

RESOLUTION NO. 2362

A RESOLUTION ESTABLISHING SYSTEM DEVELOPMENT CHARGES, INCLUDING METHODOLOGY THEREFOR

WHEREAS, Oregon Revised Statutes (ORS) Chapter 223 and Warrenton Municipal Code Chapter 3.20 authorize collection of system development charges, and the City has heretofore retained Financial Consulting Solutions Group, Inc. (FCS GROUP) to make recommendations regarding such system development charges; and

WHEREAS, the City Commission has determined that new development will be served by such capital improvements and should pay a proportionate share of the cost thereof, as determined by the methodology incorporated herein; now, therefore,

BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF WARRENTON, OREGON, AS FOLLOWS:

Section 1. IMPROVEMENT PLAN. The City Commission hereby adopts, as its improvement plan required by ORS 223.309 and Warrenton Municipal Code Section 3.20, the project list contained in Exhibit B – System Development Charge Methodology. Said exhibit defines the cost of projected capital improvements needed to increase the capacity of each system to which the improvement fee is related and lists the estimated cost, time, and percentage of costs eligible to be funded with revenues from the improvement fee for each improvement.

The improvement plan adopted herein shall be modified from time to time by resolution of the Commission, as provided in Warrenton Municipal Code Section 3.20.


Section 2. SYSTEM DEVELOPMENT CHARGES. Effective June 8, 2012, the system development charges contained in Exhibit A shall be required. The System Development Charges adopted in Exhibit A shall be reviewed annually upon the adoption of this Resolution and may from time to time be modified by resolution of the Commission.

Section 3. METHODOLOGY. The methodology for the system development charges is set forth in Exhibit B, and such methodology is hereby adopted.

Section 4. COLLECTION OF CHARGE. Effective June 8, 2012, the system development charges are payable to the City of Warrenton as provided in Warrenton Municipal Code Section 3.20.20.

Passed by the Commission and signed by me in authentication of its passage this 22nd day of May, 2012.

APPROVED



Karl R. Hellberg, Mayor

ATTEST:



Linda Engbretson, City Recorder

EXHIBIT A (Option 1)

SDC Schedule

Water

Meter Size	
3/4" x 5/8"	\$ 744
1"	1,860
1-1/2"	3,720
2"	5,952
3"	11,903
4"	18,599
6"	37,197
8"	59,516
10"	92,993

Wastewater

Meter Size	
3/4" x 5/8"	\$ 692
1"	1,730
1-1/2"	3,460
2"	5,537
3"	11,073
4"	17,302
6"	34,603
8"	55,365
10"	86,508

Stormwater

Per EDU	\$ 131
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Transportation

Per PHPT	\$ 281
Single-family residence	433

Parks

Per dwelling unit	\$ -
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These SDCs shall remain in effect until the City Commission adjusts them by resolution.

SECTION II: METHODOLOGY

This section provides a non-numeric overview of the calculations that result in SDC rates for each of the five facility types.

A. REIMBURSEMENT FEE

The reimbursement fee is the cost of available capacity per unit of growth that such available capacity will serve. In order for a reimbursement fee to be calculated, unused capacity must be available to serve future growth. For facility types that do not have excess capacity, no reimbursement fee may be charged.

B. IMPROVEMENT FEE

The improvement fee is the cost of capacity-increasing capital projects per unit of growth that those projects will serve. In reality, the capacity added by many projects serves a dual purpose of both meeting existing demand and serving future growth. To compute a compliant SDC rate, growth-related costs must be isolated, and costs related to current demand must be excluded.

We have used the “capacity approach” to allocate costs to the improvement fee basis. Under this approach, the cost of a given project is allocated to growth in proportion to the growth-related capacity that projects of a similar type will create. For example, suppose that a city’s master plan included the acquisition and development of 100 acres of new neighborhood parks. Suppose further that our analysis determined that 30 acres were required to meet existing demand, and 70 acres were required to serve future users. In that case, only 70 percent of the cost for any new neighborhood park would be eligible for recovery with an improvement fee.

Growth should be measured in units that most directly reflect the source of demand. In the case of parks, the most applicable units of growth are population and, where appropriate, population equivalents. However, the units in which demand is expressed may not be the same as the units in which SDC rates are charged. Many SDCs, for example, are charged on the basis of dwelling units. Therefore, conversion is often necessary from units of demand to units of payment. For example, using an average number of residents per household, the number of new residents can be converted to the number of new dwelling units.

C. COMPLIANCE COSTS

ORS 223.307(5) authorizes the expenditure of SDCs on “the costs of complying with the provisions of ORS 223.297 to 223.314, including the costs of developing system development charge methodologies and providing an annual accounting of system development charge expenditures.” To

avoid spending monies for compliance that might otherwise have been spent on growth-related projects, this report includes an estimate of compliance costs in its SDC rates.

D. SUMMARY

In general, SDC rates are calculated by adding the reimbursement fee (if applicable) component, improvement fee component, and compliance cost component. Each component is calculated by dividing the eligible cost by the growth of units of demand. The unit of demand becomes the basis of the charge. **Figure II.1** shows this calculation in equation format:

Figure II.1 – SDC Equation

Eligible costs of available capacity in existing facilities	+	Eligible costs of capacity- increasing capital improvements	+	Costs of complying with Oregon SDC law	=	SDC per unit of growth in demand
Units of growth in demand						

Sections III-VII of this report provides detailed calculations of SDCs for the five facility types: water, wastewater, stormwater, transportation, and parks. **Section VIII** summarizes the recommended SDCs and provides a recommendation for annual adjustment.

Note that the SDC calculations provided in this report were derived using computer spreadsheet models. They may differ slightly from amounts derived using handheld calculators.