

AGENDA REPORT

DATE October 18, 2005

ITEM Interlocal Agreement Between the City of Great Falls and Upper/Lower River Road Water and Sewer District (ULRRWSD) for Service District #1, O.F. 1354

INITIATED BY ULRRWSD

ACTION REQUESTED Approve Interlocal Agreement

PRESENTED BY Cheryl Patton, Assistant City Manager

RECOMMENDATION: It is recommended that the City Commission approve the Interlocal Agreement with Upper/Lower River Road Water and Sewer District for Service District #1, O.F. 1354.

MOTION: I move the City Commission approve the Interlocal Agreement between the City and Upper/Lower River Road Water and Sewer District for Service District #1 and authorize the City Manager to execute the agreement.

SYNOPSIS: The purpose of the Interlocal Agreement is to supplement the Memorandum Of Understanding that was signed with the ULRRWSD in November of 2004. The agreement specifically addresses the implementation of the construction of the water and sewer improvements, how properties will be connected to the systems, how annexation will occur and other related matters.

BACKGROUND: The City has been involved in discussions with City County Health Department and residents of the Upper/Lower River Road area since 1996 concerning the significant groundwater and drinking water quality problems experienced by the area. A water and sewer district was formed by the residents to determine the most cost effective method of correcting the situations and providing utility service. The City approved a Memorandum of Understanding in November 2004 which outlined the terms and conditions under which the District would finance the construction of water and sewer lines to enable the properties in Service District #1 to annex to the City and be served by the municipal water and sewer system.

Estimated construction cost to the whole district is \$7,900,000. Phase one construction low bid, for Service District #1 is \$2,063,000.

In the MOU the City committed \$1,000,000 of CDBG funds to assist the low/moderate income residents of the district with the costs of the utility extensions. The portion of the CDBG funds estimated for Service District #1 is \$332,000. City CDBG Housing programs for owner occupied and rental rehab assistance are recommended for eligible properties with code improvements or to cover the cost of utility service lines.

Through both agreements the City has committed to assist the District in providing an affordable method for landowners to proceed with the project. The project involves the District incurring debt to finance the required utilities, with the understanding that the landowners in Service District #1 agree to annex to the City of Great Falls upon completion of construction of both water and sewer lines. The City has agreed to the following:

1. To allow annexation to the Service District #1 upon receiving the necessary petition.
2. To allow the entire district to construct improvements by phases. The first phase will be water and sewer improvements for Service District #1, which is at the southerly end of the District.
3. To assist in lessening the financial burden for the system improvements by agreeing to provide \$1,000,000 of CDBG assistance to the district with Service District #1 estimated to receive \$332,000.
4. To make available CDBG rehabilitation programs to assist in service line extensions or to meet code deficiencies.
5. To ensure that no service line will be connected until a service agreement and annexation petition are received from the property owner.
6. To delay other normal city annexation requirements until debt service for water and sewer have been met. District residents understand that while the City will maintain roads within newly annexed territory, capital improvements will be delayed until such time as the property owners are willing to bear the expense of bringing the roadways up to acceptable city standards.

The public health and safety issues of the area support the City deviating from its established annexation policies. Annexation will occur by phase when utility lines have been extended by the District. The City of Great Falls will receive additional tax base, increased water and sewer utility revenues, increased population by some estimated 400 households when the whole district is annexed, and increased development potential.

Attachment: Interlocal Agreement

CC: ULRRWSD Board

Lyle Meeks, Neil Consultants

Jim Rearden, Director of Public Works

David Dobbs, City Engineer

Ben Rangel, Director of Planning

Coleen Balzarini, City Controller

Mike Rattray, Director of Community Development