

Ashland System Development Charge Review Committee
FINAL MINUTES
June 2, 2021

CALL TO ORDER

Fleury meeting began at 4:05 PM

Members Present: George Kramer, Gil Livni, David Runkel, Bob Kendrick, Gary Blake, and Shaun Moran

Members Absent: Steve Russo

Staff Present: Scott Fleury, Brandon Goldman

Consultant Present: Deb Galardi, Galardi Rothstein Group

Guests: None

1. Introductions

Each individual member introduces themselves to the group. Deb Galardi introduces herself and provides the group with some background on previous work done for the City, including the recently updated Transportation System Charge (SDC) updates completed in 2019.

2. Project Background and Objectives

Fleury provides group brief background about project and the objectives for the Committee moving forward. The Water and Storm Drain Master Plans were recently updated generating new “project lists” of which some provide additional capacity for the system to support growth. In addition, the Talent-Ashland-Phoenix (TAP) intertie master plan was recently completed as well, adding more water projects to the master plan list. The master plans forecast system demand based on growth within the community over the 20-year planning period. Some of the defined capital projects within the project list have growth allocation shares assigned to them. This percentage share is the estimated cost of the project required to meet the projected growth requirements within the planning period.

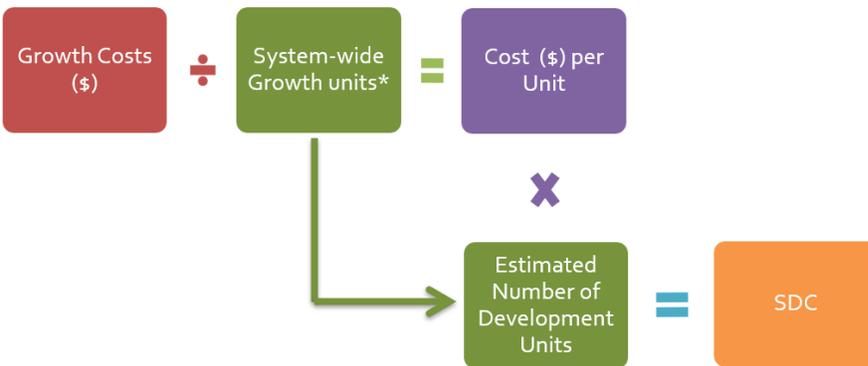
Updating System Development Charges (SDCs) when master plans are updated with new project lists represents an optimal time to review and update SDCs. The charge and objective of the SDC Committee is to review the project lists, review the methodology calculations for updating the SDCs, review the existing municipal code requirements and make recommendations on changes and updates to the City Council for formal adoption.

3. Water and Storm Drain SDC Fundamentals

Galardi goes through PowerPoint presentation on SDC fundamentals and covers specific details for the water and storm drain SDCs. The water SDCs were last updated in 2016 and the Storm Drain SDCs were last updated in the early 2000’s.

System Development Charges represent a onetime charge at the time of connection or upon issuance of a building permit. SDCs are regulated by Oregon Revised Statutes (223.297-223.314) and Ashland Municipal Code. SDC updates are comprised of updating the “project list” (% eligible), developing the SDC methodology which includes growth cost basis and the basis for charging different development types and finally updating the fee levels with any associating phasing. All elements can be modified in conjunction or separately as needed.

BASIC SDC EQUATION



*Units vary by system (e.g., water = peak water demand and drainage = impervious area)

SDC cost components are broken into three categories: existing facilities, future improvements and compliance costs. Existing facility SDCs equate prior capital construction costs incurred by the City that still have growth capacity associated with them. Future improvements equate to updating capital project lists that provide capacity for future growth. Compliance costs are associated with ensuring compliance of the program itself and can include updating the SDC methodology, updating master plans and compliance accounting.

Moran questions the compliance cost and how it reconciles with the Ashland Municipal Code section 4.20.060 Authorized Expenditures. Galardi explains that reasonable estimates associated with accounting and administration costs can be used in development of the compliance cost with administrative fees usually ranging from the 3 to 8% generally.

Kramer questions if future growth (capacity) is directly associated with population growth, demand growth or both. Galardi explains that it is generally a combination of both as there are cases where non-residential uses can have a significant impact on demand, while single family residential growth can provide a smaller impact on demand as plumbing fixtures become more efficient.

Kendrick questions the SDC growth calculation and how it is associated with low growth and high growth. Galardi explains that the growth percentage is calculated over the complete planning period itself which provides a system average cost over the planning period itself. Fleury explains this is part of the reason why it is good business practice to update your master plans on a 7-10 year timestep along with the SDCs as you can account for changes in growth, demand and associated project list.

Galardi and Fleury provide high level details on the project lists for the water and storm drain systems including the new information brought forth from development of the TAP Master Plan. More details on the project list and growth share will be presented at the next meeting. Projects are prioritized themselves into

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high (0-5) years, medium (5-10 years) and low (10-20 years+).

Livni questions if long term maintenance is accounted for in the project costs themselves. Fleury states the costs do not include long term maintenance, but this is generally vetted in the engineering and alternative analysis phase of a project along with green house gas (GHG) emissions that can be generated in order to minimize the impacts of both. Galardi also informs group that SDCs cannot be used for operations and maintenance costs.

SDC assessment options and scaling factors along with the current SDC schedule are discussed. The assessment options need to provide a balance equity among customer classes and be defensible. Typical scaling factors for water include water meter size and fixture units and impervious area for stormwater. Currently the City uses habitable space for residential water (\$/sq-ft) SDCs, meter size for commercial space and impervious area for stormwater.

Moran questions the commercial SDC costs for Ashland in comparison to Medford and what could represent the difference between them. Galardi explains there is huge variability across jurisdictions on how the fees are calculated as some do not adopt the full fee, there could be significant time lag between SDC updates, received grants can reduce impact and regional systems like Medford have greater economies of scale generally reducing costs.

As part of the assessment options Galardi worked on a regression analysis looking at water use versus residential development size in order to recalibrate cost per square footage as demand has changed over the past few years and see if the theory holds that a bigger house provides more demand on the system. What the data shows is there is a general breakpoint around 3000-3500 sq-foot sizing that the water demand tapers off. Below the breakpoint water demand is linear. With this being the case, the rate structure could potentially be tiered with a rate for up to the 3000 square foot range and rate for habitable space above the 3000 square foot range.

Kendrick questions if the analysis included lot size as well. Galardi explains that lot size was used in the analysis but based on the complete data set house size and water use provide better alignment within the analysis.

Livni questions if the analysis included multi-family developments (high density). Galardi explains the analysis only included single family residence types. Livni states as a community we need to encourage higher density development and having an analysis include multi-family development square footage comparison to water use would be beneficial. Staff will work with Galardi to obtain multi-family data and run the same analysis. This information will be brought before the group at the next meeting.

4. SDC Advisory Committee Issues

As part of the Committees process for reviewing and recommending SDC updates, the Committee will also address policies related to affordable and low income house incentives and deferrals along with the potential to recommend step adjustments over a period of time to the SDC rate structure. The SDCs can be designed to promote and/or not dis-incentivize certain activities and development types.

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Runkel asks about other potential incentives outside of affordable housing. Galardi explains there are other incentives. Examples include development in a transit corridor could be incentivized with respect to transportation SDCs or a policy could be set to incentive economic development that brings a high number of jobs to the community.

5. Next Steps

Galardi and staff explain the next steps of the process include continued evaluation of the master plans and associated project list to determine appropriate capacity shares. The next meetings with the Committee will cover the growth costs, design of the SDC and how to weave affordable housing into the design process. The scope of work also includes the necessary steps through the City Council to formally adopt the updated SDCs after the Committee makes functional recommendations on changes.

NEXT MEETING DATE: Wednesday August 4th, 2021

ADJOURNMENT: Meeting Adjourned 6:00 p.m.

Respectfully submitted,

Scott Fleury PE

Director of Public Works

[Meeting Video](#)