

AGENDA REPORT

DATE APRIL 1, 2008

ITEM INTERLOCAL AGREEMENT BETWEEN THE CITY OF GREAT FALLS AND THE UPPER LOWER RIVER ROAD WATER/SEWER DISTRICT FOR SERVICE DISTRICT #2, O.F #1354.2

INITIATED BY UPPER/LOWER RIVER ROAD WATER/SEWER DISTRICT

ACTION REQUESTED APPROVE INTERLOCAL AGREEMENT

PREPARED BY MARTHA CAPPIS, OPERATIONS SUPERVISOR

PRESENTED BY COLEEN BALZARINI, FISCAL SERVICES DIRECTOR

RECOMMENDATION: It is recommended that the City Commission approve the Interlocal Agreement with the Upper/Lower River Road Water/Sewer District (ULRRWSD) for Service District #2

MOTION: "I move the City Commission approve the Interlocal Agreement between the City and the Upper/Lower River Road Water/Sewer District for Service District #2 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 January 2007. 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.

Estimated construction cost for Service District #2 is \$1,600,000. The City will continue its \$1,000,000 commitment of CDBG funds to assist the low/moderate income residents of the whole district with the costs of the utility extensions. The portion of the CDBG funds estimated for Service District #2 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.

BACKGROUND: Prior to 2005, Upper/Lower River Road was not within the corporate limits of the City of Great Falls, but the area and its residents are considered part of our community. Annexation has occurred for Service District #1 whose improvements were completed in 2006. An income survey was completed in January of 2003. This survey documented that 70% of the District #2 households are low/moderate income by HUD definition.

Over the last several years, the District's Board has investigated several ways to provide acceptable water and sewer service to the area. The most affordable alternative is for the property owners to annex into the City of Great Falls and receive municipal water and sewer service. The cost of extending the municipal utility lines is the responsibility of the District's property owners.

The City is willing 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, and with the understanding that the landowners, in Service District #2, agree to annex to the City of

Great Falls upon completion of construction of both water and sewer lines. Therefore, the City is proposing:

1. To allow annexation to the Service District #2 upon receiving the necessary petition immediately following construction.
2. To allow the entire district to construct improvements by phases. The second phase will complete water and sewer improvements for Service District #2.
3. To assist in lessening the financial burden for the system improvements by agreeing to provide up to \$1,000,000 of CDBG assistance to the whole district. Service District #2, based on its proportion of low/moderate income households, is estimated to receive \$332,000.
4. No service line will be connected until a service agreement and annexation petition are received from the property owner.
5. 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 for Service District #2, ULRRWSD
(Not available online; on File in City Clerk's Office.)

CC: ULRRWSD Board
Lyle Meeks, Neil Consultants
Jim Rearden, Director of Public Works
David Dobbs, City Engineer
Ben Rangel, Director of Planning
Bill Walters, Senior Planner
Mike Rattray, Director of Community Development