

Item Title: Petitions from Property Owners in the Crooked Creek and West Oaks Subdivisions 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:

1. **Accepts the petitions from property owners in the Crooked Creek 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.**

And, by separate motion;

2. **Accepts the petitions from property owners in the West Oaks 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:

Purpose: State Statute requires the Board of Commissioners approve a Preliminary Assessment Resolution and set a date for a public hearing to consider the petition from property owners in the Crooked Creek and West Oaks Subdivisions.

Background: On January 22, 2019, the Wake County Board of Commissioners adopted a revised 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). Staff has been working closely with representatives from the Crooked Creek and West Oaks Subdivisions regarding the roads within their communities. In both cases, the developer failed to properly complete the roads and turn them over to the NC Department of Transportation (NCDOT) for maintenance.

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

Board Goal: This action supports routine County operations

Fiscal Impact: If approved, the County would finance the improvements and then be repaid through assessments of property owners

Additional Information:

Wake County staff has been working with residents of the Crook Creek subdivision and the West Oaks subdivision to determine the best course of action for their respective orphan roads. In May 2019, the Crooked Creek residents agreed to move this project forward by requesting the County prepare the petition language. West Oaks residents requested a petition in June 2019. Both communities submitted signed petitions in July. If approved by the Board of Commissioners, staff intends to bid the two projects simultaneously to gain more favorable construction pricing.

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.

Project Costs

The estimated costs to repair the Crooked Creek and West Oaks 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 will be paid by the County from the project budget and reimbursed as the special assessments are paid off by each property owner. The County currently has available revenue reserved for financing water, sewer, and road projects.

Crooked Creek Project Cost Estimate	
Construction/Repairs	\$155,950
Geotechnical Services	\$2,250
Engineering: Design, Construction Admin., Project Close-out	\$37,500
Contingency 10%	\$15,600
Estimated Project Total	\$211,300

West Oaks Project Cost Estimate	
Construction/Repairs	\$275,854
Geotechnical Services	\$2,250
Engineering: Design, Construction Admin., Project Close-out	\$48,366
Contingency 10%	\$36,275
Estimated Project Total	\$362,745

Special Assessment & Financing Terms

The petitions for each of the communities are included as an attachment to this item. The Crooked Creek property owners approved the petition based on a total estimated cost of \$211,300, which equates to \$6,403.03 for each of the 33 lots, to be paid back to the County over a period of up to three years. The West Oaks property owners approved the petition based on a total estimated cost of \$362,745, which equates to \$9,545.95 for each of the 38 lots, to be paid back to the County over a period of up to five years. The petition makes clear the project cost is not a guaranteed maximum price.

In accordance with the revised policy, the payback schedule is set in order to make the annual special assessment to be roughly equal to the average annual property tax assessment paid by the homeowner in the subdivision. 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.

The assessment begins at the end of the project after the roads have been accepted by NCDOT and after a public hearing by the Board confirming the assessment roll. Property owners have multiple ways of paying the assessment. If they pay off the full cost within 30 days of the assessment they would not be subject to a finance charge. They may make annual payments over the established set term with a finance charge. There is also a financial hardship clause in the revised policy adopted by the Board, in which the Tax Administrator may arrange for an alternate payment schedule for property owners who demonstrate a financial hardship.

The County may collect assessments in accordance with state law and has the authority to foreclose on any unpaid or delinquent assessments. During the sale of a home, unpaid assessments transfer to the new owner unless paid during closing.

Staff Findings

1. The Crooked Creek petition meets the minimum 75% petition requirement per NCGS153A-205. 26 of the 33 lot owners or 79% have signed the petition. These lot owners represent 76% of lineal road frontage.
2. The West Oaks petition meets the minimum 75% petition requirement per NCGS153A-205. 29 of the 38 lot owners or 76% have signed the petition. These lot owners represent 80% of the lineal road frontage.
3. Alternate solutions to repair the roads are not viable or reasonable.

4. The Preliminary Assessment Resolutions for Crooked Creek and West Oaks subdivisions sets the public hearing and consideration of the Final Assessment Resolution for October 7, 2019 Board of Commissioners meeting.

Today's action is for the Board of Commissioners 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 a Preliminary Assessment Resolution for each community.

At the October 7, 2019 Board meeting, the Board will then hold a public hearing for each community to consider adopting a Final Assessment Resolution. The Board will act on the Final Assessment Resolution following the public hearing. If the Final Assessment Resolution is adopted, the project will begin immediately 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 18 months.

Attachments:

1. Crooked Creek Petition Sample
2. West Oaks Petition Sample
3. Petition Summary
4. Crooked Creek Map
5. West Oaks Map
6. Policy Assessment/Status Report
7. Required Steps
8. Wake County Water, Sewer, & Road Financial Policy
9. Crooked Creek Preliminary Assessment Resolution
10. West Oaks Preliminary Assessment Resolution