

REQUEST FOR COUNCIL ACTION

DATE ACTION REQUESTED: 2007, February 5

**Ordinance _____
No.**

**Resolution X
No. 2007-2698**

Motion _____

Information

Date Submitted: January 23, 2007

SUBJECT: New policy regarding systems development charges waiver requests for projects that assist low/moderate income families and individuals.

**Contact Person (Preparer) for this
Resolution: David Beam, AICP
Economic Development Coordinator/Planner**

Dept.: Planning and Building

**File No.: GR-43-03
(if applicable)**

RECOMMENDATION: Approve proposed Resolution No. 2007-2698, which establishes a new city policy regarding the granting of specific system development charge waivers for projects that serve the needs of low to moderate income families and individuals.

BACKGROUND:

1. Head Start of Yamhill County (HSYC) has provided programs within the Newberg area in various temporary facilities in recent years. Currently, HSYC is working towards constructing a permanent facility in Newberg at a site located on Crestview Drive, near Mountainview Middle School.
2. On June 30, 2004, the City received an award letter from the State of Oregon in the amount of \$600,000 (CDBG funds) to help partially fund the construction of a proposed new 4,000 sq ft. Head Start facility within Newberg. On November 6, 2006, the City Council authorized the submission of a CDBG application by the City of Newberg for an additional \$200,000 in grant funding for the Head Start facility (Resolution No. 2006-2685). The grant application is pending.
3. In October 2006, Head Start of Yamhill County (HSYC) approached City staff requesting that the City waive all system development charges (SDC) related to this project (Exhibit A).
4. On November 6, 2006, the City Council considered the request to waive all SDCs related to the Head Start project. The Council denied the request. The principal reason cited for the denial was that the city had no current policy regarding the waiving of SDCs for a

project of this type. The Council was concerned approving the request without such a policy in place may set a precedent with unintended consequences.

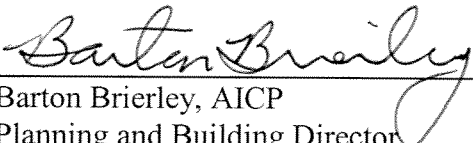
5. In general, the City has not waived SDCs. One exception is a waiver under Resolution No. 96-1951. This resolution provides a waiver of water and sewer SDCs for two low/moderate income **houses** per year (please see Exhibit B for more details). While the Head Start project is not a low/moderate income housing project, its principal goal is to serve low/moderate income children and families.
6. The proposed new SDC waiver policy complements Resolution No. 96-1951 mentioned above. Resolution No. 96-1951 limits the City Manager to grant waivers of water and sewer SDCs for up to two single-family houses (or one duplex) per fiscal year. Requests for SDC waivers beyond this limit would need to be authorized by the City Council.
7. Staff feels that the City can adopt a policy regarding SDC waivers that would provide reasonable assistance to entities that propose the construction of facilities that serve the needs of low to moderate income families and individuals. Below are recommended minimum criteria that would need to be met by the organization requesting the waiver for the waiver to be considered by the City Council:
 - The organization requesting the waiver must be a certified non-profit organization.
 - The proposed project must principally serve low/moderate income families and individuals.
 - Water, sewer, storm sewer and/or transportation are the only SDCs that can be considered for waiver(s). Park SDCs cannot be considered.
8. The following are suggested issues for consideration by the City Council when it reviews any SDC waiver requests for projects that serve the needs of low to moderate income families and individuals:
 - What impact would the SDC waivers have on the respective SDC funds?
 - Sources of funding for total project: what percentage of the funds have been generated “locally” (“grassroots fund raising”)?
9. The proposed policy created through Resolution No. 2007-2698 states that the City Council may waive all, some or none of the SDCs that are requested for waiver.

FISCAL IMPACT: Fiscal impact on the SDC funds would need to be determined on a case-by-case basis. Each waiver request will be analyzed by city staff to determine its potential impact on the city SDC fund. With the proposed new policy, the Council will retain the authority to waive all, part, or none of any request.

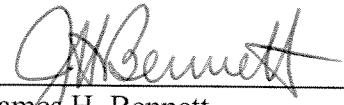
STRATEGIC ASSESSMENT:

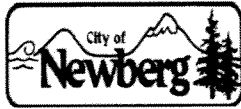
The proposed policy will provide the City with a mechanism to encourage the construction of facilities serving the needs of the less fortunate in our community.

SUBMITTED BY:


Barton Brierley, AICP
Planning and Building Director

APPROVED BY:


James H. Bennett
City Manager



RESOLUTION No. 2007-2698

**A RESOLUTION ESTABLISHING A CITY POLICY REGARDING
THE GRANTING OF SPECIFIC SYSTEM DEVELOPMENT CHARGE
WAIVERS FOR PROJECTS THAT SERVE THE NEEDS OF LOW TO
MODERATE INCOME FAMILIES AND INDIVIDUALS**

RECITALS:

1. In general, the City has not waived system development charges (SDCs) for past development projects. One exception is a waiver under Resolution No. 96-1951. This resolution provides a waiver of water and sewer SDCs for two low/moderate income *houses* per year.
2. In an effort to better serve the needs of serve low/moderate income children and families, the City desires to put in place a new policy. This policy will provide the opportunity for the City to grant waivers of specific SDCs for the construction of facilities that serve the needs of low to moderate income families and individuals. The intent of such a policy is to complement the policy set by the above-mentioned Resolution No. 96-1951.

THE CITY OF NEWBERG RESOLVES AS FOLLOWS:

1. The City of Newberg adopts a new policy that will help serve the needs of low/moderate income children and families.
2. This policy provides a mechanism for the City to consider waiving applicable SDCs for projects involving the construction of facilities that serve the needs of low to moderate income families and individuals. Requests for waivers of SDCs for such projects will be granted by the City Council. The City Council may waive all, some or none of the SDCs that are requested for waiver.
3. The following minimum criteria that would need to be met by any organization requesting the waiver for the waiver to be considered by the City Council:
 - The organization requesting the waiver must be a certified non-profit organization.
 - The proposed project must principally serve low/moderate income families and individuals.
 - Water, sewer, storm sewer and/or transportation are the only SDCs that can be considered for waiver(s). Park SDCs cannot be considered.

4. The following issues should be considered by the City Council when it reviews any SDC waiver requests for projects that serve the needs of low to moderate income families and individuals:

- What impact would the SDC waivers have on the respective SDC funds?
- Sources of funding for total project: what percentage of the funds have been generated “locally” (“grassroots fund raising”)?

➤ **EFFECTIVE DATE** of this resolution is the day of adoption, which is: February 5, 2007.

ADOPTED by the City Council of the City of Newberg, Oregon, this 5th day of February, 2007.

James H. Bennett, City Recorder

ATTEST by the Mayor this 8th day of February, 2007.

Bob Andrews, Mayor

LEGISLATIVE HISTORY

By and through _____ Committee at ____ / ____ /200x meeting. Or, X None.
(committee name) (date) (check if applicable)



Exhibit A Head Start of Yamhill County

2045 SW Hwy 18
PO Box 1311
McMinnville, OR 97128
Phone: (503) 472-2000
Fax: (503) 472-6539

October 16, 2006

City of Newberg
Attn: James Bennett
414 East First Street
Newberg, OR 97132

Dear Mr. Bennett,

This letter is to request the City of Newberg's additional support for the proposed Newberg Head Start facility through the waiver all system development charges in association with this project. The estimated charges from the City of Newberg are \$44,600.

This request is necessary due to the high bids this project received on August 16, 2006. Out of the seven pre-qualified bidders, only two bids were received. Both bids came in \$500,000 over budget. Head Start of Yamhill County (HSYC) will also contribute to the financial success of this project by not collecting its portion of the developer fee. This commitment, combined with the proposed system development charge waiver, additional Community Development Block Grant request and additional grant funds will provide critical community support to make this project feasible. HSYC typically uses the developer fee it collects from projects to use as seed money to develop additional Head Start facilities in other communities where Head Start facilities and services are needed.

As you know, HSYC is a learning organization that dreams of better tomorrows for those we serve. Part of our dream is realized by having a solid long range building plan. The creation of the "Healthy Head Start Facilities" will help us realize that dream. We have initiated a sustainable, green building campaign that should have a far-reaching impact on our ability to create a healthy learning environment for our children and a community building model for the future.

In conclusion, I hope that through our work together we can make this dream a reality. With your assistance, the Newberg Head Start facility will be an exciting addition for our most vulnerable young children and their families, for our community and for each other.

Sincerely,

Michael Eichman
Executive Director
Head Start of Yamhill County

Cc: Dan Danicic
Barton Brierly
Claudia Cantu

RESOLUTION NO. 96-1951

A RESOLUTION APPROVING A POLICY FOR GRANTING A LIMITED OPPORTUNITY TO WAIVE FEES AND CHARGES FOR LOW/MODERATE INCOME HOUSING

RECITALS:

1. The City receives requests to waiver building and development fees for housing built by various local nonprofit organizations.
2. The City has a history of supporting the social needs of the community.
3. The City finds it in its best interest to continue to support nonprofit organizations who help those in need.

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Newberg, as follows:

Section 1. The City of Newberg desires to assist nonprofit organizations which provide housing for low and moderate income citizens.

Section 2. The City Manager will consider requests on a first come, first serve basis and will grant waivers of building and development fees based on the following criteria:

- A. The waiver would only be allowed for up to two single family houses or duplex housing complexes per fiscal year.
- B. Waiver of systems development charges will only be granted to certified nonprofit entities.
- C. Actual reduction in the costs to the homeowner must be guaranteed by the entity.
- D. The homeowner must be low income and need the fee waiver.
- E. Waivers would be granted during the fiscal year on a first come basis at the time the building permit is issued.
- F. Two waivers would be included in the annual budget and would not include costs required by outside agencies (e.g., the County electrical inspection fee or State surcharges).
- G. The fees to be waived would only apply to water and sewer systems development charges.

H. Sale of the property within five (5) years, unless the same qualifications are met by the purchasers, would require that all the fees waived be paid in full at the time of sale.

I. Federal and State subsidized housing would not be eligible for the waiver.

Section 3. The City Manager will report all waivers to the Finance Committee at its meeting following the granting of the waiver.

ADOPTED by the City Council of the City of Newberg, Oregon this 2nd day of January, 1996.



Duane R. Cole, City Recorder

ATTEST:



Donna Proctor, Mayor

\\finance\\resol-waiver

REQUEST FOR COUNCIL ACTION

DATE ACTION REQUESTED: 2007, February 5

Ordinance _____
No.

Resolution X
No. 2007-2699

Motion ____

Information

Date Submitted: February 5, 2007

SUBJECT: Waiver request of all applicable system development charges related to construction of proposed Head Start facility.

Contact Person (Preparer) for this
Resolution: David Beam, AICP
Economic Development Coordinator/Planner

Dept.: Planning and Building

File No.: GR-43-03
(if applicable)

RECOMMENDATION: Approve Resolution No. 2007-2699, which waives all applicable City of Newberg system development charges (sewer, storm, transportation, and water) related to the construction of a new Head Start facility in Newberg.

BACKGROUND:

1. Head Start of Yamhill County (HSYC) has provided programs within the Newberg area in various temporary facilities in recent years. Currently, HSYC is working towards constructing a permanent facility in Newberg at a site located on Crestview Drive, near Mountainview Middle School.
2. On June 30, 2004, the City received an award letter from the State of Oregon in the amount of \$600,000 (CDBG funds) to help partially fund the construction of a proposed new 4,000 sq ft. Head Start facility within Newberg. On November 6, 2006, the City Council authorized the submission of a CDBG application by the City of Newberg for an additional \$200,000 in grant funding for the Head Start facility (Resolution No. 2006-2685). The grant application is pending.
3. In August 2006, the construction of the Head Start project went out to bid. Out of the seven pre-qualified bidders, only two bids were received. The lowest bidder (Collamette Construction) came in at around \$500,000 over the original project estimate of \$832,800. Consequently, all project bids were rejected. Head Start is currently seeking additional funds to fill this financial gap, mostly through public and private grant sources. In addition, HSYC is waiving the collection of its customary developer fees from private grant sources. Moreover, the project is being reviewed for value engineering to reveal

potential cost savings.

4. In October 2006, Head Start of Yamhill County (HSYC) approached City staff requesting that the City waive all system development charges (SDC) related to this project (Exhibit A).
5. On November 6, 2006, the City Council considered the request to waive all SDCs related to the Head Start project. The Council denied the request. The principal reason cited for the denial was that the city had no current policy regarding the waiving of SDCs for a project of this type. The Council was concerned approving the request without such a policy in place may set a precedent with unintended consequences.
6. On February 5, 2007, the adopted Resolution No. 2007-2698, which states the City's policy in the consideration of waiver requests of system development charges for the construction of facilities that serve the needs of low to moderate income families and individuals. According to this policy, the following minimum criteria would need to be met by any organization requesting the waiver for the waiver to be considered by the City Council:
 - The organization requesting the waiver must be a certified non-profit organization.
 - The proposed project must principally serve low/moderate income families and individuals.
 - Water, sewer, storm sewer and/or transportation are the only SDCs that can be considered for waiver(s). Park SDCs cannot be considered.

The waiver request being made by HSYC for the construction of a new Head Start facility in Newberg meets these minimum criteria.

7. In addition, the policy created through Resolution No. 2007-2698 states that the City Council should take the following issues into consideration when it reviews any SDC waiver requests for projects that serve the needs of low to moderate income families and individuals:
 - What impact would the SDC waivers have on the respective SDC funds?
 - Sources of funding for total project: what percentage of the funds have been generated "locally" ("grassroots fund raising")?

Exhibit B is Head Start's current budget for the proposed construction project showing the total project cost, the sources of the project funds, and the current status of those funds.

8. The policy created through Resolution No. 2007-2698 states that the City Council may waive all, some or none of the SDCs that are requested for waiver.

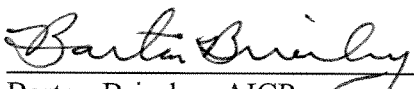
FISCAL IMPACT: Dan Danicic, the City's Public Works Director feels that waiving any of this project's SDCs would have a minimal impact upon the City's capital improvement projects that are budgeted this year for storm, water, sewer and transportation systems. Below is a table showing the estimated SDCs of this project and the percentage of those figures to the expected SDCs that would be collected in this years City budget:

<u>SDC Type</u>	<u>Estimated SDCs H.S. Project</u>	<u>Estimated SDCs collected City Budget</u>	<u>Percentage of City Budget</u>
Sewer	\$ 2,839	\$700,000	0.4%
Storm	\$ 1,765	\$120,000	1.5%
Transportation	\$24,232	\$800,000	3.0%
Water	<u>\$ 8,556</u>	\$775,000	1.1%
TOTAL	\$37,392		

NOTE: The city staff has estimated the total SDCs for the project to total \$37,392, which is lower than the estimate of \$44,600 stated by Head Start (see Exhibit A). The Head Start estimate figure likely includes fees other than SDCs, such as the Community Development fee, water tap fee, etc.

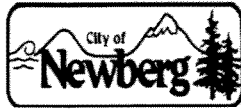
STRATEGIC ASSESSMENT: The proposed Head Start project will provide better services to the citizens of Newberg than those that currently exist. Waiver of any of the SDC would assist with the current budget funding gap to construct the new facility. In addition, granting of the SDCs may make it easier for Head Start to secure other funds needed to complete the project.

SUBMITTED BY:


Barton Brierley, AICP
Planning and Building Director

APPROVED BY:


James H. Bennett
City Manager



RESOLUTION No. 2007-2699

**A RESOLUTION AUTHORIZING THE WAIVER OF ALL SYSTEM
DEVELOPMENT CHARGES RELATED TO THE CONSTRUCTION
OF A NEW HEAD START FACILITY IN NEWBERG**

RECITALS:

1. Head Start of Yamhill County (HSYC) has provided programs within the Newberg area in various temporary facilities in recent years. Currently, HSYC is working towards constructing a permanent facility in Newberg at a site located on Crestview Drive, near Mountainview Middle School.
2. On June 30, 2004, the City received an award letter from the State of Oregon in the amount of \$600,000 (CDBG funds) to help partially fund the construction of a proposed new 4,000 sq ft. Head Start facility within Newberg. On November 6, 2006, the City Council authorized the submission of a CDBG application by the City of Newberg for an additional \$200,000 in grant funding for the Head Start facility (Resolution No. 2006-2685). The grant application is pending.
3. In August 2006, the construction of the Head Start project went out to bid. Out of the seven pre-qualified bidders, only two bids were received. The lowest bidder (Collamette Construction) came in at around \$500,000 over the original project estimate of \$832,800. Consequently, all project bids were rejected. Head Start is currently seeking additional funds to fill this financial gap, mostly through public and private grant sources. In addition, HSYC is waiving the collection of its customary developer fees from private grant sources. Moreover, the project is being reviewed for value engineering to reveal potential cost savings.
4. In October 2006, Head Start of Yamhill County (HSYC) approached City staff requesting that the City waive all system development charges (SDC) related to this project (Exhibit A).
5. On November 6, 2006, the City Council considered the request to waive all SDCs related to the Head Start project. The Council denied the request. The principal reason cited for the denial was that the city had no current policy regarding the waiving of SDCs for a project of this type. The Council was concerned approving the request without such a policy in place may set a precedent with unintended consequences.
6. On February 5, 2007, the adopted Resolution No. 2007-2698, which states the City's policy in the consideration of waiver requests of system development charges for the construction of facilities that serve the needs of low to moderate income families and individuals. According

to this policy, the following minimum criteria would need to be met by any organization requesting the waiver for the waiver to be considered by the City Council:

- The organization requesting the waiver must be a certified non-profit organization.
- The proposed project must principally serve low/moderate income families and individuals.
- Water, sewer, storm sewer and/or transportation are the only SDCs that can be considered for waiver(s). Park SDCs cannot be considered.

The waiver request being made by HSYC for the construction of a new Head Start facility in Newberg meets these minimum criteria.

7. In addition, the policy created through Resolution No. 2007-2698 states that the City Council should take the following issues into consideration when it reviews any SDC waiver requests for projects that serve the needs of low to moderate income families and individuals:
 - What impact would the SDC waivers have on the respective SDC funds?
 - Sources of funding for total project: what percentage of the funds have been generated “locally” (“grassroots fund raising”)?

Exhibit B is Head Start’s current budget for the proposed construction project showing the total project cost, the sources of the project funds, and the current status of those funds.

8. The policy created through Resolution No. 2007-2698 states that the City Council may waive all, some or none of the SDCs that are requested for waiver.

THE CITY OF NEWBERG RESOLVES AS FOLLOWS:

1. The construction of a new Head Start facility is important to the welfare of low to moderate income citizens of Newberg.
2. Resolution No. 2007-2698, authorized the City Council to consider waiver requests of system development charges for the construction of facilities that serve the needs of low to moderate income families and individuals.
3. The City Council finds that the subject Head Start project meets the minimum criteria established by Resolution No. 2007-2698.
4. The City Council finds that the subject Head Start project will have a minimum impact on the City’s water, storm, sewer, and transportation SDC funds.
5. The City Council finds that the subject Head Start project has received significant local financial support.

6. The City Council waives all system development charges related to the construction of a new Head Start facility in Newberg.

➤ **EFFECTIVE DATE** of this resolution is the day after the adoption date, which is: February 6, 2007.

ADOPTED by the City Council of the City of Newberg, Oregon, this 5th day of February, 2007.

James H. Bennett, City Recorder

ATTEST by the Mayor this 8th day of February, 2007.

Bob Andrews, Mayor

LEGISLATIVE HISTORY

By and through _____ Committee at ____/____/200x meeting. Or, X None.
(committee name) (date) (check if applicable)



Exhibit A Head Start of Yamhill County

2045 SW Hwy 18
PO Box 1311
McMinnville, OR 97128
Phone: (503) 472-2000
Fax: (503) 472-6539

October 16, 2006

City of Newberg
Attn: James Bennett
414 East First Street
Newberg, OR 97132

Dear Mr. Bennett,

This letter is to request the City of Newberg's additional support for the proposed Newberg Head Start facility through the waiver all system development charges in association with this project. The estimated charges from the City of Newberg are \$44,600.

This request is necessary due to the high bids this project received on August 16, 2006. Out of the seven pre-qualified bidders, only two bids were received. Both bids came in \$500,000 over budget. Head Start of Yamhill County (HSYC) will also contribute to the financial success of this project by not collecting its portion of the developer fee. This commitment, combined with the proposed system development charge waiver, additional Community Development Block Grant request and additional grant funds will provide critical community support to make this project feasible. HSYC typically uses the developer fee it collects from projects to use as seed money to develop additional Head Start facilities in other communities where Head Start facilities and services are needed.

As you know, HSYC is a learning organization that dreams of better tomorrows for those we serve. Part of our dream is realized by having a solid long range building plan. The creation of the "Healthy Head Start Facilities" will help us realize that dream. We have initiated a sustainable, green building campaign that should have a far-reaching impact on our ability to create a healthy learning environment for our children and a community building model for the future.

In conclusion, I hope that through our work together we can make this dream a reality. With your assistance, the Newberg Head Start facility will be an exciting addition for our most vulnerable young children and their families, for our community and for each other.

Sincerely,

Michael Eichman
Executive Director
Head Start of Yamhill County

Cc: Dan Danicic
Barton Brierly
Claudia Cantu

Exhibit B

NEWBERG HEAD START PROJECT
TOTAL PROJECT COSTS
JANUARY 2007

TOTAL PROJECT COSTS

\$1,918,628

Less Est. Value Eng/Rebid

-\$112,736

REVISED TOTAL PROJECT COSTS

\$1,805,892

SOURCES OF FUNDS

Status

Head Start of Yamhill County	215,000	committed
Existing CDBG Award	600,000	committed
Planned CDBG Request	200,000	pending
Spirit Mountain Community Fund	100,000	committed
Autzen Foundation	5,000	committed
Collins Foundation	25,000	committed
Meyer Memorial	40,000	committed
US Bancorp Foundation	2,500	committed
Henry L. Hillman Jr. Foundation	15,000	committed
Oregon Community Foundation	20,000	committed
Ford Family Foundation	75,000	committed
Ford Family Match	25,000	committed
Private Funds	70,000	pending
Private Grants Requested	64,000	pending
USDA Rural Development Loan	312,000	committed
Waiver of SDC's	37,392	pending

TOTAL SOURCES

\$1,805,892