

WORKSHOP AGENDA
City of Brookings
CITY COUNCIL

Brookings City Hall Council Chambers
898 Elk Drive, Brookings, Oregon 97415

Monday, May 11, 2009, 5:30 p.m.

I. Call to Order

II. Roll Call

III. Topics

A. System Development Charges

B. Wastewater Rates

IV. Adjournment

All public meetings are held in accessible locations. Auxiliary aids will be provided upon request with advance notification. Please contact 469-1102 if you have any questions regarding this notice.

CITY OF BROOKINGS

COUNCIL WORKSHOP REPORT

To: Mayor and City Council

From: City Manager's Office

Date: May 11, 2009

Subject:

System Development Charges Study

Recommendation:

Discussion and direction to staff.

Financial Impact:

None

Background/Discussion:

The City Council has discussed the System Development Charge (SDC) rate study prepared by Dyer Partnership several times. Most recently, on May 4th, the Council discussed modifying the rate calculation to consider the square footage of residential uses.

Dyer has looked at this option, and stands behind their original recommendations, which includes assigning 1 EDU to a single family home. These recommendations are based on custom for communities the size of Brookings, appropriateness, practicality, our understanding of the law and defensibility.

Attached is a letter from Dyer explaining the justification contained in the SDC study.

Further Council discussion and direction is needed so that the study can be finalized and presented to the Council for action.



THE DYER PARTNERSHIP
ENGINEERS & PLANNERS, INC.

May 8, 2009

Ms. Janell Howard, Acting City Manager
City of Brookings
898 Elk Drive
Brookings, Oregon 97415

Re: City of Brookings SDC
145.03

Dear Janell:

This letter summarizes the discussions we have had via E-mail regarding SDCs for the City of Brookings during the last few days following our May 4, 2009 meeting. The issues generally concerned the wastewater SDCs and were principally based on concerns or questions raised by council members. I will address these issue point by point.

1. Residential EDU Assessment. The assumption of 1 EDU per single family dwelling is generally universal. The explanation is that an "average" single family dwelling is the smallest increment for which available statistics are developed in terms of water / sewer demand/ generation. Billing records allow us to estimate gallons per day per service (i.e. per EDU) but do not provide a way to break this usage down based on square footage, number of bedrooms or number of bathrooms. We would just be guessing at the weight to apply to these three factors as well. Published fixture units might be considered but are associated with commercial usage patterns and may not be appropriate for residential use patterns. Note that if one uses three parameters associated with a residence as proposed by some council members, then we are really talking about 6 parameters - i.e. the 1/3 factors proposed, for example, for each weight factor as well. In addition, there exists doubt in our minds and in the minds of staff as to the correlation between the size and appointments of a house and the water demand or wastewater generation. The introduction of home cost as a factor appears to have an even less defensible correlation with water usage and is inconsistent with the directive to use "recognized rate making principals" as called for in the relevant system development charge ORS sections. This would be like saying that a more well to do person should have to pay more for the same meal or pay a higher parking fee for the same space and gives the appearance of one income class attempting to get another to subsidize it. This is challengeable in court.

2. Restaurant EDU Assessment. Continuing in this direction, there is a suggestion to use 4 or 5 parameters (really 16 to 25 if one includes the factors to address weight) for a restaurant. The only published flow information I am aware of using a different parameter than area for restaurants is based on the number of seats. The issue of revisiting the restaurant at some period after operation to determine if seating or tables had been changed is inconsistent with the League of Oregon Cities sample SDC ordinance which states that the SDC is a one time fee. We believe that other businesses would want to use parameters unique to them for their specific calculation. One can imagine seasonal adjustment factors, distance from main tourist thoroughfare adjust factors, etc. and then one would have to determine weight factors and for some, periodically inspect to determine if some factors had changed requiring a post SDC fee adjustment. This will produce a system in which each development must be individually investigated with unique parameters and these factors at some

point, subjectively used. Once subjectivity is injected, the system will be easily challenged. Staff time will be consumed in endless calculation, negotiation and defense of their assumptions.

3. Method Confirms with Other Oregon Cities. For the SDC system to be workable for staff, the simplest calculation method with the least subjectivity possible should be used. The system proposed for Brookings uses the same methodologies as most Cities use in Oregon and this has withstood court challenge and proved to be workable by their staffs.

4. Portland and Eugene. I have sent you data sheets from Portland and Eugene showing how their SDCs are determined for residential and commercial developments. Note that Portland assigns 1 EDU per dwelling unit without additional calculation for residential development. Eugene does this as well for the MWMC portion of their system and for the local part (which I believe is a historical carryover) uses square living space footage as an additional factor. Other communities I am aware of also assign 1 EDU per single family dwelling.

5. Adequate Differentiation Between User Classes. Brookings calculation method provides for about 70 different user classifications which is far more than the number of user classifications adopted in either Portland or Eugene. This should readily provide for significant differentiation between users by current SDC development standards. If these 70 classifications were developed with unique and multiple parameters, the cost to develop these unique factors and the staff time to compute the results would be prohibitive.

6. Appropriateness. These recommendations are based on custom for communities the size of Brookings, appropriateness, practicality, our understanding of the law and defensibility. If you introduce additional complexity to your methodology, it might make as much sense to just compute each development individually as a unique case. The staff time and water consumption/ wastewater generation expertise required would potentially keep someone at the City occupied on this task for a large amount of time. Most communities assign 1 EDU to a single family home and differentiate between restaurants based on specific type of service provided which we do in your case and use a single demand parameter. In this case square footage is used in order to use the same parameter required for the transportation and drainage SDC assessment.

7. Growth Rate in Variance with Master Plan. The reason for the 3% growth rate in the SDC study is that this is the value used by the Master Plans. The improvement project recommendations and schedule developed in the Master Plans are based on 3%. Should the growth rate be changed to 1.5%, we will be calculating the cost for a smaller number of customers added under a 1.5% scenario to pay for the improvements based on a 3% growth scenario. If in fact growth is less than 3% and less money is collected, it is also the case that the improvement projects would be delayed since the improvements are paced on growth. The reduced improvements expenditures and the reduced payments from new growth would still provide a correct SDC. If a different growth rate is used than the Master Plan uses, the improvements required and the SDC fees collected would not be correct whatever the true growth rate turned out to be.

8. Additional Biosolids Improvement. If the City adds this to the capital improvement plan, we should include it in the SDC at this time. Since this new facility will serve both exiting and new customers, the SDC eligibility will be 25.5% of the cost. If the project cost is \$2,000,000 and there are 1,558 new EDUs added during the study period, then the additional wastewater SDC improvement fee would be \$327 per EDU. Rates would have to cover \$1,490,000 of the project cost. Please advise if this will be added.

May 8, 2009

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9. Conclusion. Our recommendations remain unchanged as contained in our latest report except for the modification to include the biosolids facility improvement (if you decide to add it to your capital improvement plan). These recommendations are based on custom for communities the size of Brookings, appropriateness, practicality, our understanding of the law and defensibility. The proposal to use a more complex formula for homes or restaurants does not appear to us to violate any SDC principals but we do not recommend it. We will of course set your program up this way if directed to do so by you, but again it would not be our recommendation due to the overwhelming staff burden and costs. We also believe you will experience other developments objecting to their classifications, demanding that multiple and variable factors go into each classification whenever it was to their advantage. There are currently about 70 classifications recommended for Brookings which is far greater than the differentiation used by Portland for example. If you further individualized classifications, it would make sense to just compute each development individually as a unique case. In this case, the staff time and water consumption/ wastewater generation research required would be very time consuming, difficult and we believe unsatisfactory for the City.

Sincerely,

**The Dyer Partnership
Engineers and Planners, Inc.**

Michael J. Dees, P.E.
Project Manager