

# Remington Recreational Water and Sewer District

## Frequently Asked Questions

### December 16<sup>th</sup> Public Informational Meeting

#### GENERAL QUESTIONS

**1. What is the estimated schedule for the construction of improvements?**

*Based on Option 4 – the design, bidding and construction of the improvements is estimated to take 1.5-2 years, depending on construction windows. This schedule would begin after the funding of the project is authorized and grant or loan funds are in place which may take 6 months to 1 year depending on available funding and customer authorization. New will serve requests will be considered after the construction of the project is complete. This is anticipated for Fall 2022.*

**2. Why has the LID Assessment (especially for existing customers) changed significantly since the February 19<sup>th</sup> meeting?**

*The LID assessment will ultimately depend on the final project costs. As such a range (\$4,000-\$6,500 has been provided).*

*The original estimated cost to bring the system into compliance was \$1.367 million. The original assessment discussed in the February 19<sup>th</sup> meeting was \$1,700 per connection and included a cash contribution from the District of \$700,000 to offset a portion of the cost for existing customers. The Board provided further information directly after the February 19<sup>th</sup> meeting which clarified and updated the estimated \$1,700 assessment for existing customers at that time. The changes noted were as follows:*

- *The revised assessment was updated to \$2,550 and included:*
  - *Financing costs (interim financing, LID formation and administration, roughly 10 percent of overall project) and*
  - *Reduced cash reserves available to assist in reducing the cost to existing customers from \$700,000 to \$500,000.*
- *It was also noted that the assessment would be approximately \$3,900 if the District cash was unavailable.*

*As discussed in the December 16<sup>th</sup> presentation, the project components which would bring the system into compliance (no growth assumed) were updated after further IDEQ review and to reflect the shift to utilizing a new well on the existing site:*

- *Reduce Source cost (new well on existing site vs. McCormick) – estimated \$300,000*
- *Add Storage – 100,000 gallons underground reservoir – estimated \$254,000*
- *Add Transmission – minimum looping needed for compliance based on hydraulic modeling – estimated \$200,000*
- *Add Booster – add sufficient booster in combination with storage upgrade – estimated \$100,000*

Thus, the estimate for compliance that was originally \$1.367 million, increased to \$1.621 million.

The District Board has also elected to utilize their cash reserves for several other purposes and thus, the District cash is not currently available to offset the assessment for existing customers. The Board is utilizing their cash for emergency reserves, maintenance, and to pay for the LID assessments associated with additional connections. The Board is prudently planning for reasonably anticipated growth and future maintenance/waterline replacement needs by utilizing their cash funds in this way.

## GROWTH QUESTIONS

### **3. What kind of growth is the District experiencing and how is growth contributing to the project funding?**

The system is receiving applications for additional connections associated with lot splits within the District boundary. The District is planning for capacity to serve reasonably anticipated growth within the District boundary. As shown in Question 6, the project costs have been fairly allocated between existing customers and growth customers while seeking to reduce the financing and administrative cost of LID administration (by creating one LID).

The newsletter briefly discussed the status of negotiations with the proposed development west of the District (north of Remington Road, west of Weir). The District Board and Staff were unable to reach an acceptable agreement for the proposed development; thus, the proposed project does not include connections for this development.

### **4. What fees do new customers pay currently?**

New customers pay for the District's capitalization fee as well as a hook-up fee. The capitalization fee is based on the system's estimated value divided by the total capacity in residential units that can be served. The new customer pays this fee to buy-in to the system that the existing customers have been paying to maintain over the years. The hook-up fee is the physical cost to connect (meter and service) and is based on time and material cost for the installation of the water service.

### **5. What will my assessment be if I participate as a growth customer?**

Your current connected parcel will be assessed for 1 LID assessment (\$4,000-\$6,500). Depending on the total number of connections you wish to add, you will pay an LID assessment and the \$6,000 capitalization fee for each new connection. The capitalization fee can be paid over a period of 5 years (but must be paid in full at the time you connect), for those participating in the LID as a growth customer<sup>1</sup>.

Example for 1 additional connection:

Existing Connection Fees:

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<sup>1</sup> At the time you connect, you will also pay the hook-up fee (for the physical connection).

- 1 LID for existing connected parcel: \$4,000-\$6,500

*Growth Connection Fees:*

- 1 LIDs for future new connections: \$4,000-\$6,500
- 1 Capitalization Fees for new connections: \$6,000

*TOTAL LID ASSESSMENTS: \$8,000-\$13,000<sup>2</sup>*

*TOTAL CAPITALIZATION FEES: \$6,000<sup>3</sup>*

**6. Is the Board unfairly allocating project cost to existing customers to subsidize growth?**

*No, the LID assessment is allocating the total project cost amongst all the connections supported by the project.*

*The estimated assessment (for existing customers) would be approximately \$4,500 (\$1.621 million + 10 percent<sup>4</sup> ÷ 396 current connections = \$4,500). This is within the range provided in the newsletter and December 16<sup>th</sup> presentation (\$4,000 to \$6,500). The Board has elected to set up the LID with the entire project cost allocated over the total connections supported by the project. However, the calculation presented herein demonstrates the existing customers' assessment is within the anticipated range.*

*Setting up the LID in this manner (total project allocated to total connections) allows the financing cost (estimated at 10 percent) to be shared amongst more connections thus reducing the assessment share for each customer.*

**LID QUESTIONS**

**7. What is an LID and how is it formed?**

*A Local Improvement District is a bond authorization method that is repaid through assessments against the real property benefitted by the improvements. The LID is formed through a public hearing process. Any property owner which is proposed to be assessed under the LID has the right to support or object the formation of the LID.*

*If 60 percent of the property owners within the LID object to the LID formation, then the District cannot proceed without resubmitting the LID after 6 months' time, or without appeal to the Board of County Commissioners.*

**8. What are the differences between LIDs and Revenue Bonds?**

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2 Pay upfront or amortize over 30 years

3 Pay upfront or over 5 years

4 Estimated financing cost, as discussed previously

*The LID is formed through a public hearing process and Board action. The LID is assessed on benefitted property. The LID can be paid off up front or it can be amortized over a number of years (matching the loan term – 20 to 30 years). The amortized assessments are paid each year until payoff. The assessments will show as a lien on the property until payoff.*

*Revenue Bonds are authorized by a majority vote, either in May or November. The bond is then repaid by a portion of rates. In this case, the rates would need to be increased in order to make the bond payment each year. There is no lien on the property associated with revenue bonds.*

**9. What steps are involved with an LID?**

**LID Process per Idaho Code**

LID Formation Phase
LID Initiated By Resolution
Resolution Of Intent To Create The LID
Notice Of Hearing Published And Mailed To Property Owners
Public Hearing To Consider Protests And Support
Ordinance Creating LID Adopted
Design/Construction Phase
Engineer Authorized To Prepare Plans And Bidding Documents
Construction Phase
LID Confirmation Phase
Prepare Final Costs And Assessment Roll
Notice Of Final LID Hearing
Hearing On Objections To Assessment Roll
Confirmation Of Assessment Roll
Notice Of Final Assessment To Property Owners
30-Day Pre-payment Period
Assessments Not Pre-Paid Will Be Amortized At LID Bond Term And Rate

**10. How will I be assessed through the LID? Can I finance/amortize my assessment?**

*The LID is not assessed on the property until the project is complete (estimated 1.5-2 years, Question 1 above). All property owners have two options regarding financing the LID.*

1. *Pay the amount of the LID assessment without interest after full completion of the project and prior to finalization of the assessment roll **or***
2. *Amortize the amount at a set interest rate for a fixed number of years (typically 30 years). An LID assessment, which is amortized, becomes a lien on the property as security for repayment.*
  - a. *The lien will show up on a title report for your property.*

- b. Typically, when a property is sold, the mortgage company may wish for this lien to be paid off (the remaining amount) prior to or as part of the property sale.
- c. You can pay off your remaining balance for the LID at any time. You may be required to pay the remaining year of interest, but there is no pre-payment penalty.

**11. When will I have to pay the LID assessment?**

*A property owner can choose to pay the assessment in full without interest within the first 30 days after the final hearing or can finance the assessment over annual installments. The final hearing would occur after the project is complete and assessments have been prepared. The assessment would be due within a couple months of the hearing. If a property owner finances the assessment, the first payment would not be due until the following year.*