

Ashland System Development Charge Review Committee
FINAL MINUTES
August 4, 2021

CALL TO ORDER

Fleury meeting began at 4:05 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, Brandon Goldman

Consultant Present: Deb Galardi, Galardi Rothstein Group

Guests: None

1. Approval of Minutes

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

Unanimous approval.

2. Single Family Water Consumption Analysis Update

Staff introduces Deb Galardi again and provides the Commission with a brief project status update. The single-family residential house size vs. water use analysis was updated as a few inconsistencies were found in the data and corrected. Staff and Galardi are also working on the multifamily analysis as requested by the Commission and that information should be available for discussion at the next meeting.

Galardi provides brief review of information provided at the June meeting on SDCs and how they are constructed. She then presents the updated single-family consumption versus house size analysis to the group. The regression analysis was developed using five years of actual consumption data associated with single family developments in the City. In general, there is a break in the trajectory of water consumption versus house size when housing starts to exceed 3,000-3,700 square feet. Up to around a 3,000-3,700 square foot house the slope of consumption versus house size is consistent and above the 3,000 square foot break the slope of consumption decreases, see figure 1. The regression analysis provides the City with a baseline SDC methodology for charging based on habitable square footage that is fundamentally statistically valid.

Galardi reviews with the group the potential to include lot size into the calculation and lot size. Adding the acreage into the model calculation have very little impact and does not improve the model's performance and thus it is not recommended to be included in the calculation.

Commissioner Russo asks a clarifying question regarding the analysis and does it consider factor in the number of occupants along with house size. Galardi responds the analysis only considers house size and actual consumption as occupant information is unknown.

Galardi reviews consultant recommendations, which include considering a baseline value of consumption for the SDC calculation, base SDC on livable area only, and consider a 3,000-3,500 square foot break point. This can be reviewed in context with the multifamily analysis at the next meeting.

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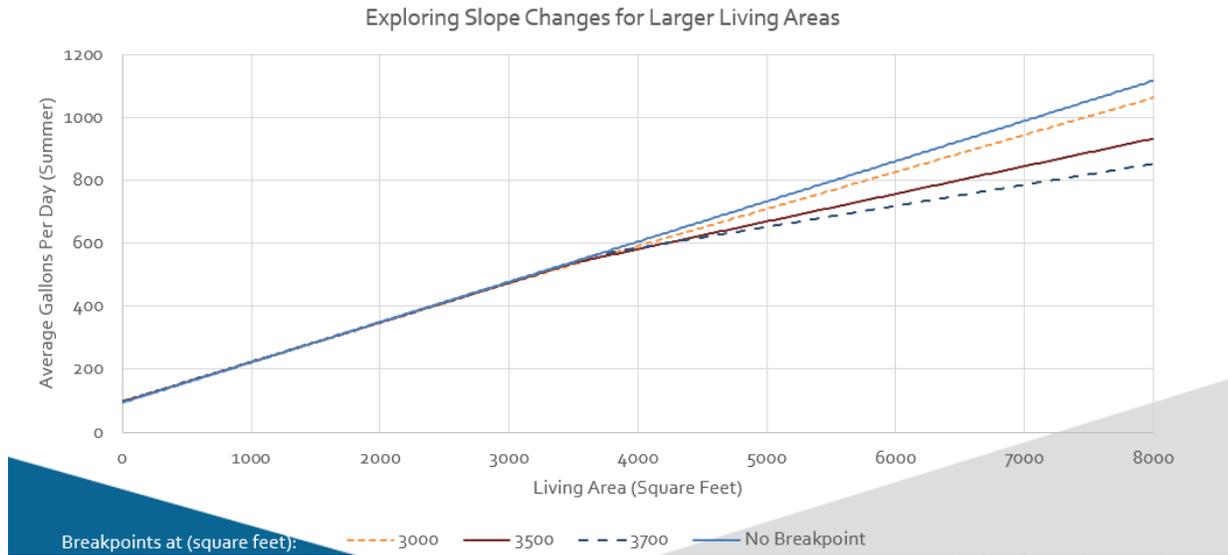
Commissioner Moran ask a question about comparable data from other communities and how they calculate their SDC using either meter size or square footage. Galardi responds that many communities use meter size and a flat rate, and that Ashland is and has been using square footage for the calculation. The regression analysis shows that the large the house the more water is consumed as you can serve a large square footage bandwidth from a single $\frac{3}{4}$ " meter. If you are only using the meter size for the calculation, then someone building a 1,000 square foot house will pay the same as someone building a 5,000 square foot house but based on the data the water use in the 5,000 square foot house will be much larger.

Kramer recommends continuing to charge on a per square footage basis and asks for consensus from Commission. Commission agrees that continuing to charge based on square footage makes the most sense. Other items including the breakpoint determination and affordability for smaller developments will need to still be vetted as part of the policy discussions.

Figure 1:

SLOPE IS NON-LINEAR – UPDATED CHART

- Functional relationship is stronger when breakpoint added



3. SDC Project List Growth Share

Galardi reviews the components that make up the total SDC calculation. The components include existing facilities, future improvements and compliance costs. When existing facilities have capacity to support future growth a portion of their total cost can be included in the SDC calculation. Future improvements are designed to meet projected growth based on the master plan. Compliance costs are associated with

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accounting management of the SDCs to ensure compliance. Galardi states that compliances costs generally range between 2-5%. Compliance costs will be presented at the next meeting. Reference figure 2 for SDC calculation components.

Figure 2:



Galardi reviews the calculated growth share associated with all projects in the project lists for the water master plan, TAP master plan and storm drain master plan.

Commissioner Runkel questions the cost breakdowns in the project list and the costs provided to the Budget Committee in the Capital Improvement Plan (CIP) as part of the 2021-2023 Budget process. The numbers don't appear to correlate. Galardi and staff explain that the CIP presented to the budget committee covers six (6) year's worth of projects, while the SDC project lists covers all projects in the master plan projected out past 2040. Generally, the SDC project list is built on a 20 year or buildout scenario and won't always align with how the CIP is updated during a budget process. An example is if a project is scheduled in year eight (8) and you don't collect the SDC associated with the capacity needs of the project you have missed out on that durations worth of fees that would be needed to support the project itself. There are different considerations given to how user rates are adjusted versus how SDC are developed and adjusted.

Commissioner Kramer what he believes the intent is for the group. The SDC Committee recommends adopting SDCs for a certain period so that monies can be captured and banked during that time period to cover the apportioned SDC share when the project moves forward through the engineering and construction phases. Currently pipeline improvements have a calculated SDC share of 16% meaning the other 84% need to be covered by another means of funding which are based in the rate payers charges for service.

Commissioner Moran would like to see the impact to SDCs if the proposed water treatment plant was removed from the project list and rehabilitation to the existing plant was included instead and asks for consensus from the group to have this modeled. The group provides consensus and is interested in having this information at the next meeting. Staff clarifies there are potentially other transmission main projects in the project list that might need to be removed as they were predicated on development of a new water treatment plant and staff will review and coordinate with Galardi to ensure accurate information is provided to the Committee at the next meeting.

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Commissioner Kramer asks for clarification regarding the Committees recommendation to Council on the SDC fees and when it gets applied and for what time frame. Staff clarifies a Council adopted SDC fee gets applied from day one on all new building in the City to capture the appropriate SDC fees to support all projects in the project list and their apportioned share. The one-time SDC fee is paid when a building permit is issued, as that development has an impact in perpetuity on the system. This is why the fee is looking at the projects during the buildout/planning period. Kramer clarifies the base recommendation would essentially then would be a one-time maximum SDC fee.

Galardi reviews the actual water SDC calculation for the group and Commissioner’s question how the demand growth in million gallons a day was determined. The demand growth was determined based on the updated analysis done by HDR and presented to the Council at the April 2021 Study Session which discussed the water treatment plant project. HDR updated the demands project in during the lifecycle of the proposed new plant including conservation, climate change and fire, which adjusted the project sizing of the plant down from 7.5 MGD to 7 MGD within the 50-year planning period. The difference between the current maximum day demand and project demand of the water treatment plant was 1.16, with maximum day demand of 2020 being 5.84 MGD.

The TAP system uses average day demand as the metric to calculate growth, unlike the treatment plant/supply system which uses maximum day demand and that is why the growth numbers do not match.

Galardi review the storm SDC calculation for the group. The growth share is the estimated development potential within the City and the associated impervious area generated. The project list was just updated in the new 2020 Storm Drain Master Plan. There is a significant increase in the projected storm water SDC because it has not been updated or indexed since 2002. The storm SDC does not have a reimbursement fee included.

Galardi provides the group a breakdown of existing versus calculated updates and also potential phasing breakdowns, reference figure 3.

Figure 3:

	Water	Drainage
Current Single Family	\$4,927	\$507
Preliminary Updated	\$6,517	\$1,898
Change	\$1,590	\$1,391
<i>2-year phased increase (\$/yr)</i>	<i>\$795</i>	<i>\$696</i>
<i>3-year phased increase (\$/year)</i>	<i>\$530</i>	<i>\$464</i>

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At the next meeting Galardi and staff will bring the alternatives associated with the water project list to the Committee for discussion. These would include removal of the water treatment plant project and truncating the list to 20 years only and show how that would affect the updated SDC and also how that would affect potential phasing.

The Committee discusses the balance between affordability and ensuring that development pays its fair share, but also not pricing them out of the market because that has a broader effect on rate payers who would need to make up the difference for projects that are necessary to support the systems.

4. Next Steps

Staff discusses next meeting date with the Commission. September 1st could be the next potential meeting date for the group. Commission agrees that September 1st work. Commissioner Russo might have a scheduling conflict and will let staff know if he cannot attend. If Commissioner Russo cannot attend staff would like to reschedule the meeting as it would be best served to have all in attendance for developing recommendations to move forward to Council.

NEXT MEETING DATE: Wednesday September 1st, 2021

ADJOURNMENT: Meeting Adjourned 6:02 p.m.

Respectfully submitted,

Scott Fleury PE

Director of Public Works

Meeting video available upon request