



Resolution No. 2002-055

A RESOLUTION SUPPORTING AMENDMENT OF ORS 223.297 TO INCLUDE PUBLIC SAFETY FACILITIES AS PART OF THE CAPITAL IMPROVEMENTS FOR WHICH SYSTEM DEVELOPMENT CHARGES CAN BE COLLECTED

WHEREAS, population growth can have significant impacts on the demand for municipal services and the infrastructure needed to deliver those services; and

WHEREAS, ORS 223.297 allows jurisdictions to administer system development charges to help offset the costs of capital facilities for transportation, parks and recreation facilities, water distribution and treatment, waste water and drainage systems; and

WHEREAS, public safety (police, fire and emergency medical services) is an essential municipal government function that experiences similar demands from new development as the facilities listed above; and

WHEREAS, accommodating the costs of growth, in the absence of a fair revenue recovery mechanism, often results in reductions in services and inadequate maintenance of existing facilities; and

WHEREAS, many jurisdictions in Oregon have significant unmet public safety capital facilities needs; and

WHEREAS, public safety service providers are experiencing increased emergency management and related responsibilities in the post September 11, 2002 environment; and

WHEREAS, public safety impact fees are in use by local jurisdictions in other states as a fair and equitable way to ease the financial burden of new growth on the existing population; and

WHEREAS, the State should not preempt local jurisdictions' authority to develop revenue-generating options that are appropriate to the impacted community;

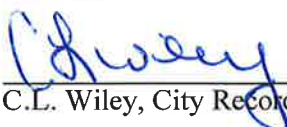
NOW, THEREFORE, THE CITY RESOLVES AS FOLLOWS:

ORS 223.299 should be amended to include public safety facilities as an allowable use for the collection of system development charges.

Duly passed by the City Council this 10th day of December 2002.


Mark O. Cottle, Mayor

ATTEST:


C.L. Wiley, City Recorder

"Copy To Council"



**City of Eugene
POLICE COMMISSION**

OCT 28 2002

October 17, 2002

*file w/orig.
Res 2002-055
as background
info*

**C.L. Wiley
City Recorder
City of Sherwood**

To Whom It May Concern:

As a member of the Eugene Police Commission, I am writing you to ask for your support this legislative session to help improve public safety services in Oregon. The Eugene Police Commission is a twelve member citizen board that advises the City Council, Chief of Police and City Manager on police policy and resource issues. We are very concerned about the state of our public safety system in Eugene. Since 1980, Eugene's population has grown almost three times as fast as the number of police officers serving the community. We understand that our situation is not unique. In fact, in terms of the number of sworn officers per capita, Oregon ranked 44th in the nation.

Public safety (police, fire and emergency medical services) consumes a large portion of the general fund, and there are relatively few alternatives available to cities that would reduce the reliance on general fund money for these services. However, we believe that collecting impact fees, or system development charges (SDCs), for public safety is a very viable solution. SDCs are a well-established funding mechanism to help local jurisdictions offset the costs of capital facilities. Currently, Oregon law authorizes the use of SDCs for a handful of municipal services, none of which include public safety. The Police Commission believes this restriction is unreasonable, particularly as public safety is an essential municipal government function.

The Police Commission is not a lobbying organization, but we feel that a legislative change is necessary to allow local jurisdictions to consider making use of this legitimate revenue-raising option. This is not a new idea, as public safety impact fees are already in place in many other communities outside of Oregon. The Police Commission is requesting that cities sharing our concerns join a state-wide coalition to advocate for public safety SDCs. If a coalition of Mayors, City Councilors, Fire and Police Chiefs and concerned citizens are successful in this effort, then decisions as to whether public safety SDCs are appropriate or necessary can be made within each local jurisdiction.

We have attached some additional background information on SDCs for your review. Also, there is a draft resolution supporting public safety SDCs for you to share with other decision-makers in your community. After you have reviewed this information, we are asking that you:

- 1) Determine if there is interest in your community for joining a broad-based coalition in support of public safety SDCs;



City of Eugene POLICE COMMISSION

- 2) Contact the Police Commission and let us know if you are willing to participate in this effort, from signing a letter of support to testifying during the legislative session.

We are requesting your response by Friday, November 15th.

Based on the responses that we receive from this solicitation, we'll be contacting you to let you know what our proposed next steps will be. Please feel free to call us for any further information at 682-5852 or by e-mail to our staff at jeannine.parisi@ci.eugene.or.us. I look forward to working with you in the future.

Regards,

John H. Brown, Chair
Eugene Police Commission
C/O Room 106, City Hall
777 Pearl Street
Eugene, OR 97401

*Responded by e-mail on Nov 13 - Sherwood
will participate.*

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WHEREAS, the State should not preempt local jurisdictions' authority to develop revenue-generating options that are appropriate to the impacted community;

THEREFORE, ORS 223.299 should be amended to include public safety facilities as an allowable use for the collection of system development charges.

ADOPTED by the _____, this _____ day of _____, 2002

C.L. "Chris" Wiley
City Recorder
City of Sherwood
20 NW Washington St
Sherwood OR 97140
503-625-4246/fax 625-4254
wileyc@sherwood.or.us

Chris Wiley

From: Floyd and Suzi Prozanski [floydp@efn.org]
Sent: Monday, November 04, 2002 9:53 AM
To: PARISI Jeannine
Subject: Support for Public Safety Systems Development Charges

Hello, I am a member of the City of Eugene's Police Commission. You should have recently received a letter from the Police Commission asking for your support to join a coalition of cities that are interested in generating more funding for public safety facilities. I am writing to follow-up on this request.

Police, fire and EMS are essential city functions that are frequently required to accommodate increased demands from population growth - without the necessary additional revenue. Public Safety Systems Development Charges (SDC's) would offer a partial solution to this problem. However, the legislature needs to hear from a broad group of cities, who share our concerns, that a change to ORS is needed and appropriate. The change we seek is to expand the statute, which enables local jurisdictions to implement SDC's, to include Public Safety. As you may know, currently the statute provides only for wastewater, stormwater, parks, and transportation systems development charges.

The Eugene Police Commission is taking a lead in determining if a state-wide coalition of Mayors, city councilors, and police and fire chiefs can be assembled to work on this issue next legislative session. To make this determination we need your response, in order to gauge what level of support exists within each city, and across the state. Support could range from endorsements by individual police and fire departments to a resolution from City Councils adopting public safety SDCs as a legislative priority this session.

Please contact me with any questions on this issue and/or to let me know if we can count on your city/department as part of the coalition. Once we hear back from each of the twenty-five cities we've contacted, we'll let you know if there is enough support to proceed, and what the next steps are. Our timeline is tentatively mid-December.

Thank you for your attention to this important issue and for your support for public safety in Oregon.

Floyd Prozanski
Eugene Police Commission

Chris Wiley

To: jeannine.parisi@ci.eugene.or.us

Subject: Public Safety Systems Dev Charges

City of Sherwood will participate. Your proposed resolution will be brought before Council at their Dec 10, 2002 meeting. Once approved, a certified copy will be forwarded to you. Thank you for inviting us to participate.

C.L. "Chris" Wiley

City Recorder

20 NW Washington St

Sherwood OR 97140

Ofc 503-625-4246, Fax 503-625-4254

E-mail: wileyc@sherwood.or.us

System Development Charge Overview

What are SDCs?

System Development Charges (SDCs), or impact fees, are fees collected by local governments to offset the costs of public improvements associated with new development. SDCs are not a tax. They are one-time fees collected at the time of building permit issuance. The fees collected may only be used for capital improvements for municipal services.

What can SDCs be used for?

Under Oregon law, SDCs can be charged for capital improvements associated with a) water supply, treatment and distribution; b) waste water collection, transmission, treatment and disposal; c) drainage and flood control; d) transportation; e) parks and recreation.

Who uses SDCs?

Impact fees are common among states in the U.S., particularly those with cities experiencing rapid population growth. In Oregon, the following jurisdictions impose one or more SDC: Albany, Ashland, Bend, Corvallis, Eugene, Gresham, Hillsboro, Lake Oswego, Medford, Portland, Roseburg, Salem, Springfield, Tualatin, Washington County, West Linn, Wilsonville, and Woodburn.

Public safety impact fees, while not in place in Oregon, are used in: California, Florida, New Mexico, Rhode Island, Texas, Utah and Vermont.

How are SDCs fees developed?

SDCs can consist of an "improvement fee" (for costs of capital improvements to be constructed), a "reimbursement fee" (to pay back municipalities for capital construction already built that included future capacity needs), or a combination of both. The methodology for determining a city's SDC is not fixed in statute. Instead, local municipalities develop the rate structures for any SDCs imposed. ORS requires linkages between the charges imposed and the current or projected development. There must be a reasonable connection between the need for new facilities and the new development paying the SDC. SDCs cannot be used to remediate deficiencies in existing facilities. SDCs do not require a public vote, but ORS requires public notice to adopt or amend SDCs.

Why have SDCs?

- ▶ It has been estimated that 20% of the cost of residential development is unfunded by local governments. SDCs generate more money to build needed infrastructure.
- ▶ The basic premise behind SDCs is that taxes to existing residents should not increase because of new development. The costs of SDCs fall on those who generate the need for new/expanded infrastructure.
- ▶ SDCs lessen reliance on general funds for city services and reduce bond amounts for new facilities.
- ▶ SDCs are generally supported by existing residents as a fair way to pay for growth.

System Development Charge Overview

Has the legislature considered adding new SDCs?

Bills have been introduced to expand SDCs the past four legislative sessions. Last legislative session, two bills were proposed amending ORS 223.299 to expand SDCs to include other city services. House Bill 3179, sponsored by Representative Charlie Ringo (D-Beaverton) added public schools, community colleges, library districts, fire protection and rescue services and police protection to the definition of capital improvements for which SDCs may be imposed. The bill never got a hearing. Later in the session, House Bill 2288 was proposed, but limited new SDCs to schools providing primary and secondary education. This bill, sponsored by Representative Kurt Schrader, died in committee. It is anticipated that this issue will be brought forward again in the FY 2003 next session.

How much do SDCs cost?

Because the fee structures are developed at the local level, there is a significant range of charges imposed by jurisdictions. A national survey conducted in 2002 found that total SDCs charged for all types of public services averaged \$10,183 per single family residential unit. Public Safety SDCs ranged from a maximum of \$4,445 to a minimum of \$78. The average public safety SDC was \$679 per single family residential unit.

A City of Eugene SDC comparison conducted in January of 2001 showed that Eugene's SDCs totaled about \$3000 per single family residential unit, while Springfield's SDCs were just over \$2500. West Linn had the highest SDC fees, totaling about \$9000. Therefore, Eugene and Springfield have some of the lowest SDC fees among Oregon cities, and Oregon cities have lower SDC fees than the national average. Typically the rates charged vary between residential and non-residential development depending on impact to the public service system.

What are some limitation or concerns around SDCs?

- ▶ SDCs can only be used for capital projects, not operations or equipment.
- ▶ They only pay for the portion of a facility that is accommodating new growth; they cannot be used to replace existing capacity.
- ▶ SDCs raise the costs of development.
- ▶ Fees from SDCs trickle in so funds may not be available for improvements when the impact from new development is felt.
- ▶ There are development and administrative costs associated with SDCs, although these costs can be mitigated by building them into the rate structure.
- ▶ There is a fairly strong lobby against SDCs. In recent legislative sessions, bills have been proposed to limit how SDCs are used, while most bills expanding SDCs have been stuck in committee. Bi-partisan support for public safety SDCs will be needed to be successful in this effort.

What are the alternatives to SDCs?

Some alternative funding options include: development exactions, reimbursement/recoupment contracts, local improvement districts, tax increment financing (urban renewal), general obligation bonds, revenue bonds, and public purpose lenders (state or federal grants/low income loans).



*C.L. Wiley
City Recorder
City of Sherwood
Made to
Eugene Police
Commissioner
12-12-02*

Resolution No. 2002-055

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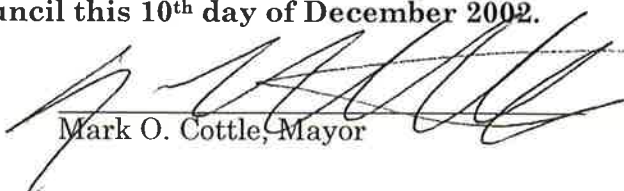
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