments will be used as a revolving fund to support future requests for orphan road repairs or water and sewer projects that comply with the County policy, North Carolina General Statutes, and approved by this Board. Using a 5 year repayment term enables the County to replenish the fund more rapidly and provide capacity for additional projects sooner.

Estimated Financing Options, per lot		
	<i>5 Yr. Term*</i>	<i>10 Yr. Term*</i>
Loan Amount	\$10,820.22	\$10,820.22
Annual Payment	\$2,396.48	\$1,301.04
Total Payment	\$11,982.40	\$13,010.40

**3.5% interest rate*

Staff Findings

1. The community has met the minimum 75% petition requirement per NCGS153A-205. This equates to 68 of the 89 lot owners or 76.4%. These lot owners represent 78.5% of lineal road frontage.
2. Alternate solutions to repair the roads are not viable or reasonable with the developer in bankruptcy.
3. The total cost estimate for the project is approximately \$963,000 including engineering design, preparation of bid documents, construction, project close-out, project contingencies, and the \$7,000 paid by the HOA to the County for the engineer's estimate.
4. The cost per lot = \$10,820.22 (89 lots) assuming the assessment is paid in full with 30 days of the assessment.
5. Assumption by the property owners is a 10 year financing term, which is the maximum allowed by NCGS 153A-199, for those who choose to finance the special assessment.

If there are changes in the assumed terms, conditions or the total amount of the special assessment, the County will return the petition to the HOA and allow the Banks Pointe HOA to solicit a revised petition reflecting the new terms, conditions, or total special assessment amount. The funds for project engineering and design costs would be covered by the County if the revised petition failed to meet the percentage thresholds required by the statute.

The next step for the Board of Commissioners is to consider granting public financing for this project through a special assessment on each property. In granting the financing, the Board is required to adopt the attached Preliminary Assessment Resolution. At the February 1, 2016 Board meeting, the Board will then hold a public hearing to consider adopting a Final Assessment Resolution. This action at the February 1st meeting will then set the project in motion under the administrative oversight of Wake County with assistance from NCDOT. The County's Facilities Design and Construction Department will oversee the construction process. When complete, the County will calculate all the project costs and prepare the preliminary assessment roll. The Board will then hold a public hearing to accept comments on the assessment roll, and then turn the roll over to the tax collector for collection. The entire project and process would take approximately one year.

Attachments:

1. Presentation
2. Petition
3. Petition Summary
4. Map
5. Amortization Schedules: 5 and 10 Year Term
6. Policy Assessment/Status Report
7. Required Steps
8. Wake County Water, Sewer, & Road Financial Policy
9. Preliminary Assessment Resolution