

## **System Development Charge (SDC) Review Committee**

March 18, 2014

Present: Troy Brown, Allen Douma, Dan Jovick, Jac Nickels, (vice-chair) Rich Rosenthal, and Russ Silbiger.  
Absent: Carlos Reichenshammer (Chair)

Staff: Mike Faught, Bill Molnar, Mary McClary

Vice-chair Nickels called the meeting to order at 1:10pm.

### **Introductions**

The members introduced their name and affiliations.

Troy Brown Jr.---Planning Commission

Allen Douma---Citizen

Mike Faught---Public Works Director

Jac Nickels (vice-chair)---Architect

Russ Silbiger---Citizen

Rich Rosenthal---Council Liaison

Ray Bartlett---Consultant (by phone)

Jac Nickels announced the Committee would approve two sets of minutes at the next meeting.

Troy Brown requested the agenda be sent as a pdf file.

### **Minute approval**

Set aside.

### **Public Forum**

No one present.

### **Water System Development Charges (SDC)**

Mike Faught introduced the consultant Ray Bartlett on the phone. Mike spoke and presented a PowerPoint presentation regarding the current SDC charges and proposed changes. The water SDC charges were \$2.60. The 2012 update reduced it to \$2.45, then TAP allocation (SDC to Medford) brought the charge to \$2.65.

Ray Bartlett went through the details for the changes of the proposed changes for residential and commercial water and the members discussed the recommendations. Residential SDC is based on the square footage of the residential structure, commercial rates for water would be based on meter size, and commercial sewer would be based on plumbing fixtures. Ray would work on an example for the Committee to review at the next meeting to clearly see the current charges and the proposed charges.

## **Sewer SDC**

The commercial sewer charges would be based on fixture units currently at \$124.18, changing to \$311.19. The current rate for residential is .81 sq ft and would change to 2.03 sq ft, an 150% increase. Ray explained the old methodology left out the value of the capital improvements made. Going forward the improvements would not be funded with tax but user fees which drove up the cost of the user fees. The tax revenue pays for the debt service on the current system until 2024, approximately 1.6 million per year. None of the tax revenues are included in the SDC calculations. After that time Council had already approved the tax monies to be used for Public Works capital projects.

Allen asked for an outline of how the projected costs went up 150% to both residential and commercial and wondered what this would do to an average home (2,000 sq ft).

The food and beverage tax monies used to pay for the treatment plant, would become a revenue stream for the sewer fund to pay debt service for capital projects and the engineers would allocate how much should go to growth in the SDC. Each project has a growth indication and drives the SDCs. SDC funds can only be used for projects identified in the master plan. The increase is needed now to pay for growth. If the SDC's do not cover most of the costs then rates increase. Ashland's growth has been less than 1% for the past 10 years. The master plan projects are based on that growth.

The members discussed capacity versus rates increase, projects coming up in the future, replacement costs, percentage of sewer costs paid by SDC and rates, growth paying for itself, and limitation because of urban growth boundaries.

Ashland was in the middle to low range for SDC charges when compared to similar communities mainly because other communities adjust annually. We do comprehensive master plans every 5 years and the SDC rates are re-evaluated. Water and Sewer growth was calculated by engineers.

The committee asked for a rate impact comparison for several commercial buildings (10,000 sq ft) and an average residential structure (1700 sq ft). The criteria used are based on the American Water Works Association for meter capacity for meter size and manufactures. The committee would like to see the comparisons with the sewer SDC proposals also.

Mike suggested the Committee pick up the Transportation discussion at the next meeting.

Meeting adjourned at 2:30.

Next meeting: April 1, at 1pm in the Siskiyou Room.

*Respectfully submitted by:*

*Mary McClary*

*Administrative Assistant for Electric, IT and*

*Telecommunication Departments*