

LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

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| Bill Number: 2454 HB | Title: Private roadway maintenance |
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Part I: Jurisdiction-Location, type or status of political subdivision defines range of fiscal impacts.

Legislation Impacts:

- ☒ Cities: Cities seeking to improve private roadways
- ☒ Counties: Counties seeking to improve private roadways
- ☐ Special Districts:
- ☐ Specific jurisdictions only:
- ☐ Variance occurs due to:

Part II: Estimates

- ☐ No fiscal impacts.
- ☐ Expenditures represent one-time costs:
- ☐ Legislation provides local option:
- ☒ Key variables cannot be estimated with certainty at this time:

The number of local governments who would complete private roadway improvements and the number of hearings that would correspond to each private roadway improvement, the cost to local governments for each private roadway improvement, the number or cost of private financial contributions that would be delinquent or require a property foreclosure, the cost and staff time necessary to prove ownership of properties abutting private roadways under consideration for improvement, the number of hearing notices sent via mail, and the cumulative cost for postage and supplies

Estimated revenue impacts to:

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| Indeterminate Impact |
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Estimated expenditure impacts to:

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| Indeterminate Impact |
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Part III: Preparation and Approval

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| Fiscal Note Analyst: Buck Lucas | Phone: 360/725-5040 | Date: 01/19/2016 |
| Leg. Committee Contact: Michaela Murdock | Phone: 360-786-7289 | Date: 01/13/2016 |
| Agency Approval: Steve Salmi | Phone: (360) 725 5034 | Date: 01/19/2016 |
| OFM Review: David Dula | Phone: (360) 902-7437 | Date: 01/20/2016 |

Part IV: Analysis

A. SUMMARY OF BILL

Provide a clear, succinct description of the bill with an emphasis on how it impacts local government.

This bill would require local governments to receive a petition signed by the owner(s) of property abutting a private roadway before authorizing the financing, construction, reconstruction, or repair thereof.

Section 2 -- Petition must provide the nature and territorial extent of the roadway improvement; prove property ownership via county records, including the financial contribution submitted by each property owner and a timeline for completion of the roadway improvement.

Section 3 -- A local government may pay the entire costs of construction, reconstruction, or repair from any available funds or contribute a portion of the funds to pay the costs of improvement.

Section 4 -- The legislative body of the local government must pass a resolution outlining the specified portion of the cost borne by abutting property owners and the local jurisdiction. The cost borne by the abutting property owners cannot exceed the amount specified in the petition. If the abutting property owners do not pay the specified portion of the roadway improvement, then the local jurisdiction may complete the improvements and charge the abutting property owners, but this charge may not exceed the amount specified in the petition.

Section 4(2) -- The resolution must include the public use(s) necessitating the roadway improvements.

Section 4(4) -- A public hearing must be held on the resolution prior to passage. Notice must be published for two consecutive weeks before the hearing in the official newspaper or regularly published official publication of the jurisdiction, and provide the date of the hearing to each owner whose property abuts the roadway via mail.

Section 5 -- Required is the creation of a private roadway construction fund for each individual project, which must be numbered differently, and may be funded by a loan from the local government authorizing the improvement. When funds are available over the amount necessary to pay outstanding warrants, advances or loans to that fund must be repaid. Warrants not paid for lack of funds must bear interest until called at a rate established by the local jurisdiction.

Section 6 -- The public record of the assessed property value, or assessment roll, must be kept and specify property assessed, the owner, and the fixed amount of the assessment. A hearing on the assessment roll shall be made by resolution, with a hearing notice mailed to the specified owner ten days before the hearing date.

Section 7 -- Assessment roll resolutions must provide whether property tax payments may be received as one sum or via installments, noting the time and amount of payments. Local jurisdictions, by resolution, may proclaim interest on unpaid installments.

Section 8 -- Delinquent payments may become liens against the property and, after 30 days, the jurisdiction may foreclose on the property.

B. SUMMARY OF EXPENDITURE IMPACTS

Briefly describe and quantify the expenditure impacts of the legislation on local governments, identifying the expenditure provisions by section number, and when appropriate, the detail of expenditures. Delineate between city, county and special district impacts.

This legislation would have an indeterminate expenditure impact on local governments.

Private roadway improvements occur in Washington's cities at a varying rate. Under this bill, the costs of private roadway improvements would be shared with the private individual(s) who would receive benefit. To share private roadway improvement costs, the respective local government must first verify the private individual(s) noted on each petition are, in fact, the owner of the private residence. The costs necessary to determine ownership are assumed to be \$28.47 per hour of staff time dedicated to this act. The amount of time dedicated to ownership verification would be indeterminate, and vary by project magnitude.

Local governments must also pass a resolution agreeing to the portion of the improvement to be borne by the private individual(s). The costs associated with such a resolution also vary, but the Local Government Fiscal Note Program (LGFN) assumes the cost of a resolution via the local government's legislative body is similar to that of a hearing and ordinance. For such a resolution, LGFN analysis projects a cost of approximately \$1,000 for the staff time and preparation necessary to process a resolution noting the cost(s) to be shared with multiple private individuals, the specific public use(s) that would align with the private roadway improvements, and for notice to be published in a general circulation newspaper within the jurisdiction.

There would be additional costs to local governments via mailing the hearing notice to each of the private individuals whose property abuts the roadway improvements. The costs for mailing notices would range according to the number of mailers to be sent. The United

States Postal Service estimates that the cost of a local government to mail unique, stamped letters is approximately \$0.50 cents per letter. To illustrate, if 20 private households abutted a roadway improvement, the cost would be approximately \$10.00 to mail the notice of the hearing.

C. SUMMARY OF REVENUE IMPACTS

Briefly describe and quantify the revenue impacts of the legislation on local governments, identifying the revenue provisions by section number, and when appropriate, the detail of revenue sources. Delineate between city, county and special district impacts.

This legislation would have an indeterminate impact on cash receipts received by local governments.

Under this bill, private individuals would provide funds to local governments for the purpose of private roadway improvements. The number of private roadways that would have qualified under this bill would vary based on several factors, including the demands or petitions for such work, the capability of a local government to provide such work, and the public use provided by the specific private roadway improvement(s). To illustrate, in 2015 the City of Lacey did not perform a single private roadway improvement project, nor was the city petitioned by a private individual for such improvements. The Local Government Fiscal Note Program assumes that a local government with the capability, private demand, and a magnitude of public use greater than private benefit would conduct more private roadway improvements, and a thusly would receive a greater revenue share from the private individual(s) affected.

SOURCES:

Local Government Fiscal Note Program, Ordinance Cost Analysis

Local Government Fiscal Note Program, Staff Salary and Benefit Analysis

City of Lacey