

ASHLAND SYSTEM DEVELOPMENT CHARGE (SDC) REVIEW COMMITTEE
MINUTES
August 5, 2014

CALL TO ORDER: Carlos Reichenshammer called the meeting to order at 1:07 p.m. in the Siskiyou Room, 51 Winburn Way.

Committee Members Present: Russ Silbiger, Carlos Reichenshammer, Allen Douma, and Troy Brown Jr.

Committee Members Absent: Dan Jovick, and Jac Nickels

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

Consultant Present via phone: Ray Bartlett (Financial Analyst)

Council Liaison Present: Rich Rosenthal

Faught pointed out to Bartlett that on the water SDC he has it listed at \$700,000 but at Douma's request during the last meeting they looked it up and it is only showing \$300,000 for the Water Master Plan updates (project D2). Bartlett is going to check into that and see why there is a difference.

SEWER SDC

Bartlett explained that the cost basis for the Sewer SDC is primarily the improvement fee portion—\$1.833/sq. ft. The reimbursement fee portion is relatively small at \$0.195/sq. ft.

The improvement fee is based on the Sewer Master Plan that has 3 sets of priority projects:

Priority	Time Line	2012 \$'s	SDC qualified	%	Included in Update	Rate Payers Other	
1	2012 – 2020	\$10,791,000	\$3,263,430	30%	Yes	\$3,263,430	\$7,527,570
2	2020 – 2030	\$16,713,000	\$5,753,920	34%	Yes	\$5,753,920	\$10,959,080
3	Beyond 2030	\$5,799,000	\$5,153,000	89%	No		\$5,799,000
Totals		\$33,303,000	\$14,170,350	43%		\$9,017,350	\$24,285,650
%		100%	43%			27%	73%

Of the \$33.3 million of planned improvements about \$14.2 million (43%) is attributable to expanding capacity to accommodate growth. Because of the uncertainty of growth and the associated Priority 3 capital improvements, these improvements were excluded from the proposed update of the SDC. This reduced the cost basis for the improvement fee from \$14.2 million to \$9.0 million. The remaining \$24.3 million will have to be paid by rate payers and from the Food & Beverage Tax.

In Table 14.1 the annual debt service exceeds the expected amount of revenue from the Food & Beverage Tax in each year of the forecast except the first year, leaving nothing to off-set the amount of the proposed SDC. The current debt of approximately \$11 million will be fully repaid in FY 2023. However, over the next five years, the City plans to issue an additional \$8 million for Priority 1 capital improvements. That leaves approximately \$19.5 million of Priority 1 and 2 projects that will be paid from additional borrowing, or from the accumulation of sewer rates, SDC, and Food & Beverage Tax revenues. Table 14.1 ends in FY 2020 but capital improvements are schedules out beyond 2020. These projects will require more revenue than the Food & Beverage Tax alone will produce.

Faught added if we think the SDC's are too high the only way to adjust that is to have the rate payer pay more. What we have now is the master plan which lines out what should be allocated to growth versus what should go to the rate payer which is how they got to that distribution.

Douma said the allocation percentage is determined by a group of Engineers and he wonders what additional information can they use to analyze whether they were right or wrong. Faught answered; really the only way to do

that would be to hire new Engineers to challenge the premise and that isn't a general rule. The Engineers basically model the system to determine the proper allocations. Douma questions what influence they have on any of this. Faught mentioned he had told everyone to read through the master plans to see if there were any flaws but the big question is whether we need the projects or not and these projects were vetted long before they came before this committee. He thinks it really comes down to what are the strategies for increasing the SDC's to meet the growth side of it.

Faught stated he thinks Sewer is the easiest to figure out because it is primarily regulatory driven. As we grow we are going to have to build the facilities and the proportional share for the developer is outlined in the master plan.

Silbiger/Reichenshammer m/s to recommend Council adopt the proposed sewer SDC increase.

All ayes. Motion passes.

ADJOURNMENT

Meeting adjourned at 2:18 pm

Respectfully submitted,

Tami De Mille-Campos, Administrative Assistant