

ASHLAND SYSTEM DEVELOPMENT CHARGE REVIEW COMMITTEE
MINUTES
March 4, 2014

CALL TO ORDER: Mike Faught called the meeting to order at 1:00 p.m. in the Siskiyou Room, 51 Winburn Way.

Committee Members Present: Dan Jovick, Russ Silbiger, Jac Nickels, and Troy Brown Jr.

Committee Members Absent: Carlos Reichenshammer, and Allen Douma

Staff Present: Bill Molnar, Mike Faught, and Tami De Mille-Campos

Consultant Present: Ray Bartlett (Financial Analyst)

Council Liaison Present: Rich Rosenthal

Mike mentioned that at some point the committee will need to select a Chair/Vice Chair but the Committee would come back to that after introductions. He stated that Ray Bartlett who is the Financial Analyst that did all the work on the SDC recommendations is here to present the information. All of the SDC's that are being presented have been recommended, with the exception of a couple of projects that have been added, out of the Water, Sewer and Transportation master plans so these are all recommendations based on those adopted documents.

INTRODUCTIONS

The Committee did a round table introduction.

Jac/Dan m/s to nominate Carlos as chair. All in favor.

OVERVIEW

Ray stepped through each of the documents which were all drafted in 2012 which now requires changes in all three areas. He pointed out that

WATER SDC

Issues-

*Drafted in 2012

*Update all costs to 2014 dollars

*Add a portion of the TAP project which was originally planned to only be used in the event of an emergency. Since then the project has changed and the cost has gone up by roughly 3 million dollars. At the time it was planned the City hadn't anticipated having to pay the Medford Water Commission's SDC which is fairly large.

Mike pointed out that is a supply option for us in 2060. The facility is going to be constructed as a temporary facility but at some point it will likely become a permanent facility which means we need to start collecting SDC's on that now.

*Reduce the Crowson II Reservoir project which saves about 1.3 million dollars

*Review methods of assessment along with the sewer SDC

Reimbursement Fee (see attachments for the cost basis for reimbursement fee) -

*Value of Existing excess capacity

*Original cost:

Less accumulated depreciation

Balance of outstanding water debts

No change in capacity

The reimbursement fee was based on 2011 dollars. Ray pointed out that SDC's are usually reset annually or at certain trigger points, such as:

*A master plan being updated

- *A large increase on a project included in a master plan or
- *Inflation

Water Improvement Fee (see attachments for the cost basis for the improvement fee) -

*Only 4.352 million of \$44 million included (2011 \$'s)

*Changes since 2011 -

Medford Water Commission/TAP SDC cost (\$2 million emergency service only to future source & reduces the size of Crowson II).

Cost increased by \$3.7 million now will be used as a mainline supply; provides benefit to future users.

*Reduces cost of Crowson II reservoir by \$1.3 million (2011 \$'s); 10% allocated to improvement fee

Residential SDC, \$/sf

\$ 2.60 Current

\$2.45 2012 Update (not implemented)

\$2.65 Proposed (2% increase to end user)

SEWER SDC

The capital improvement projects fall into two categories; priority one and priority two. The current SDC rate did not include a number of the projects with are now on the capital improvements list. The system itself is fairly expensive to build/operate.

Residential SDC, \$/sf

\$ 0.81 Current

\$2.03 Proposed (150% increase to end user)

(See attachments for the cost basis for reimbursement fee and improvement fee)

ASSESSING WATER/SEWER SDC'S

*Currently:

Residential based on size of house

Commercial based on number of fixture units

*Alternatively:

Residential-

Single family: Meter size

Multi-family: Greater of meter size or number of housing units x Rate

Mike pointed out that SDC's really should be based on the demand on the system. Russ brought to the attention of the committee that he was involved in a big discussion about 10 years or so ago regarding this. The one size fits all method is only theoretically correct. The size of the meter gives you the maximum capacity which is far greater than any household could actually use. Some are forced into having a bigger meter size due to simply having a sprinkler system which has little to do with the actual maximum capacity rather than your theoretical maximum. Lawn size is probably the best way of determining. Meter size is simple and convenient; the fixture method gives you a slightly clearer picture of real amount of use. Ray pointed out that it isn't how much you use in the month; it's what you use instantaneously. You also have to consider the long term picture and the amount of owners that the home may go through. Each family will have a different amount of users. At least with the meter size method it practically limits how much can be pulled out of the water system instantaneously. Meter size makes a big difference in demand on the system. With the fixture method you may have a home with three bathrooms but only two people living there which means they are likely to not be using all three bathrooms. Also, on the Commercial side of things it is almost always easier to install fixtures after the building is completed so you may not know if fixtures have been installed. It also incentivizes the contractor to choose the meter size which will best fit the demand of that building. From a conservation standpoint meter size is generally the best way.

Bill explained to the committee that as the department that collects the fees he's had to meet with unhappy customers who were increasing fixtures or making some improvements and their argument was that they were increasing fixtures but they weren't increasing demand.

Russ feels we should orient these towards our capacity problems since that's what we are building out for.

TRANSPORTATION

Additional TSP project-

*East Main Street improvement between Walker and Clay Street

*2014 cost \$2.559 million

*Would add \$258 to SDC at 100% eligible

Transportation improvement fee (see attachments for the cost basis for the improvement fee) –

*Current \$2,043

*Proposed \$2,196

Proposed w/Main Street \$2,454

Mike added that the Normal Avenue railroad crossing is the only crossing through that area and it would also be an East Main connection which is why they had shown it as 50%. Russ feels that the railroad crossing is primarily growth related and should be as close to 100% SDC as possible. Mike said that once the connection is made there will be pass-through traffic created. There is also a nexus to what is required to be paid for by the builders. On a City wide perspective it creates a North/South connection. He pointed out that this initial meeting is really just to bring the information to the committee and then come back and go through these things.

SUMMARY

*Water SDC 2% increase

*Wastewater 150% increase

*Transportation 7.5% increase

Mike asked the committee how they would like to proceed now having all of the background data. The committee decided to go home and go through all of the projects/data and come back and tackle everything, likely starting with Water/Sewer and then Transportation last.

Ray spoke to the credit policy which is a part of the statute.

The Committee agreed to meet every other Tuesday at 1:00 pm. Next meeting March 18th.

Mike/Troy m/s to nominate Jac as Vice Chair. All in favor.

ADJOURNMENT

Meeting adjourned at 2:00 pm

Respectfully submitted,

Tami De Mille-Campos, Administrative Assistant