

RESOLUTION NO. 17-_____

A RESOLUTION RELATING TO W.O. 16-09, GRAND AVENUE – 52ND STREET WEST TO 58TH STREET WEST; DECLARING IT TO BE THE INTENTION OF THE CITY COUNCIL TO ORDER IN THE PROGRAM FOR THE PURPOSE OF UNDERTAKING CERTAIN LOCAL IMPROVEMENTS AND FINANCING THE COSTS THEREOF AND INCIDENTAL THERETO THROUGH THE ISSUANCE OF SIDEWALK IMPROVEMENT BONDS SECURED BY THE CITY’S SPECIAL IMPROVEMENT DISTRICT REVOLVING FUND.

WHEREAS, the City of Billings is granted the authority pursuant to Billings City Council Resolution No. 04-18137 (amending Resolution No. 99-17447) and § 7-14-4109, MCA, to order certain improvements without creation of a special improvement district including sections of curb, gutter, and sidewalks as a component of street improvement projects along all arterial streets in established neighborhoods and to order that these costs are to be assessed to fronting property owners with subsidies provided through various sources as available on a project by project basis; and

WHEREAS, the Billings City Council has affirmed that public infrastructure improvements should be completed in conjunction with the development process and in accordance with the City of Billings Site Development Ordinance, and

WHEREAS, streets within the City of Billings not previously constructed to a full maintainable standard, including installation of curb, gutter and sidewalk should be upgraded on an ongoing basis, and

WHEREAS, the safety of school children and other pedestrians and the convenience of the public require installation, construction, reconstruction, repair or replacement of curbs and gutters, sidewalks, multi-use paths, drive approaches, alley approaches, and/or appurtenant features or combinations thereof; and

WHEREAS, said improvements should be ordered as provided by law.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF BILLINGS, MONTANA, AS FOLLOWS:

1. INTENTION TO ORDER IN. It is the intention of the Council to order the installation of certain sidewalks and appurtenant improvements in certain locations, which improvements and locations are more fully described in Exhibits “A” and “B” attached hereto.
2. AFFECTED PROPERTIES. All properties, which will be required to pay any portion of the costs of the improvements identified herein, are listed and the owners of those properties are identified on Exhibit “B” attached hereto.
3. ESTIMATED COSTS. The estimated assessed costs of the proposed improvements, including construction costs, project management costs, incidental expenses, engineering fees, legal

fees, administrative fees and bond issuance costs, but exclusive of interest charges, will be \$25,000.00 as described below:

Construction Costs	\$	17,287.00
Design and Construction Admin.	\$	2,963.00
Finance Fee	\$	1,000.00
Revolving Fund (5%)	\$	1,250.00
Bond Discount (2%)	\$	500.00
Issuance Costs	\$	2,000.00

Estimated unit costs for construction only, not including general construction costs, engineering, legal, administrative, and bond costs are as follows:

New Construction:

Concrete Sidewalk	\$	5.50/SF
Pipe Ditch	\$	100/LF
Miscellaneous landscaping items	\$	1,000.00/LS

The actual cost to be assessed against any benefited property will be determined by the actual amount of work done adjacent to the property, and upon bid prices received by the contractor.

4. ASSESSMENT OF COSTS. All costs of constructing the sidewalks including engineering, administrative and bond costs, will be assessed against the properties which are adjacent to the improvements installed. As shown on Exhibit "B", assessments will be levied against 1 separate lots, parcels, or tracts.

The costs for each property will vary depending upon the actual construction that is required adjacent to each property. The average total assessment, including engineering, administrative, and bond costs is estimated to be \$25,000.00.

5. PERIOD OF ASSESSMENT. The assessments for all improvements and costs shall be paid in not more than twelve (12) annual installments, plus interest, provided however, that payment of one-half of each annual installment, plus interest, may be deferred to May 31 of the year following the assessment.
6. PROPERTY OWNER OPTION TO CONSTRUCT IMPROVEMENTS. In the event that the City Council orders in the above-described improvements following the public hearing, then the owners of all properties to be assessed for the costs of said improvements will be notified of such action in writing. Said owners will have thirty (30) days from the date of said notice in which to install the required improvements at their own expense. In the event the owners do not install these improvements, the City will do so and will assess the costs against the benefited properties as described herein.

7. METHOD OF FINANCING; PLEDGE OF REVOLVING FUND; FINDINGS AND DETERMINATIONS.

The City will issue **Sidewalk Improvement Bonds** in an aggregate principal amount not to exceed \$25,000.00 in order to finance the costs of the Improvements. Principal of and interest on the Bonds will be paid from special assessments levied against the property in the Project. This Council further finds it is in the public interest, and in the best interest of the City and the Project, to secure payment of principal of and interest on the Bonds by the Revolving Fund and hereby authorizes the City to enter into the undertakings and agreements authorized in Section 7-12-4225 in respect to the Bonds.

In determining to authorize such undertakings and agreements, this Council has taken into consideration the following factors:

- (a) Estimated Market Value of Parcels. The estimated total market value of the lots, parcels, or tracts in the Project, as of the date of adoption of this resolution, as estimated by the County Assessor, is \$0. This is due to the fact that this property has a church which is tax exempt. Within the county records, the total assessed land value for the property is \$1,367,928.00. The special assessments to be levied against each lot, parcel, or tract are less than the increase in the estimated market value of the properties as a result of the construction of the improvements.
- (b) Diversity of Property Ownership. There is only one property owner being assessed in this project. It is unlikely that financial difficulties would arise that would require a loan to be made from the Revolving Fund.
- (c) Comparison of Special Assessments, Property Taxes and Market Value. Currently, zero (0) parcels have an SID levied against them.

As noted in Section 4, the estimated assessment levied by this project will be \$25,000.00. With a total assessed land value of \$1,367,928.00, and an average yearly principal payment of \$2,083.00 (monthly principal of \$173.58) assuming 6% interest rate, the amount of assessment versus the value of the property would appear acceptable. As such, no unusual need for loans from the Revolving Fund would be expected. Further information comparing the total cost (estimate) to the market value for each parcel is listed in Exhibit "B".

- (d) Delinquencies. For tax year 2016, Zero (0) parcels were delinquent. This rate is above the average city collection rate of 95%.

Therefore, given the delinquency history of this Project area, no unusual need for loans from the Revolving Fund would be expected.

- (e) The Public Benefit of the Improvements. Current City Subdivision and Site Development Ordinances, and under City Council policies, the cost of installation of new sidewalk is to be borne by the adjoining property owners.

Grand Avenue is scheduled to be improved as part of the City's overall transportation plan, and this street project will install missing improvements and bring any existing improvements into compliance. The subject improvements of sidewalk and other miscellaneous items are identified as missing. Installation of these improvements will provide a safe, accessible walking surface for school children and other pedestrians walking along Grand Avenue. The cost to install new improvements will be borne by the adjoining property owners per City policy.

The project improvement limits are scheduled to extend along Grand Avenue from 52nd Street West to 58th Street West.

8. REIMBURSEMENT EXPENDITURES.

- (a) Regulations. The United States Department of Treasury has promulgated final regulations governing the use of proceeds of tax-exempt bonds, all or a portion of which are to be used to reimburse the City for project expenditures paid by the City prior to the date of issuance of such bonds. Those regulations (Treasury Regulations, Section 1.150-2) (the "Regulations") require that the City adopt a statement of official intent to reimburse an original expenditure not later than 60 days after payment of the original expenditure. The Regulations also generally require that the bonds be issued and the reimbursement allocation made from the proceeds of the bonds within 18 months (or three years, if the reimbursement bond issue qualifies for the "small issuer" exception from the arbitrage rebate requirement) after the later of (i) the date the expenditure is paid or (ii) the date the project is placed in service or abandoned, but (unless the issue qualifies for the "small issuer" exception from the arbitrage rebate requirement) in no event more than three years after the date the expenditure is paid. The Regulations generally permit reimbursement of capital expenditures and costs of issuance of the bonds.
- (b) Prior Expenditures. Other than (i) expenditures to be paid or reimbursed from sources other than the Bonds, (ii) expenditures permitted to be reimbursed under the transitional provision contained in Section 1.150-2(j)(2) of the Regulations, (iii) expenditures constituting preliminary expenditures within the meaning of Section 1.150-2(f)(2) of the Regulations, or (iv) expenditures in a "de minimus" amount (as defined in Section 1.150-2(f)(1) of the Regulations), no expenditures for the Improvements have been paid by the City before the date 60 days before the date of adoption of this resolution.
- (c) Declaration of Intent. The City reasonably expects to reimburse the expenditures made for costs of the Improvements out of the proceeds of Bonds in an estimated maximum aggregate principal amount of \$25,000.00 after the date of payment of all or a portion of the costs of the Improvements. All

Denise Bohlman

CITY CLERK