

Ashland System Development Charge Review Committee
FINAL MINUTES
September 1, 2021

CALL TO ORDER

Fleury meeting began at 4:02 PM

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

Members Absent: None

Staff Present: Scott Fleury, Bill Molnar

Consultant Present: Deb Galardi, Galardi Rothstein Group

Guests: None

1. Approval of Minutes

Motion by Kramer to approve the minutes as presented, 2nd by Blake.

Unanimous approval.

2. SDC Project List and Growth Share

Galardi present updated information regarding the project list and associated growth share. This includes an overview of direct areas of feedback and recommendations being requested of the SDC Committee. Staff is looking for feedback on the updated project list, the use of a baseline or not for the single-family residential water SDC, dwelling unit number or square footage basis for multifamily water SDC, feedback on commercial water SDC updates on meter size with new factors and lastly phasing options for implementation.

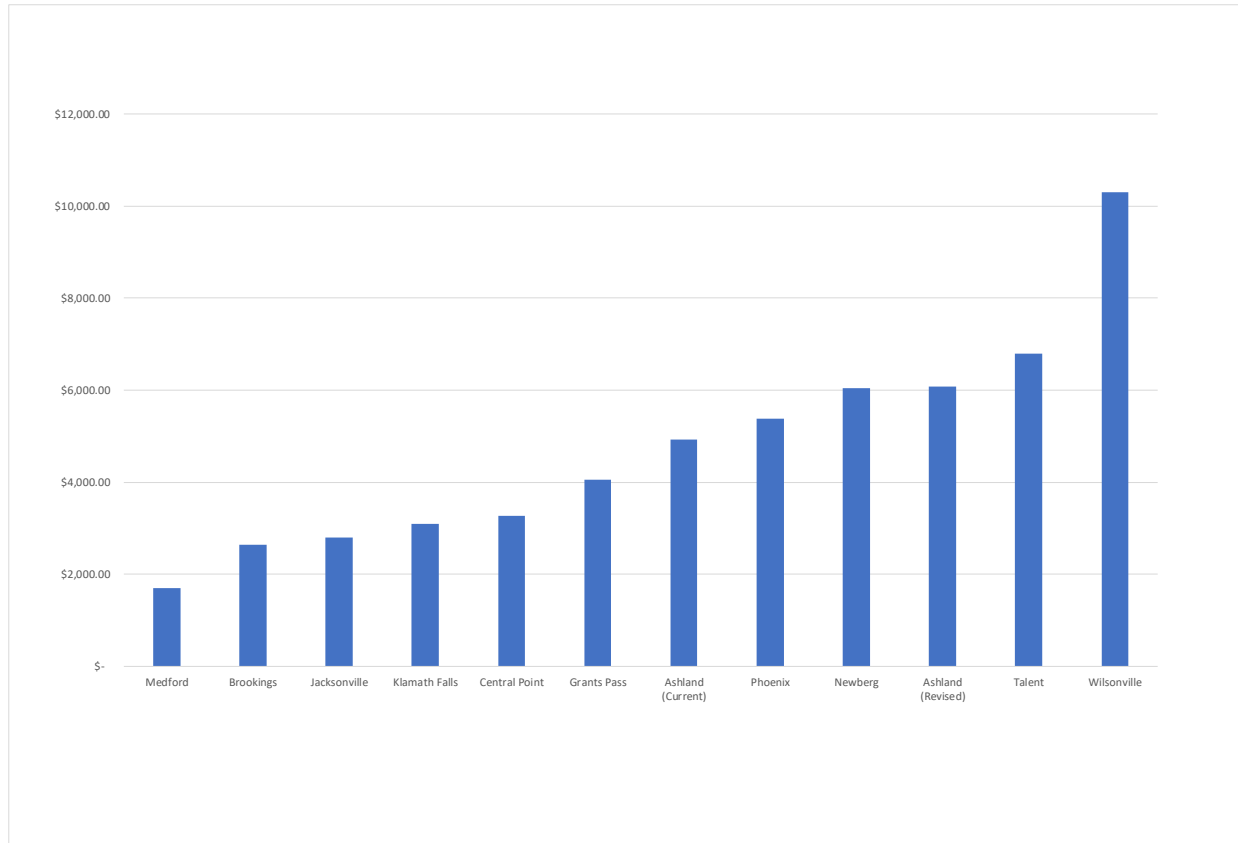
Since the last meeting projects scheduled after 2040 have been removed from the SDC calculation and some project costs have been updated to be consistent with the master plans and Capital Improvement Plan documentation.

Galardi has also included scenario updates to the project list that include moving forward with the new water treatment plant project and rehabilitating the existing water treatment plant. Galardi has also calculated and included the compliance charge to the methodology/list. The compliance charge was calculated to be 3% and this is well within normal ranges of 2-5%.

There were no changes made to the storm drain project list as it is already a 20-year list, with the projects essentially being completed within a 10-year window. There is also no reimbursement fee for storm drain projects as their hasn't been any significant infrastructure capacity upgrades in the past few years that would qualify for developer reimbursement.

As requested by the Committee previously Galardi also provided an SDC fee comparison to other similar communities. Galardi used the typical dwelling unit size for Ashland as the basis of comparison.

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3. Charge Basis

Galardi reviews meter-based charges of SDCs with the group for non-residential development. Charging based on meter size for non-residential development is a very common practice. Galardi has updated the non-residential charges using an updated meter equivalency factor and the example for a 2" meter shows the SDC being reduced from the current charge. The equivalency factor is based on the M1 Water Manual and used for non-residential because water consumption is not as scalable for commercial applications based on square-footage, which is used for residential applications.

Galardi reviews the storm water SDC charges in comparison to the other communities with the group. The revised storm SDC is higher than the other comparative communities. Galardi explains this is due to other communities charging an average square foot size for impervious area, not the actual size of impervious area. The other communities also use a smaller square footage size as an average than Ashland does as an "average" in creating the comparable cost chart.

Galardi asks the Committee if they would like to make a decision about having a baseline or no baseline for the single family water SDC. Kramer responds the having a baseline increases the cost of smaller single family homes and does not significantly increase the cost of larger single family homes and is not supportive of the baseline concept. This promotes smaller footprint housing. The group supports not having a baseline.

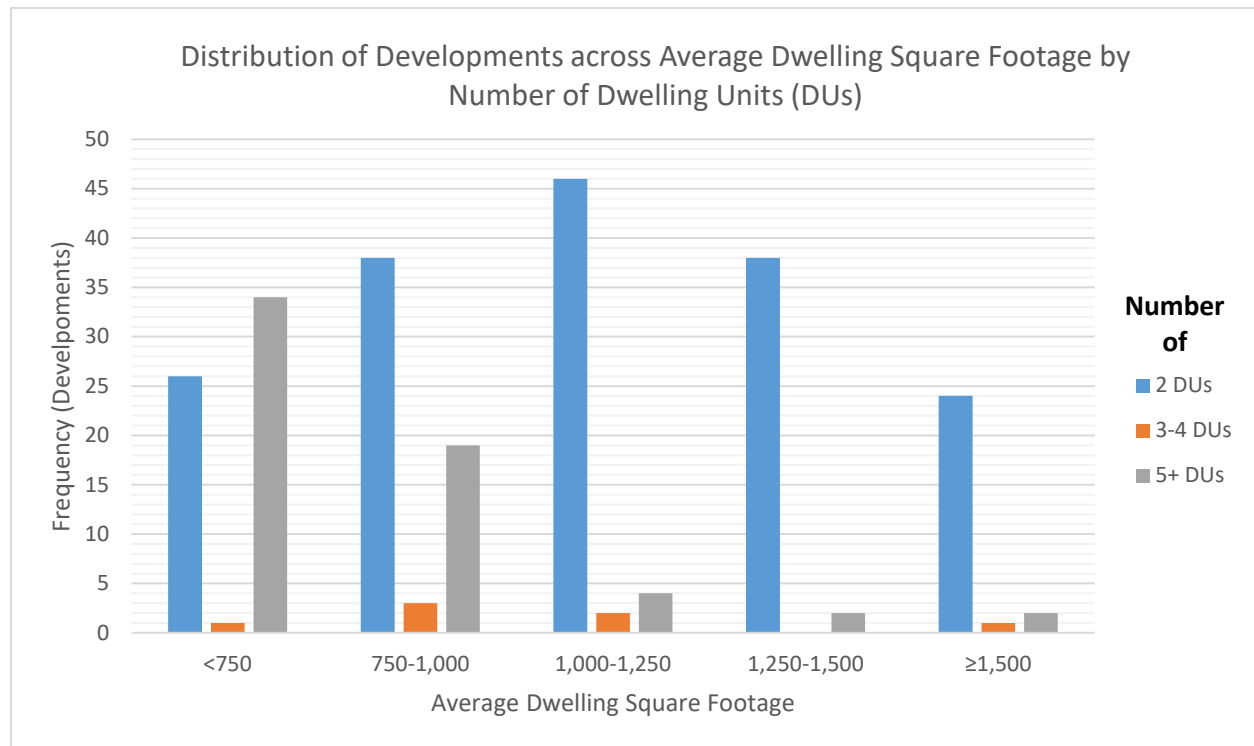
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Galardi asks the Committee about the 3,000 versus 3,500 square foot breakpoint for single family development. Kramer supports the 3,000 square foot breakpoint for single family.

Motion by Kramer:

**I move to adopt a single family SDC without a baseline and a 3,000 square foot breakpoint.
2nd by Kendrick, motion passes unanimously.**

Galardi discusses multifamily charges with the Committee. Galardi developed a chart breakdown showing the breakdown of multifamily developments using square footage and dwelling units.

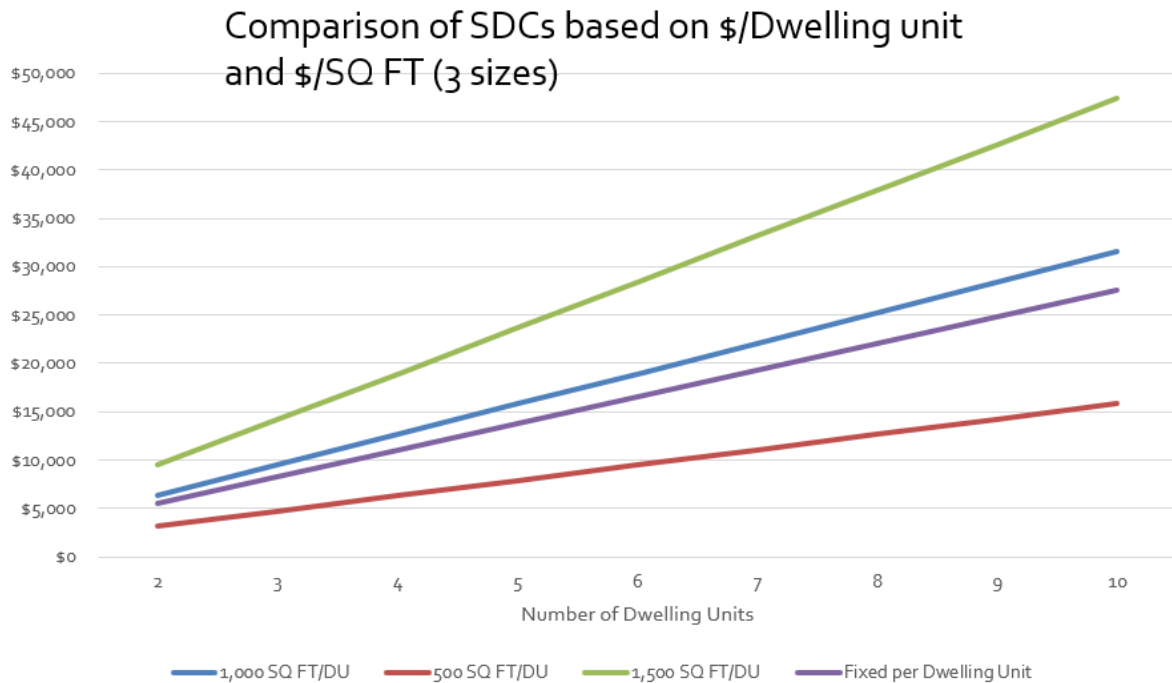


The primary distribution for multifamily in the City are duplex units. The distribution allowed Galardi to create potential charge options for multifamily. Options include have a fixed cost based on the number of the dwelling unit versus the size of the total structure of combined dwelling units. Galardi states most entities utilize the fixed cost per dwelling unit methodology. The group supports a fixed cost per dwelling unit as the charge basis as this supports various structure sizes.

Motion by Livni,

**I move to adopt a fix cost per dwelling unit for multifamily.
2nd by Kramer, motion passes unanimously.**

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Galardi discusses potential SDC charge phasing options with the Committee. The charges can be increased at one time or phased over multiple years. When the Transportation SDCs were changed a few years back, the group recommend phasing over 3 years with 50%, 25% and 25% increase.

Kendrick references a disparity in fee charges in association with a for sale property versus apartment rentals. A for sale property inherently has profit at the completion of the project and direct sale, while rental properties need 3-4 years to stabilize before you enter the profit phase. Kendrick is interested in a different fee payback schedule for apartment developments that are rental income based. Kendrick is interested in enhancing the deferral process for SDCs, directly associated with apartment development. The current deferral process defines minimum and maximum monetary amounts that can be deferred along with the prescribed interest rates for deferral. Kendrick would like to see minor updates to the code language to support apartment development. The Committee supports looking into updates for the deferral process that increase the bounded amounts and establishing a rate index method instead of just using a fixed amount interest rate.

Staff states it is in the purview of the SDC Committee to make recommendations on the methodology, project list and also potential changes to the existing SDC code and if the group so chooses, this can be moved forward to the Council for consideration.

Kramer does not support phasing in the SDC fee over time as the projects built in years 1 & 2 put demand on the system just like projects build in years 3 thru 10. Kramer does support looking into code updates that can improve the deferral program to support all development types.

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Livni questions if the phasing of the fees is associated with single family only, or all development. Galardi clarifies it the unit costs for all development would be tied to a phasing program of the fees if recommended and approved by Council. Livni would like to see the phasing specific to multifamily as the fee impact is not as significant when it comes to single family residential units. Livni also supports updates to the deferral process as referenced by Kendrick.

Kramer supports phasing for multifamily as referenced by Livni.

The cost per dwelling unit has been calculated by Galardi for potential incorporation as new methodology for the SDCs and in order to phase it in the baseline cost would need to reverse calculated from the newly developed dwelling unit fee. Galardi could calculate the baseline for the multifamily phasing approach using the current rates and dwelling unit sizes.

Galardi explains the process would be to adopt the methodology and then adopt the fee schedule and phasing separately.

Molnar expects the software currently utilized by the City could accommodate the structural requirements to incorporate a phased fee approach only for multifamily.

Kramer moves, recommend Council and staff explore options to allow SDC time-based payments for all multifamily and rental units and adjust the maximum deferred amount in 3174 to a new basis. 2nd by Kendrick.

Discussion: Moran requests the group meet one more time and discuss refined code recommendations that could be brought before Council.

Kramer moves, to withdrawal motion and provide a new motion, 2nd by Kendrick is fine with motion withdrawal.

Kramer moves, the Committee meet one more time to discuss specific code language improvements for the collection of charge and deferral process.

2nd by Kendrick, all approved.

Discussion:

Galardi references the Legislature will be convening a committee to discuss SDCs and many of the items the group has been working on over the past three meetings. The draft work product is expected to be complete by December. Staff thinks another meeting appropriate and could be held after the legislative work is complete. This would put the meeting in late January of 2022 at the earliest.

4. Next Steps

Next steps include the final SDC Committee meeting and then work through the Council process.

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NEXT MEETING DATE: TBD (2022)

ADJOURNMENT: Meeting Adjourned 5:59 p.m.

Respectfully submitted,

Scott Fleury PE

Director of Public Works

Meeting video available upon request