

# CITY OF ASHLAND

## SDC Advisory Committee MEETING #4 AGENDA

Wednesday, February 23, 2022  
4:00-6:00 p.m.

*Meeting Held Virtually via Zoom*

*Webinar Link: <https://zoom.us/j/95915493102>*

1. Approval of minutes September 1, 2021
2. Charge Basis
  - a. Recommendation of phasing options
    - i. Water
    - ii. Storm Drain
3. SDC Collection of Charge Code Recommendations
  - a. Payment Deferment
  - b. Payment Interest Charges
  - c. Payment Timeframe
4. Storm Drainage Credits
5. Next Steps
  - a. City Council Study Session
  - b. City Council Public Hearing

### **Attachments:**

1. Committee PowerPoint Presentation 2-23-2022
2. Staff Memo-SDC Questions and Code Recommendations
3. Meeting Minutes 9-1-2021
4. Committee Presentation 9-1-2021

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please email [scott.fleury@ashland.or.us](mailto:scott.fleury@ashland.or.us). Notification 72 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to the meeting (28 CFR 35.102-35.104 ADA Title 1).





# WATER AND DRAINAGE SYSTEM DEVELOPMENT CHARGES

SDC COMMITTEE MEETING #4  
FEBRUARY 23, 2022



Galardi Rothstein Group

# DISCUSSION ITEMS

- Recap Prior Committee Decisions
- SDC Phasing
- Collection of Charge and Deferrals
- Stormwater SDC Credits

# PRIOR COMMITTEE RECOMMENDATIONS

- Single family residential structure
  - No baseline
  - Upper breakpoint at 3,000 SQ FT
- Multifamily residential options
  - Uniform \$/Dwelling Unit

# SDC PHASING OPTIONS

	Water		Drainage	
	Single-Family (1,890 SQ FT)	Multifamily (Per Dwelling Unit)	\$/SQ FT	Single-Family (3,000 SQ FT)
<b>Current<sup>1</sup></b>	\$4,927	\$2,607	\$0.1689	\$507
<b>Updated SDC (no Phase-In)</b>				
2021 Costs	\$6,065	\$2,757	\$0.7053	\$2,116
2022 Inflation-Adjusted	\$6,351	\$2,887	\$0.7385	\$2,216
<b>Phase-In (Year 1 SDC)</b>				
<i>2-year phase-In</i>				
2021 Costs	\$5,496	\$2,682	\$0.4371	\$1,311
2022 Inflation-Adjusted	\$5,639	\$2,747	\$0.4537	\$1,361
<i>3-year phase-In</i>				
2021 Costs	\$5,306	\$2,657	\$0.3477	\$1,043
2022 Inflation-Adjusted	\$5,402	\$2,700	\$0.3588	\$1,076

<sup>1</sup>Multifamily water SDC based on 1,000 SQ FT. Drainage SDC not increased since 2002.

\*Water SDC based on project list w/water treatment plant for illustration. Project list is a Council policy decision)

# COMMERCIAL WATER SDCS

- Updated SDC same charge as single-family average for small meter size.
- Phase-In would work the same as single-family.

Meter Size	Updated SDC		Existing SDC	% Change	
	2021	2022 Inflation-Adj.		2021	2022 Inflation-Adj.
5/8" X 3/4"	\$6,065	\$6,351	\$4,877	24%	30%
3/4"	\$9,098	\$9,527	\$8,129	12%	17%
1"	\$15,164	\$15,878	\$16,257	-7%	-2%
1 1/2"	\$30,327	\$31,756	\$26,010	17%	22%
2"	\$48,523	\$50,810	\$56,901	-15%	-11%
3"	\$97,047	\$101,620	\$97,543	-1%	4%
4"	\$151,635	\$158,782	\$203,213	-25%	-22%
6"	\$303,271	\$317,564	\$292,627	4%	9%

# COLLECTION OF CHARGE – TIMING OF PAYMENT

- Current Policy
  - SDC due at building or development permit
  - Affordable housing may defer SDC up to sale to ineligible development
- Deferral options (whichever comes first)
  - Single family – time of sale or actual occupancy
  - Other – certificate of occupancy, time of sale, or occupancy
- Example Deferral Eligibility Criteria
  - Multifamily only (Bend)
  - Value of development (Medford – no deferral if > \$500K, partial deferral \$250K-\$500K)
- Fees
  - Flat fees \$150-\$600
  - Interest charges (current policy if sold prior to 30 years)

# COLLECTION OF CHARGE – FINANCING

	Number of Payments	Interest Rate/Fees	Eligibility
Current	Up to 10 (per year)	6% (5-year loan); 7% (10-year loan)	>\$1,000; <\$200,000
Medford	40 semi-annual	Set annually	All development
Bend	20 semi-annual	6% (5-year loan); 7% (10-year loan)	All Development
Eugene/ Redmond	10 years/20 semi-annual payments	Prime rate +2% (Eugene), +2.5% (Redmond)	All Development

All programs subject to lien on property



# STORMWATER CREDITS

	Credit Eligibility	Max Credit
Current	Qualified public improvements (construct capacity beyond what is needed for development)	Improvement fee only
Portland	Direct discharge; control 100-year storm	45% of SDC
Medford	Direct discharge; permanent reduction in runoff from property	30% of SDC*
Cornelius	Installation of approved water quality measure	Water Quality SDC only

\*May be 100% if completely eliminate runoff with retention

# COMMITTEE RECOMMENDATIONS

- SDC Phasing or not
- Deferrals (timing and eligibility)
- Financing (interest rate)
- Stormwater credits

# NEXT STEPS

- Meetings with Council
  - Work session (April 19, 2022)
  - Public hearing (TBD)
- SDC Notification Requirements
  - 90-day notice of public hearing
  - 60-day methodology review

# Memo

CITY OF  
ASHLAND

Date: February 14, 2022  
From: Scott Fleury PE, Public Works Director  
To: Systems Development Charge Committee  
RE: SDC Questions and Code Recommendations

## **Background:**

At the September 2021 SDC Committee Meeting the group made multiple recommendations to bring forward to the City Council as part of the Committees charge.

1. Moved to recommend no baseline and a 3,000 square foot breakpoint for the water SDC charge associated with single family.
2. Moved to recommend multifamily SDC be charged on a dwelling unit basis, not square footage.
3. Moved to have one more meeting to discuss potential Council recommendations for changes to the current SDC code associated with collection of charges.

## **Requested Actions of Committee**

1. Generate a motion regarding the phasing of fees
  - a. No phasing
  - b. Two year phasing
  - c. Three year phasing
2. Recommend by motion updates to the current SDC code to be brought forward to the City Council
3. Discuss Storm Drain credit policies

At the last meeting, the Committee discussed at length improvements that could be made to the existing SDC code with respect to collection of charge and the deferral process. The group was very supportive of improvements to the code that support multifamily development. The consultant mentioned the Legislature is convening a group to look at the existing rules regarding SDCs and recommend improvements much along the lines of what the SDC Committee has been discussing to support multifamily development. Galardi expected draft framework items to be completed by December 2021, but unfortunately the process was delayed by at least one year. Galardi and staff still think improvements could be made to the code as it will take years still for Oregon specific code to be updated.

At the last SDC Committee Meeting, the group requested to hold one additional meeting with a focus on discussing specific code improvements that could be recommended to Council with respect to collection of charge and the deferral process. This last meeting is meant to provide the Committee with additional background information on code enhancements. In addition, a question was raised about Storm Drain SDC credits and staff will discuss this with the Commission as well.

To support this final meeting, Galardi has developed a baseline multifamily fee based on size and current fee in order to establish a phasing schedule that converts to the new dwelling unit basis methodology as recommended by the Committee.

Staff also has information on potential code updates that enhance the deferral process and collection of charge requirements in the existing code that could be implemented as part of a update.

## **SDC Collection of Charge and Deferrals:**

### **Deferrals**

Currently the code required collection of the SDC fee up issuance of a building permit, development, etc. as detailed in AMC section 4.20.090. The only deferral allowed by municipal code is for affordable housing and detailed in section 4.20.105. The full code is attached for reference. Other jurisdictions allow the collection of charge through a deferral to occur at certificate of occupancy or sale of property, generally whichever comes first.

Recommendations could include a change to the deferral process that allow for the fee to be collected at a specific point in the future after the building permit or development permit is approved. The deferral can also be specific to a development type or all development types (single family, multifamily, commercial) to support policy initiatives.

### **Collection of Charge:**

In reference to section D (1.) of the code the Committee was interested in changing the limits for installment payments and changing the interest rate option to no be fixed but tied to a specific index/rate through a recommendation to the City Council for code updates.

The Committee was also interested in discussing a change to the 10-year time limit with respect to the installment payment period. In research staff and the consultant have found additional codes that use payment schedules over 10-20 years and have no maximum or minimum bounds for payment of the SDC charge. The interest rate is often times set in the City's miscellaneous fees adopted by Council annually and not fixed in the code component itself.

Code references for Medford and Bend are detailed below with respect to payment options. Staff has also attached additional reference material about Medford and Bend's SDC deferral and charge collection process for reference.

### **City of Medford Installment Payment Code:**

(1) When an eligible systems development charge is due and collectable, the owner of the parcel of land subject to the development charge may apply for payment in up to 40 semi-annual installments, to include interest on the unpaid balance, in accordance with ORS [223.208](#) and City ordinances. In addition to single-family residences and multifamily dwellings, the City hereby also authorizes the use of installment payments for all types of development, including but not limited to commercial and industrial properties. The application shall provide that the owner agrees to pay an additional specified amount for bond issuance and administration costs, interest on the unpaid balance, and a billing charge to be added to each installment. The billing rate and charges shall be in the amounts established in the most recent fee schedule approved by resolution of the City Council.

**City of Bend Code:**

12.10.105 Payment Deferral for Commercial Development.



As authorized by BC [12.10.100\(E\)](#), any multifamily residential development may defer payment of SDCs from the time payment is otherwise due until the time an occupancy permit is issued. To qualify for the deferral, the person applying for deferral must, at the time of building permit application, (A) pay a fee established by Council resolution to the City to cover all the City's costs associated with the deferral, and (B) agree to pay all SDCs prior to issuance of an occupancy permit or actual occupancy. The amount of SDCs due shall be determined as of the date the occupancy permit is applied for. [Ord. NS-2278, 2016]

12.10.110 Installment Payments.



- A. The owner of the parcel of land subject to a systems development charge may apply for payment in 20 semi-annual installments, to include interest on the unpaid balance, in accordance with State law. A shorter payment plan is acceptable if approved by the City. The parcel of land shall be subject to a lien for the unpaid balance.
- B. Application forms for installment payments shall include a waiver of all rights to contest the validity of the lien, except for the correction of computational errors.
- C. An applicant for installment payment shall have the burden of demonstrating the applicant's authority to assent to the imposition of a lien on the parcel and that the property interest of the applicant is adequate to secure payment of the lien.
- D. The lien shall be docketed in the City's lien docket. From that time, the City shall have a lien on the described parcel for the unpaid balance, together with interest on the unpaid balance. The lien shall be enforceable in any manner authorized or permitted by State law. [Ord. NS-2161, 2011]

**Storm Drain Credits:**

At the September 2021 meeting the question of Storm Drain credits was posed as developers are required to manage the post development flow to pre-development levels using defined design storms for the region. Other jurisdictions offer credits for developments that go above and beyond the existing design requirements, but not for meeting existing requirements.

Storm Drain credit policies from other jurisdictions are shown below for reference:

**Portland Bureau of Environmental Services SDC credit policy:**

Public stormwater facilities are designed to manage flows from rights-of-way and from adjacent properties and their design assumes the existence of onsite facilities that manage at least the 10-year storm event. The direct or indirect benefit from City stormwater management services does not vary with the presence of onsite stormwater management facilities.

Stormwater credits equal to 45 percent of the SDC are currently provided in only two circumstances; properties that either: 1) are in riparian areas and discharge directly to the Willamette or Columbia rivers or to the Columbia Slough without the use of a Bureau collection, conveyance, or pollution or volume reduction facility or 2) retain the 100-year storm event.

**City of Cornelius:**

The current single-family residential rate (or 1 ESU equivalent) for SWM SDCs is \$1,050 for storm water quantity and \$859.50 for surface water quality.

In cases where water quality facilities are constructed as part of a development, in order to meet CWS and City of Cornelius regulations, the standard SWM SDC for water quality is credited to account for the surface water treatment provided by the newly-constructed water quality facility. In these situations, the SWM SDC for water quantity is the only SDC assessed for new development.

## Chapter 4.20

### SYSTEMS DEVELOPMENT CHARGES

Sections:

- 4.20.010**    **Definitions**
- 4.20.020**    **Purpose**
- 4.20.030**    **Scope**
- 4.20.040**    **Systems Development Charge Established**
- 4.20.050**    **Methodology**
- 4.20.060**    **Authorized Expenditures**
- 4.20.070**    **Expenditure Restrictions**
- 4.20.080**    **Improvement Plan**
- 4.20.090**    **Collection of Charge**
- 4.20.100**    **Exemptions**
- 4.20.105**    **Deferrals for Affordable Housing**
- 4.20.110**    **Credits**
- 4.20.120**    **Notification**
- 4.20.130**    **Segregation and Use of Revenue**
- 4.20.140**    **Refunds**
- 4.20.150**    **Appeal Procedures**
- 4.20.160**    **Prohibited Connection**
- 4.20.170**    **Enforcement – Violation**
- 4.20.180**    **Classification of the Fee**

#### **4.20.010**    **Definitions**

The following words and phrases, as used in this chapter, have the following definitions and meanings:

- A. *Capital Improvement(s)*. Public facilities or assets used for any of the following:
1. Water supply, treatment and distribution;
  2. Sanitary sewers, including collection, transmission and treatment;
  3. Storm sewers, including drainage and flood control;
  4. Transportation, including but not limited to streets, sidewalks, bike lanes and paths, street lights, traffic signs and signals, street trees, public transportation, vehicle parking, and bridges; or



5. Parks and recreation, including but not limited to mini-neighborhood parks, neighborhood parks, community parks, public open space and trail systems, buildings, courts, fields and other like facilities.
- B. *Development*. As used in Sections [4.20.020](#) through [4.20.180](#) means constructing or enlarging a building or adding facilities, or making a physical change in the use of a structure or land, which increases the usage of any capital improvements or which will contribute to the need for additional or enlarged capital improvements.
- C. *Improvement Fee*. A fee for costs associated with capital improvements to be constructed after the effective date of the ordinance codified in this chapter.
- D. *Qualified Public Improvements*. A capital improvement that is:
1. Required as a condition of development approval; and
  2. Is identified in the plan adopted pursuant to section [4.20.080](#) and is either:
    - a. Not located on or contiguous to property that is the subject of development approval; or
    - b. Located on or contiguous to the property that is the subject of development approval and is required to be built larger or with greater capacity than is necessary for the particular development project to which the improvement fee is related.
- E. *Reimbursement Fee*. A fee for costs associated with capital improvements constructed or under construction on the date the fee is adopted pursuant to Section [4.20.040](#).
- F. *Systems Development Charge*. A reimbursement fee, a public improvement charge or a combination thereof assessed or collected at any of the times specified in Section [4.20.090](#). It shall not include connection or hook-up fees for sanitary sewers, storm drains or water lines, since such fees are designed by the City only to reimburse the City for the costs for such connections. Nor shall the SDC include costs for capital improvements which by City policy and State statute are paid for by assessments or fees in lieu of assessments for projects of special benefit to a property, or the cost of complying with requirements or conditions imposed by a land use decision. (Ord. 3174 § 1, amended, 03/19/2019; Ord. 2791 § 1, amended, 1997)

## **4.20.020 Purpose**

The purpose of the systems development charge (SDC) is to impose an equitable share of the public costs of capital improvements upon those developments that create the need for or increase the demands on capital improvements. (Ord. 3174 § 1, amended, 03/19/2019)

## **4.20.030 Scope**

The systems development charge imposed by this chapter is separate from and in addition to any applicable tax, assessment, charge, fee in lieu of assessment, or fee otherwise provided by law or imposed as a condition of development. A systems development charge is to be considered in the nature of a charge for service rendered or

facilities made available, or a charge for future services to be rendered on facilities to be made available in the future. (Ord. 3174 § 1, amended, 03/19/2019)

#### **4.20.040 Systems Development Charge Established**

- A. Unless otherwise exempted by the provisions of this chapter or other local or state law, a systems development charge is hereby imposed upon all development within the City and all development outside the boundary of the City that connects to or otherwise uses the sanitary sewer system, storm drainage system or water system of the City. The City Manager is authorized to make interpretations of this section, subject to appeal to the City Council.
- B. Systems development charges for each type of capital improvement may be created through application of the methodologies described in AMC [4.20.050](#). The amounts of each systems development charge shall be adopted initially by Council resolution following a public hearing. Changes in the amounts shall also be adopted by resolution following a public hearing, except changes resulting solely from inflationary cost impacts. Inflationary cost impacts shall be measured and calculated annually by the City Manager and charged accordingly. Such calculations will be based upon changes in the Engineering News Record Construction Index (ENR Index) for Seattle, Washington. (Ord. 3192 § 60, amended, 11/17/2020; Ord. 3174 § 1, amended, 03/19/2019; Ord. 2791 § 2, amended, 1997)

#### **4.20.050 Methodology**

- A. The methodology used to establish a reimbursement fee shall consider the cost of then-existing facilities, prior contributions by then-existing users, gifts or grants from federal or state government or private persons, the value of unused capacity, rate-making principles employed to finance publicly owned capital improvements, and other relevant factors identified by the City Council. The methodology shall promote the objective that future systems users shall contribute an equitable share of the cost of then-existing facilities.
- B. The methodology used to establish the improvement fee shall consider the cost of projected capital improvements identified in an improvement plan (see AMC [4.20.080](#)) that are needed to increase the capacity of the systems to which the fee is related.
- C. The methodologies used to establish the systems development charge shall be adopted by resolution of the Council following a public hearing.
1. The City shall provide written notice to persons who have requested notice of any adoption or modification of SDC methodology at least ninety (90) days before the hearing. If no one has requested notice, the City shall publish notice in a newspaper of general circulation in the City at least ninety (90) days before the hearing.
  2. The revised methodology shall be available to the public at least sixty (60) days before the first public hearing of the adoption or amendment of the methodology.

D. A change in the amount of a reimbursement fee or an improvement fee is not a modification of the SDC methodology if the change is based on a change in project costs, including cost of materials, labor and real property, or on a provision for a periodic adjustment included in the methodology or adopted by separate ordinance or resolution, consistent with State law.

E. A change in the amount of an improvement fee is not a modification of the SDC methodology if the change is the result of a change in the improvement plan adopted in accord with AMC [4.20.080](#).

F. The formulas and calculations used to compute specific systems development charges are based upon averages and typical conditions. Whenever the impact of individual developments present special or unique situations such that the calculated fee is grossly disproportionate to the actual impact of the development, alternative fee calculations may be approved or required by the City Manager under administrative procedures prescribed by the City Council. All data submitted to support alternate calculations under this provision shall be site specific. Major or unique developments may require special analyses to determine alternatives to the standard methodology.

G. When an appeal is filed challenging the methodology adopted by the City Council, the City Manager shall prepare a written report and recommendation within twenty (20) working days of receipt for presentation to the Council at its next regular meeting. The Council shall, by resolution, approve, modify or reject the report and recommendation of the City Manager, or may adopt a revised methodology by resolution, if required. Any legal action contesting the City Council's decision in the appeal shall be filed within sixty (60) days of the Council's decision. (Ord. 3192 § 61, amended, 11/17/2020; Ord. 3174 § 1, amended, 03/19/2019)

#### **4.20.060 Authorized Expenditures**

A. Reimbursement fees shall be spent on capital improvements associated with the systems for which the fees are assessed, including expenditures relating to repayment of indebtedness.

B. Improvement fees shall be spent only on capacity increasing improvements for which the fees are assessed, including repayment of indebtedness. An increase in system capacity occurs if a capital improvement increases the level of performance or service provided by existing facilities or provides new facilities. The portion of such improvements funded by improvement SDCs must be related to the need for increased capacity to provide service for future users.

C. Notwithstanding subsections [A](#) and [B](#) of this section, SDC revenues may be expended on the direct costs of complying with the provisions of this chapter, including the costs of developing SDC methodologies, system planning, providing an annual accounting of SDC expenditures and other costs directly related to or required for the administration and operation of this SDC program. (Ord. 3174 § 1, amended, 03/19/2019; Ord. 2791 § 3, amended, 1997)

### 4.20.070 Expenditure Restrictions

- A. SDCs shall not be expended for costs associated with the construction of administrative office facilities that are more than an incidental part of other capital improvements, or for costs of the operation or routine maintenance of capital improvements.
- B. A capital improvement being funded wholly or in part from revenues derived from the improvement fee shall be included in the plan adopted by the City pursuant to section [4.20.080](#). (Ord. 3174 § 1, added, 03/19/2019)

### 4.20.080 Improvement Plan

- A. Prior to the establishment of a system development charge, the City Council shall prepare a capital improvement plan, public facilities plan, master plan, or other comparable plan that includes:
1. A list of the capital improvements that the City Council intends to fund, in whole or in part, with revenues from improvement fees;
  2. The estimated cost and time of construction of each improvement and the percentage of that cost eligible to be funded with improvement fee revenue; and
  3. A description of the process for modifying the plan.
- B. In adopting a plan under subsection [A](#) of this section, the City Council may incorporate by reference all or a portion of any capital improvement plan, public facilities plan, master plan, or other comparable plan that contains the information required by this section.
- C. The City Council may modify such plan and list, as described in subsection [A](#) of this section, at any time. If a system development charge will be increased by a proposed modification to the list to include a capacity increasing public improvement, the City Council will:
1. At least thirty (30) days prior to the adoption of the proposed modification, provide written notice to persons who have requested notice pursuant to Section [4.20.120](#);
  2. Hold a public hearing if a written request for a hearing is received within seven (7) days of the date of the proposed modification.
- D. A change in the amount of a reimbursement fee or an improvement fee is not a modification of the system development charge if the change in amount is based on:
1. A change in the cost of materials, labor, or real property applied to projects or project capacity as set forth on the list adopted pursuant to subsection [A](#) of this section;
  2. The periodic application of one or more specific cost indexes or other periodic data sources, including the cost index identified in Section [4.20.040](#). A specific cost index or periodic data source must be:

- a. A relevant measurement of the average change in prices or costs over an identified time period for materials, labor, real property, or a combination of the three;
- b. Published by a recognized organization or agency that produces the index or data source for reasons that are independent of the system development charge methodology; and
- c. Incorporated as part of the established methodology or identified and adopted by the City Council in a separate resolution, or, if no other index is identified in the established methodology, then the index stated in Section [4.20.040](#). (Ord. 3174 § 1, added, 03/19/2019)

#### **4.20.090 Collection of Charge**

- A. The systems development charge is payable upon, and as a condition of, issuance or approval of:
  1. A building permit;
  2. A development permit;
  3. A permit for a development not requiring the issuance of a building permit;
  4. A permit or other authorization to connect to the water, sanitary sewer or storm drainage systems;
  5. A right-of-way access permit; or
  6. A planning action or change in occupancy (as defined in the Uniform Building Code) that will increase the demands on any public facility for which systems development charges are charged.
- B. If development is commenced or connection is made to the water system, sanitary sewer system or storm sewer system without an appropriate permit, the systems development charge is immediately payable upon the earliest date that a permit was required, and it will be unlawful for anyone to continue with the construction or use constituting a development until the charge has been paid or payment secured to the satisfaction of the City Manager.
- C. Any and all persons causing a development or making application for the needed permit, or otherwise responsible for the development, are jointly and severally obligated to pay the charge, and the City Manager may collect the said charge from any of them. The City Manager or his/her designee shall not issue any permit or allow connections described in subsection [A](#) of this section until the charge has been paid in full or until an adequate secured arrangement for its payment has been made, within the limits prescribed by resolution of the City Council.
- D. An owner of property obligated to pay a systems development charge may apply to pay the charge in semi-annual installments over a period not exceeding ten years as provided in this section.
  1. The minimum charge subject to payment by installments shall be \$2,000.00 and the maximum charge that may be subject to payment by installments shall not exceed \$200,000.00. The minimum semi-annual installment shall be \$1,000.00. Installments shall include interest on the unpaid balance at an annual rate of

six percent (6%) for a five-year installment loan or seven percent (7%) for a ten-year installment loan. A one-year installment loan shall not be subject to an annual interest rate, provided all charges are paid prior to the City's issuance of the certificate of occupancy, time of sale, or within one year of when the charge was imposed, whichever comes first.

2. The installment application shall state that the applicant waives all irregularities or defects, jurisdictional or otherwise, in the proceedings to cause the systems development charge.

3. The application shall also contain a statement, by lots or blocks, or other convenient description of the property meeting the requirements of ORS [93.600](#), subject to the charge.

4. A systems development charge subject to installment payments shall be chargeable as a lien upon the property subject to the charge. Pursuant to ORS [93.643\(2\)\(c\)](#), the City Recorder shall record notice of the installment payment contract with the Jackson County Clerk. The applicant shall pay the recording charges. (Ord. 3192 § 62, amended, 11/17/2020; Ord. 3174 § 1, renumbered, 03/19/2019; Ord. 2791 § 5, amended, 1997; Ord. 2670, amended, 1992. Formerly 4.20.070)

## 4.20.100 Exemptions

The conditions under which all or part of the systems development charges imposed in Section [4.20.040](#) may be waived are as follows:

A. Structures and uses established and legally existing on or before the effective date of the ordinance codified in this chapter are exempt from a system development charge, except water and sewer charges, to the extent of the structure or use then existing and to the extent of the parcel of land as it is constituted on that date.

Structures and uses affected by this subsection shall pay the water or sewer charges pursuant to the terms of this chapter upon the receipt of a permit to connect to the water or sewer system.

B. Housing for low income or elderly persons which is exempt from real property taxes under state law. (Ord. 3174 § 1, renumbered, 03/19/2019; Ord. 2791 § 7, amended, 1997. Formerly 4.20.080)

## 4.20.105 Deferrals for Affordable Housing

A. The systems development charge for the development of qualified affordable housing under the City's affordable housing laws shall be deferred until the transfer of ownership to an ineligible buyer occurs. Deferred systems development charges shall be secured by a second mortgage acceptable to the City, bearing interest at not less than five percent (5%) per annum. Accrued interest and principal shall be due on sale to an ineligible buyer.

B. The systems development charge and second mortgage for the development of qualified affordable housing shall terminate 30 years after the issuance of a certificate of occupancy if the housing unit(s) have continued to meet the affordable housing requirements during the 30-year period. (Ord. 3174 § 1, renumbered, 03/19/2019; Ord. 2791 § 8, amended, 1997; Ord. 2670, amended, 1992. Formerly 4.20.085)

### **4.20.110 Credits**

- A. When development occurs that gives rise to a systems development charge under AMC [4.20.040](#), the systems development charge for the existing use shall be calculated and if it is less than the systems development charge for the proposed use, the difference between the systems development charge for the existing use and the systems development charge for the proposed use shall be the systems development charge required under AMC [4.20.040](#). If the change in use results in the systems development charge for the proposed use being less than the systems development charge for the existing use, no systems development charge shall be required; however, no refund or credit shall be given.
- B. The limitations on the use of credits contained in this subsection shall not apply when credits are otherwise given under this section. A credit shall be given for the cost of a qualified public improvement associated with a development. If a qualified public improvement is located partially on and partially off the parcel of land that is the subject of the approval, the credit shall be given only for the cost of the portion of the improvement not attributable wholly to the development. The credit provided for by this subsection shall be only for the improvement fee charged for the type of improvement being constructed and shall not exceed the improvement fee even if the cost of the capital improvement exceeds the applicable improvement fee. Credits paid as a permit for development will expire five years after paid. The credit shall be apportioned equally among all single-family residential lots (where such credit was granted for subdivisions). Credits for other types of developments shall be allocated to building permits on a first-come, first-served basis until the credit is depleted.
- C. Applying the methodology adopted by resolution, the City Manager or designee shall grant a credit against the improvement fee for a capital improvement constructed as part of the development that reduces the development's demand upon existing capital improvements or the need for future capital improvements or that would otherwise have to be provided at City expense under then-existing Council policies.
- D. Credits for additions to dedicated park land, or development of planned improvements on dedicated park land, shall only be granted by the City Manager upon recommendation by the Parks and Recreation Commission for land or park development projects identified in the Capital Improvement Plan, referred to in AMC [4.20.070.B](#).
- E. In situations where the amount of credit exceeds the amount of the systems development charge, the excess credit is not transferable to another development. It may be transferred to another phase of the original development.
- F. Credit shall not be transferable from one type of capital improvement to another. (Ord. 3192 § 63, amended, 11/17/2020; Ord. 3174 § 1, renumbered, 03/19/2019; Ord. 2791 § 9, amended, 1997. Formerly 4.20.090)

### **4.20.120 Notification**

- A. The City shall maintain a list of persons who have made a written request for notification prior to adoption or modification of a methodology for any system development charge. Written notice shall be mailed to persons on the list as provided in sections [4.20.050](#) and [4.20.080](#). The failure of a person on the list to receive a notice that was mailed does not invalidate the action of the City.

B. The City may periodically delete names from the list, but at least thirty (30) days prior to removing a name from the list, the City must notify the person whose name is to be deleted that a new written request for notification is required if the person wishes to remain on the notification list. (Ord. 3174 § 1, added, 03/19/2019)

#### **4.20.130 Segregation and Use of Revenue**

A. All SDC proceeds are to be segregated by accounting practices from all other funds of the City. SDC proceeds shall be used only for capital improvement of the type for which they were collected and authorized costs and overhead.

B. The City Manager shall provide the City Council with an annual accounting, based on the City's fiscal year, for SDCs showing the total amount of SDC revenues collected for each type of facility and the projects funded from each account in the previous fiscal year. A list of the amounts spent on each project funded in whole or in part with SDC revenues shall be included in the annual accounting.

C. The monies deposited into each SDC account shall be used solely as allowed by this chapter and State law, including, but not limited to:

1. Design and construction plan preparation;
2. Permitting and fees;
3. Land, easements, and materials acquisition, including any cost of acquisition or condemnation, including financing, legal and other costs;
4. Construction of capital improvements;
5. Design and construction of new utility facilities required by the construction of capital improvements and structures;
6. Relocating utilities required by the construction of improvements;
7. Landscaping;
8. Construction management and inspection;
9. Surveys, soils, and materials testing;
10. Acquisition of capital equipment;
11. Repayment of monies transferred or borrowed from any budgetary fund of the City which were used to fund any of the capital improvements as herein provided; and
12. Payment of principal and interest, necessary reserves and cost of issuance under bonds or other indebtedness issued by the City to fund capital improvements. (Ord. 3192 § 64, amended, 11/17/2020; Ord. 3174 § 1, added, 03/19/2019)



### **4.20.140 Refunds**

- A. Refunds shall be given by the City Manager upon finding that there was a clerical error in the calculation of a systems development charge.
- B. Refunds shall not be allowed for failure to timely claim a credit under AMC [4.20.110](#), or for failure to seek an alternative systems development charge rate calculation at the time of submission of an application for a building permit.
- C. Refunds may be given on application of a permittee if the development did not occur and all permits for the development have been withdrawn. (Ord. 3192 § 65, amended, 11/17/2020; Ord. 3174 § 1, added, 03/19/2019)

### **4.20.150 Appeal Procedures**

- A. As used in this section, “working day” means a day when the general offices of the City are open to transact business with the public.
- B. A person aggrieved by a decision required or permitted to be made by the City Manager or designee pursuant to AMC [4.20.010](#) through [4.20.130](#) or a person challenging the propriety of an expenditure of systems development charge revenues may appeal the decision or expenditure by filing a written notice of appeal with the City Recorder for consideration by the City Council. Such appeal shall describe with particularity the decision or the expenditure from which the person appeals and shall comply with subsection [D](#) of this section.
- C. An appeal of an expenditure must be filed within two (2) years of the date of alleged improper expenditure. An appeal petition challenging the adopted methodology shall be filed not later than sixty (60) days from the date of the adoption of the methodology. Appeals of any other decision must be filed within ten (10) working days of the date of the decision.
- D. The appeal shall state:
  - 1. The name and address of the appellant;
  - 2. The nature of the determination being appealed;
  - 3. The reason the determination is incorrect; and
  - 4. What the correct determination should be.

An appellant who fails to file such a statement within the time permitted waives any objections, and the appeal shall be dismissed.

- E. Unless the appellant and the City agree to a longer period, an appeal shall be heard within thirty (30) calendar days of the receipt of the written appeal. At least ten (10) working days prior to the hearing, the City shall mail notice of the time and location thereof to the appellant.

F. The City Council shall hear and determine the appeal on the basis of the appellant's written statement and any additional evidence the appellant deems appropriate. At the hearing, the appellant may present testimony and oral argument personally or by counsel. The City may present written or oral testimony at this same hearing. The rules of evidence as used by courts of law do not apply.

G. The appellant shall carry the burden of proving that the determination being appealed is incorrect and what the correct determination should be.

H. The City Council shall render its decision within fifteen (15) business days after the hearing date and the decision of the Council shall be final. The decision shall be in writing but written findings shall not be made or required unless the Council, in its discretion, elects to make findings for precedential purposes. Any legal action contesting the Council's decision on the appeal shall be filed within sixty (60) calendar days of the Council's decision. (Ord. 3192 § 66, amended, 11/17/2020; Ord. 3174 § 1, renumbered, 03/19/2019; Ord. 2791 § 10, amended, 1997. Formerly 4.20.100)

#### **4.20.160 Prohibited Connection**

After the effective date of this chapter, no person may connect any premises for service, or cause the same to be connected, to any sanitary sewer, water system, or storm sewer system of the City unless the appropriate systems development charge has been paid or payment has been secured as provided in this chapter. (Ord. 3174 § 1, renumbered, 03/19/2019. Formerly 4.20.110)

#### **4.20.170 Enforcement – Violation**

Any service connected to the City water, sewer or storm sewer system after the effective date of this chapter for which the fee due hereunder has not been paid as required or an adequate secured arrangement for its payment has been made is subject to termination of service under the City's utility disconnect policy. In addition to any other remedy or penalty provided herein, any connection to the City water, sewer or storm system made without payment as specified in this chapter shall be considered a Class I violation. (Ord. 3174 § 1, renumbered, 03/19/2019; Ord. 3023, amended, 08/03/2010. Formerly 4.20.120)

#### **4.20.180 Classification of the Fee**

System development charges as set forth in this chapter are classified as not subject to the limits of Section [11b](#) of Article [XI](#) of the Oregon Constitution. (Ord. 3174 § 1, renumbered, 03/19/2019; Ord. 2791 § 11, amended, 1997. Formerly 4.20.121)

**The Ashland Municipal Code is current through Ordinance 3203, passed November 2, 2021.**

Disclaimer: The City Recorder's office has the official version of the Ashland Municipal Code. Users should contact the City Recorder's office for ordinances passed subsequent to the ordinance cited above.

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City Telephone: (541) 488-5307

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## **System Development Charge (SDC) Deferral Program Frequently Asked Questions (FAQs)**

**Q: What is the City of Medford's SDC Deferral Program?**

A: On August 2, 2018, the Medford City Council approved Council Bill 2018-97 for a system development charge deferral program that allows builders and developers of residential, commercial, and industrial properties to defer paying street, sewer, storm drain, and parks SDC fees. The City's SDC Deferral Program was effective on August 17, 2018.

**Q: How long may SDCs be deferred?**

A: Single-family residential SDCs may be deferred until time of sale of the home, or time of actual occupancy, whichever is first. In instances of a deferral to time of sale, SDCs shall be paid by the seller.

Multi-family residential, commercial, or industrial SDCs may be deferred until issuance of certificate of occupancy, time of sale, or time of actual occupancy, whichever is first.

**Q: What amount of SDCs may be deferred?**

A: For single-family residential development:

- The total amount of SDCs may be deferred as referenced above.

For multi-family residential, commercial, and industrial development:

- If total SDCs are \$250,000 or less, the full amount of SDCs may be deferred.
- If total SDCs are between \$250,001 and \$500,000, then 30% shall be paid at the time of building permit issuance, and the remainder deferred until issuance of certificate of occupancy, time of sale, or time of actual occupancy, whichever is first.
- If total SDCs for a single property are equal to or greater than \$500,000, the project is not eligible for SDC deferral.

**Q: How do I apply for SDC deferral?**

A: To apply for deferral, an applicant must complete, sign, and submit an SDC Deferral Request form at the same time a building permit application is submitted. A \$150 administrative fee is charged on all SDC deferral requests. The request form can be found on the City's website: <http://www.ci.medford.or.us/Page.asp?NavID=147>.

**Q: Is interest charged on deferred SDCs?**

A: Interest is not charged on deferred SDCs if paid when due. SDCs that are not paid when due will accrue interest from that due date at the rate of 18% per annum simple interest.

**Q: Who can I contact for assistance?**

A: For questions about the City of Medford SDC Deferral Program, contact Sheila Giorgetti, Medford Planning Department, [Sheila.Giorgetti@cityofmedford.org](mailto:Sheila.Giorgetti@cityofmedford.org) or 541-774-2398.



# COMMUNITY DEVELOPMENT

**SUBJECT: MULTI-FAMILY SDC DEFERRAL PROGRAM**

**FROM: GINA DAHL, PROGRAM MANAGER**

**DATE: OCTOBER 21, 2016 (REVISED 12-18-18)**

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A 1<sup>st</sup> reading to adopt an ordinance that allows the City to defer payment of System Development Charges (SDCs) for multi-family residential developments (the Multi-Family SDC Deferral Program) took place Sept. 7<sup>th</sup> 2016. In addition, a resolution to amend the fee schedule to include a new agreement processing fee for this new program was approved Sept. 7, 2016 to take effect Sept. 8, 2016. The 2<sup>nd</sup> reading of this ordinance took place Sept. 21<sup>st</sup> and was approved. The program became effective Oct. 21<sup>st</sup>, 2016. The ordinance number is NS-2278.

## **Program details**

During the recession the City of Bend had two SDC deferral programs. Both programs were designed to incentivize housing development during the months when there was very little residential building. Both programs had a sunset provision. Both programs were sunset during the summer of 2015.

The business community through the Bend Economic Development Advisory Board (BEDAB) expressed an interest in developing a program that will defer the costs of SDCs to allow for more housing units to be built in Bend. The BEDAB Advocacy subcommittee met for several months in late fall of 2015 and early 2016 to devise a program that would address the need for more housing units. Working with the Community Development and Finance departments, the committee proposed a multi-family SDC deferral program.

The purpose of the multi-family SDC deferral program is to move the upfront cost of SDCs, typically due before a builder can obtain building permits, to a later date when the Certificate of Occupancy is approved, without compromising the city's capital infrastructure funds. The goal is to encourage the development of more rental units and more multi-family units in the City of Bend.

As part of the ordinance to allow deferral of payment of the City's System Development Charges (SDCs) from building permit to prior to issuance of Certificate of Occupancy (CO), the developer would be required to enter into an agreement with the City that clearly identifies the process and requirements. As with most agreements, the City charges an appropriate fee to cover staff costs to prepare and process and release the agreement. The fees, which include recording and release fees, are outlined in the fee schedule and is based on the existing fee structure for similar type agreements.

The program and ordinance allows payment of SDC's at issuance of Certificate of Occupancy. **The required payment will be the total amount of SDCs due at issuance of certificate of occupancy regardless of the SDC rates at time of building permit application and issuance.** The customer also has the option to pay SDCs at any time during construction, in which case fees would be assessed based on SDC rates at the time fees are paid.

### 3.891 Credits.

(1) *Excess Capacity Credits.* The Storm Drain SDC Fund will credit a developer who is subject to the SDC, an amount equal to 25 percent of the calculated cost of all conveyance facilities which are 24 inches, or larger, in diameter as required by sound engineering design, and constructed with, or as a part of, the developer's improvement project. Such oversize facilities are intended to provide additional capacity for flows from future upstream development. Oversize pipes designed to carry flows generated exclusively from the developer's project, or pipes used for detention purposes related to the runoff from the developer's site, are not eligible for Storm Drain SDC credits, regardless of diameter. SDC credits by pipe size are established in the most recent fee schedule approved by resolution of the City Council.

Costs of other pipe sizes not shown in the fee schedule will be determined by interpolation.

Eligible credits for oversize pipe construction shall be paid in cash to the developer in accordance with the parameters identified below. All cash payments will be approved administratively per applicable expense authority limits of the City's contracting and purchasing code. For land divisions, the payment shall be made after completion and acceptance of the improvements, or the recording of the final plat, whichever comes later. For all other improvements, payment shall be made after completion and acceptance of the improvements.

(2) *Credits for Runoff Control Measures.*

(a) Upon application, a person responsible may seek a reduction of the monthly utility fee for storm drainage service and/or the systems development charge for storm drainage. Upon submission of appropriate evidence, the City Engineer shall consider the application. The applicant must show to the City Engineer's satisfaction:

- (i) The amount of permanent reduction in runoff for the property due to the retention system; and/or
- (ii) The amount of stormwater being discharged directly from the property into Bear Creek.

(b) The system development charge shall be 70% of the normal SDC determined in Section [3.890](#), and applies to either (i) or (ii) above. Elimination of the system development charge may only be made for (i) above. Discharge directly to Bear Creek will not result in an elimination of the fee, but only a reduction.

(c) Any reduction in monthly utility fee shall continue until the property is further developed or until the City Engineer determines the property no longer qualifies for the reduction. Upon further development of the property another application may be made by a person responsible. Any applicant aggrieved by the City Engineer's decision may appeal to the City Council by filing with the City Recorder a written request for review as provided in Section [1.025](#).

[Added Sec. 2, Ord. No. 2005-228, Oct. 6, 2005; Amd. Sec. 2, Ord. No. 2007-105, May 17, 2007; Amd. Sec. 2, Ord. No. 2009-127, Jun. 4, 2009; Amd. Sec. 4, Ord. No. 2012-197, Dec. 20, 2012; Amd. Sec. 6, Ord. No. 2016-13, Jan. 21, 2016; Amd. Sec. 8, Ord. No. 2017-69, Jun. 15, 2017; Amd. Exh. A, Ord. No. 2021-135, Nov. 4, 2021.]

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**The Medford Municipal Code is current through Ordinance 2021-135, passed November 4, 2021.**

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**Ashland System Development Charge Review Committee**  
**DRAFT 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, 2<sup>nd</sup> 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.

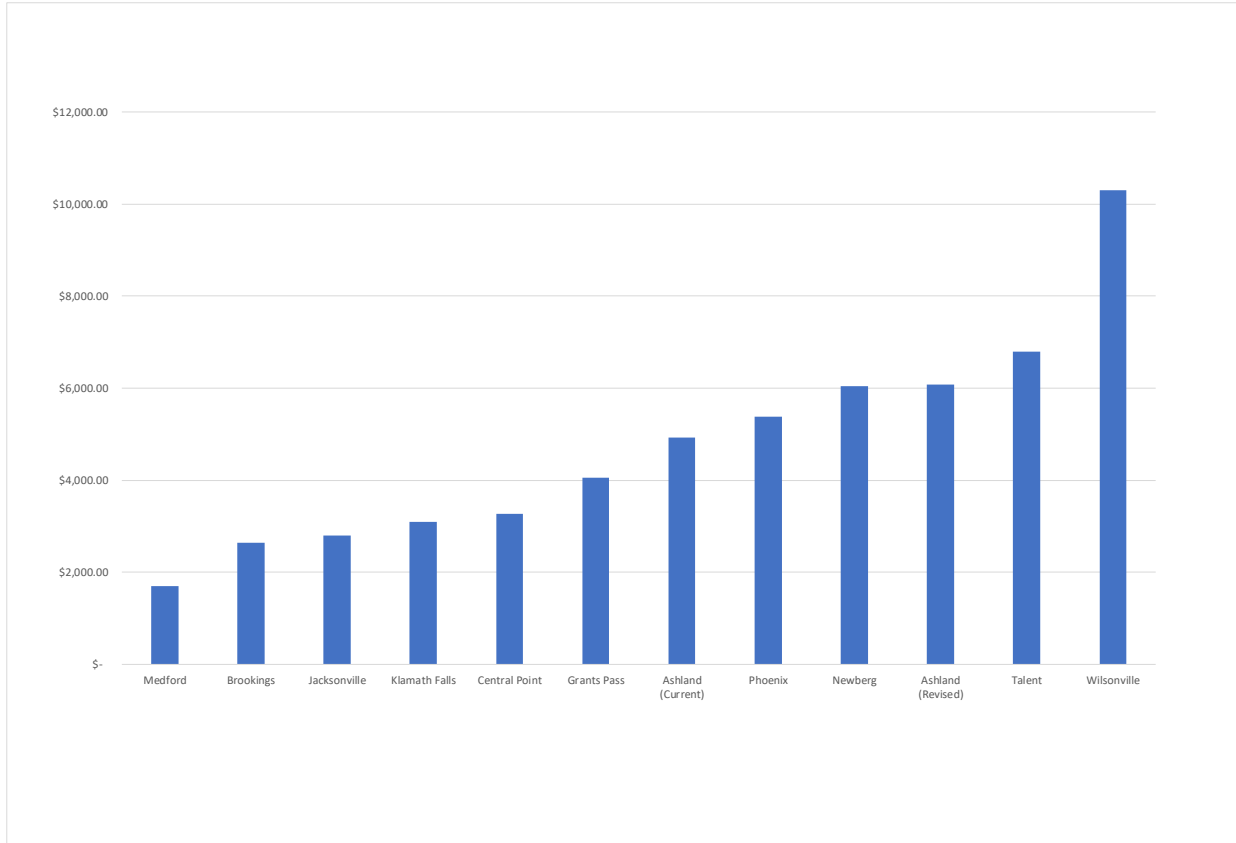
Galardi has also included scenario updates to the project list that include moving forward with the new water treatment plant project and rehabilitating the existing water treatment plant. Galardi has also calculated and included the compliance charge to the methodology/list. The compliance charge was 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.



**Ashland System Development Charge Review Committee  
DRAFT MINUTES  
September 1, 2021**



**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.

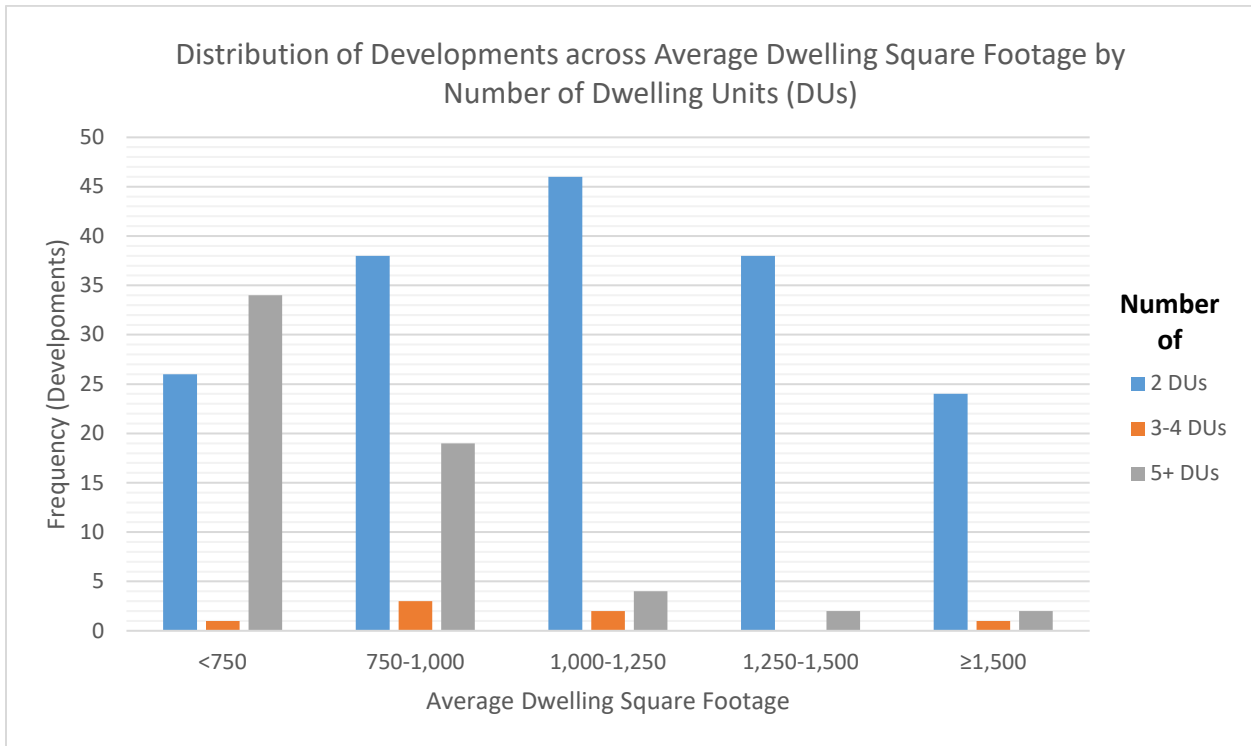
**Ashland System Development Charge Review Committee  
DRAFT MINUTES  
September 1, 2021**

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.  
2<sup>nd</sup> 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.



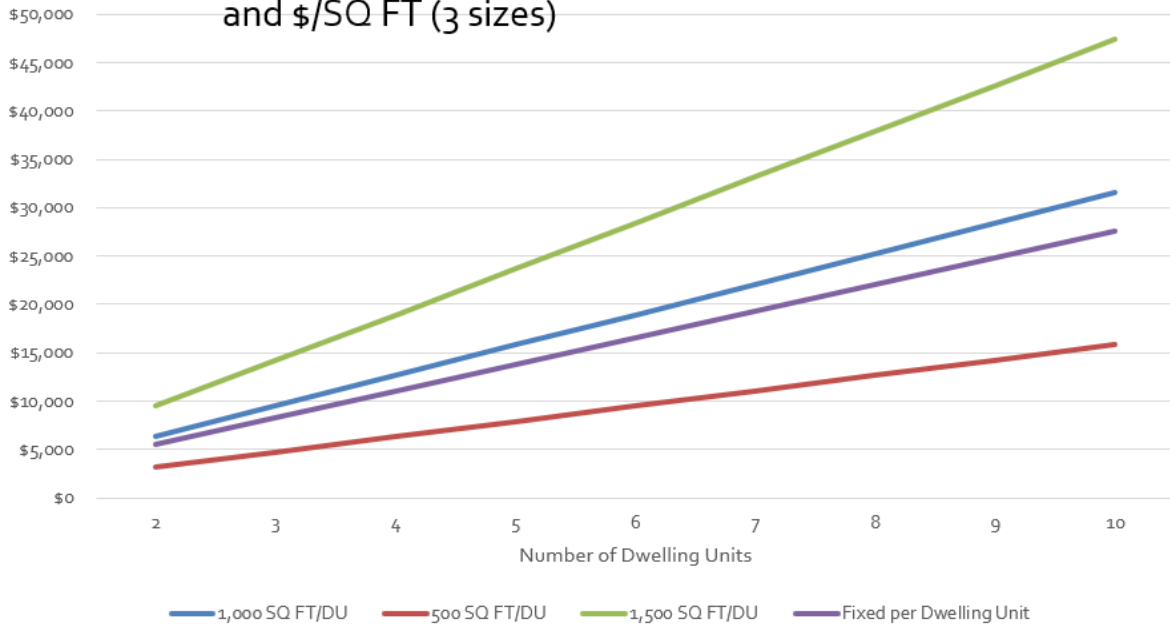
The primary distribution for multifamily in the City are duplex units. The distribution allowed Galardi to create potential charge options for multifamily. Options include have a fixed cost based on the number of the dwelling unit versus the size of the total structure of combined dwelling units. Galardi 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.  
2<sup>nd</sup> by Kramer, motion passes unanimously.**

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

Comparison of SDCs based on \$/Dwelling unit  
and \$/SQ FT (3 sizes)



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.

**Ashland System Development Charge Review Committee**

**DRAFT MINUTES**

**September 1, 2021**

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. 2<sup>nd</sup> 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, 2<sup>nd</sup> 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.**

**2<sup>nd</sup> 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.

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

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



# WATER AND DRAINAGE SYSTEM DEVELOPMENT CHARGES

SDC COMMITTEE MEETING #3  
SEPTEMBER 1, 2021



Galardi Rothstein Group

# DISCUSSION ITEMS

- Updated Project Lists & SDCs
  - SDC comparison
- SDC Charge Basis Options
  - Commercial
  - Single Family
  - Multifamily
- Committee Recommendations
- Next Steps

# COMMITTEE FEEDBACK & RECOMMENDATIONS

- Project list feedback
- Single family residential options
  - Baseline or no baseline
  - Upper breakpoint at 3,000 or 3,500 SQ FT
- Multifamily residential options
  - \$/SQ FT of structure or \$/Dwelling Unit
- Commercial feedback
  - Meter size w/updated factors
- SDC Phasing options
  - Full SDC
  - 2 or 3-year implementation



# REVISED PROJECT LISTS & SDCs

# UPDATES SINCE LAST MEETING

- Projects planned beyond 2040 removed
- Some project costs updated
  - Cost/project changes
  - Consistency between TAP and City list
- Two water treatment scenarios
  - New water plant
  - Refurbished water plant
- SDC Compliance charge added
  - Master planning, SDC study and administration

# UPDATED WATER COSTS & SDCS

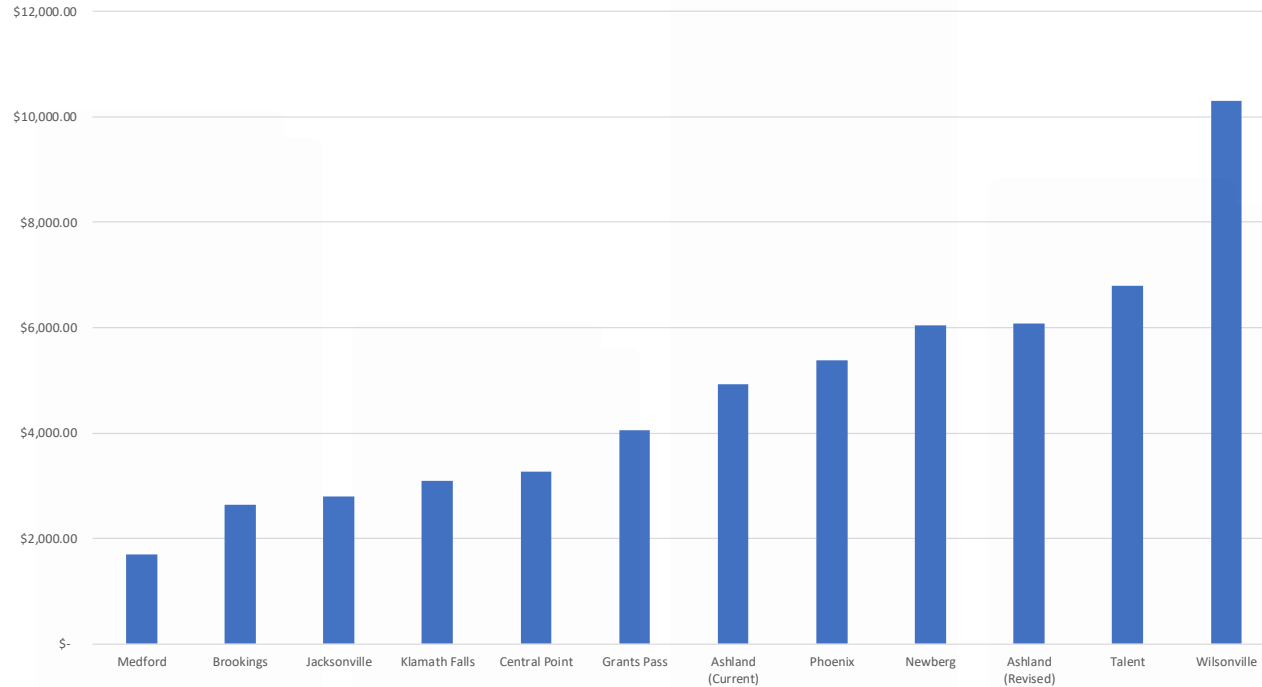
Scenario/Component	Total \$	Growth \$	Avg. SF SDC
<b>Updated 2040 List</b>			
City system	\$96,514,472	\$14,876,256	
TAP (Option 2)	\$8,358,553	\$841,053	
Total Improvement	\$104,873,026	\$15,717,309	\$4,781
Reimbursement <sup>1</sup>	\$43,199,860	\$4,381,865	\$1,100
Compliance <sup>2</sup>	\$700,000	\$197,160	\$195
<b>Total</b>	<b>\$148,772,885</b>	<b>\$20,296,334</b>	<b>\$6,076</b>
<b>Updated 2040 (no WTP) List</b>			
City system	\$55,582,876	\$8,093,305	
TAP (Option 2)	\$8,358,553	\$841,053	
Total Improvement	\$63,941,429	\$8,934,359	\$2,719
Reimbursement <sup>1</sup>	\$43,199,860	\$4,630,437	\$1,176
Compliance	\$700,000	\$195,969	\$193
<b>Total</b>	<b>\$107,841,289</b>	<b>\$13,760,764</b>	<b>\$4,088</b>
<sup>1</sup> Includes Medford Water Commission SDC payments			
<sup>2</sup> Includes master planning, SDC methodology updating and SDC administration for 20-year period.			

# STORMWATER COSTS & SDCS

Scenario/Component	Total \$	Growth \$	Avg. SF SDC
<b>2040 List</b>			
Improvement	\$6,456,470	\$759,281	\$1,898
Reimbursement	\$0	\$0	\$0
Compliance <sup>1</sup>	\$440,000	\$87,040	\$218
<b>Total</b>	<b>\$6,896,470</b>	<b>\$846,321</b>	<b>\$2,116</b>
<sup>1</sup> Includes master planning, SDC methodology updating and SDC administration for 20-year period.			

# RESIDENTIAL WATER SDC COMPARISON

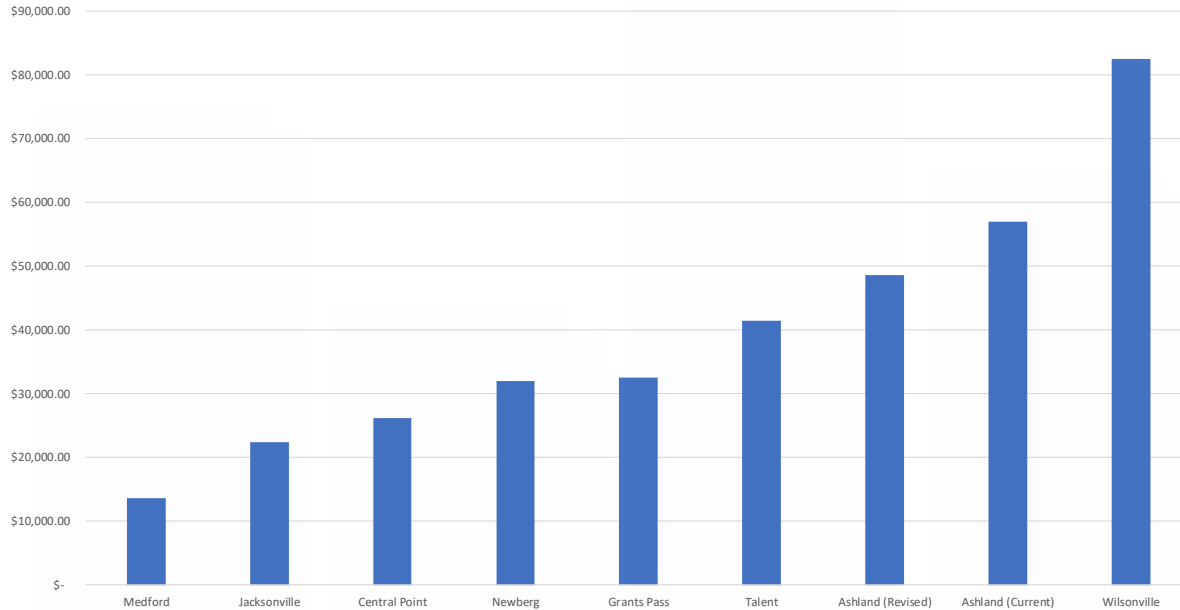
SF Dwelling = 1,890 SQ FT and smallest meter size



Ashland Revised based on 2040 Project List

# COMMERCIAL WATER SDC COMPARISON

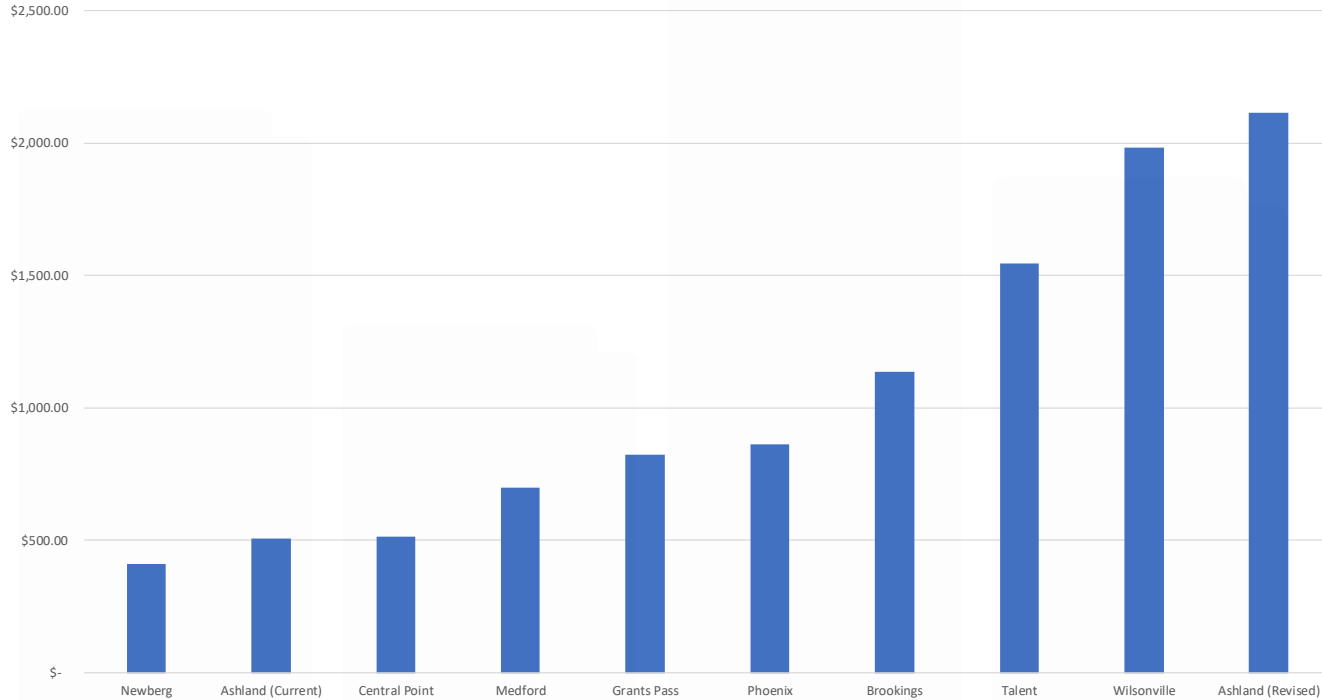
Based on 2" water meter size



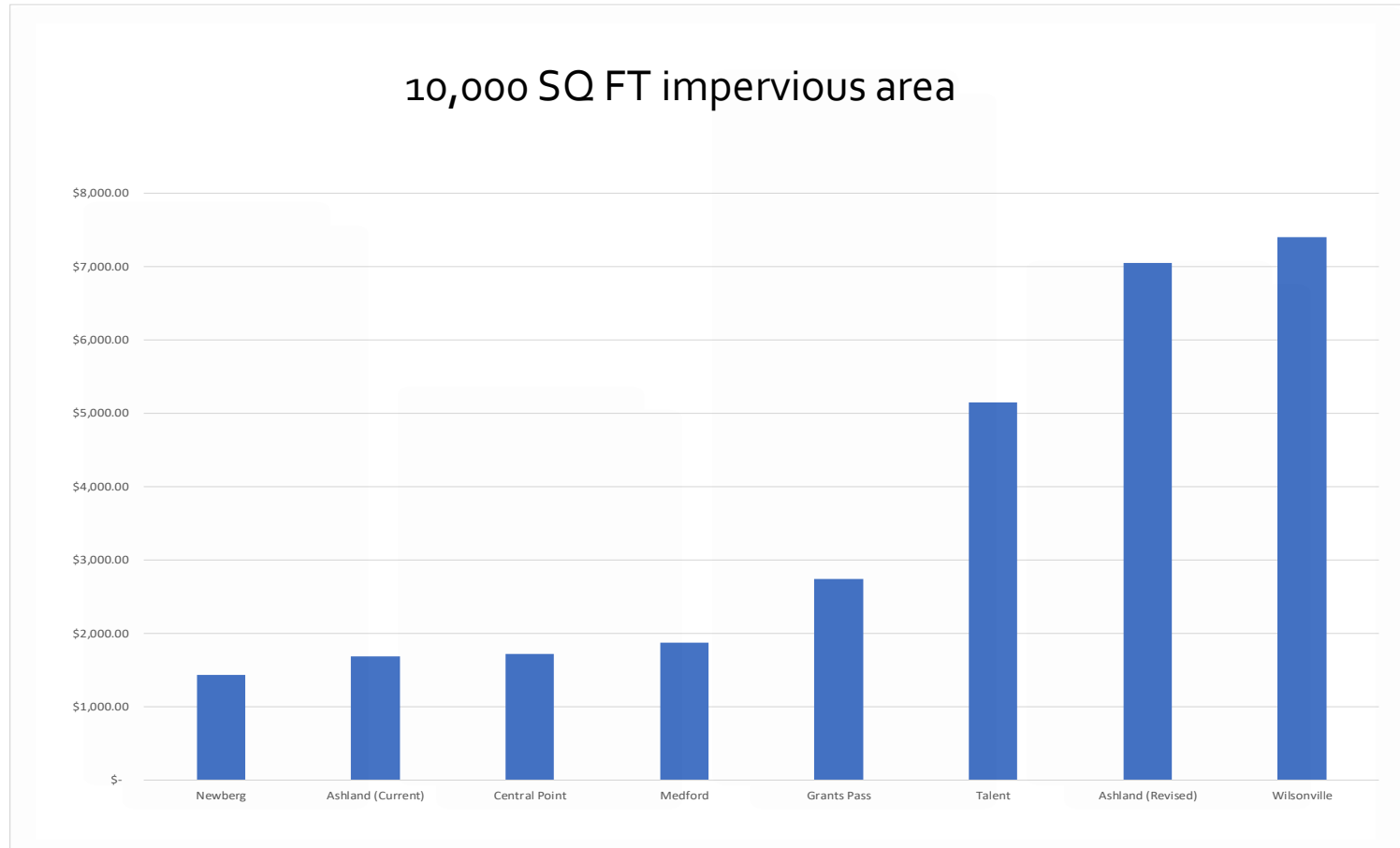
Ashland Revised based on 2040 Project List

# RESIDENTIAL STORM SDC COMPARISON

SF Dwelling = 3,000 SQ FT impervious area



# COMMERCIAL STORM SDC COMPARISON





# SDC Charge Basis

# COMMERCIAL METER FACTORS

- Current factors higher than other communities for most meter sizes
- Revised reflect standard hydraulic capacities by meter size relative to 20 gpm

Meter Size	Wilsonville	Newberg	Grants Pass	Central Point	Jacksonville	Medford	Ashland	
							Current	Revised <sup>1</sup>
	<b>Meter Factor</b>							
5/8"	1.00	na	1.00	1.00	1.00	1.00	1.00	1.00
3/4"	1.50	1.00	1.00	1.00	1.50	-	1.67	1.50
1"	2.50	1.70	2.50	2.11	2.50	2.20	3.33	2.50
1.5"	5.00	3.30	5.00	5.05	5.00	6.00	5.33	5.00
2"	8.00	5.30	8.00	8.00	8.00	8.00	11.67	8.00
3"	16.00	10.00	15.00	-	15.00	26.00	20.00	16.00
4"	25.00	16.70	25.00	-	25.00	-	41.67	25.00
6"	50.00	33.00	50.00	-	-	-	60.00	50.00

<sup>1</sup>Used in comparison chart and tables.

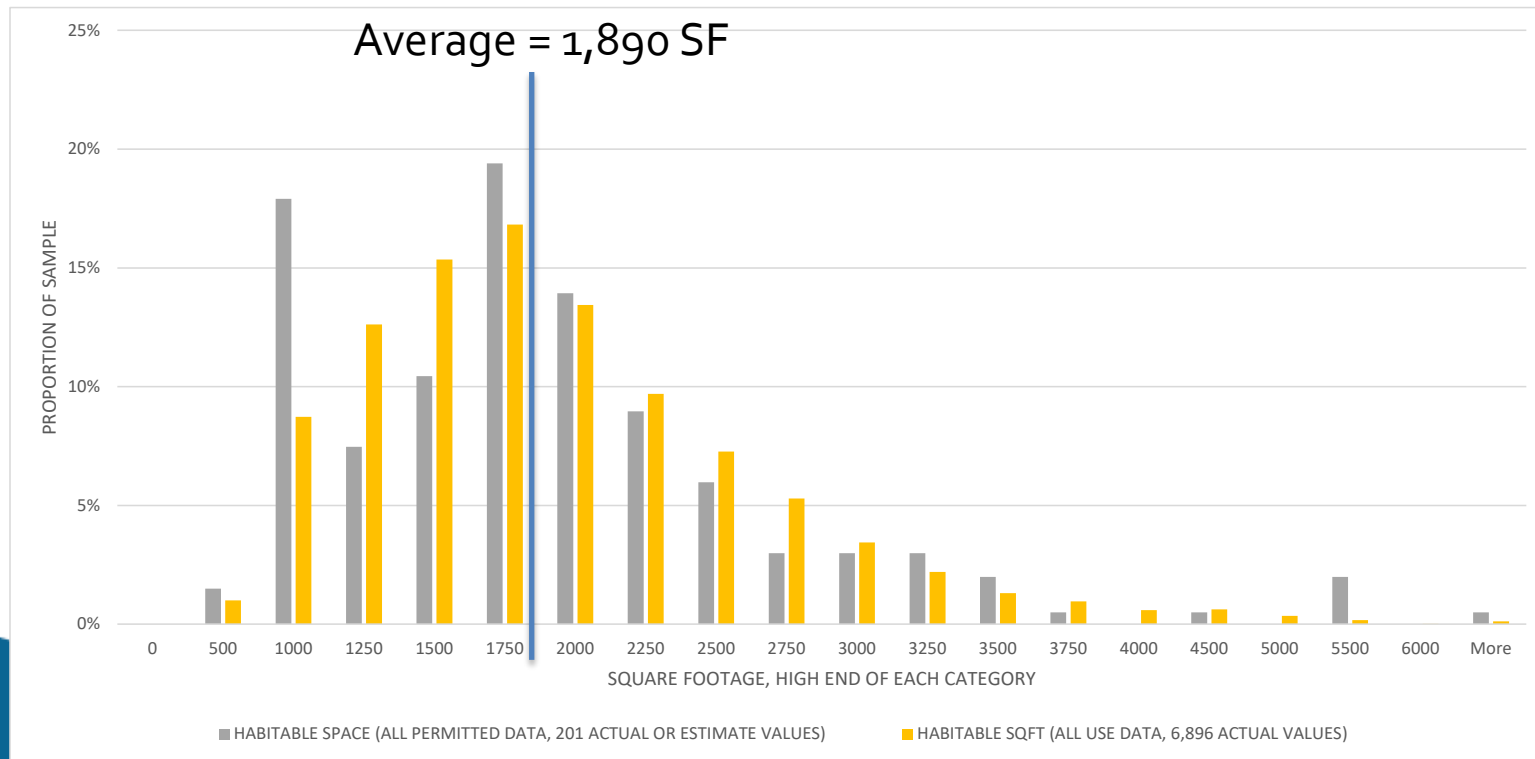
# - COMMERCIAL SDCS

- Same charge as single-family average for small meter size.
- Some reductions due to changes in meter factors.

Meter Size	SDCr	SDCi	Compliance	Total	Existing SDC	% Change
<b>Single Family</b>	\$1,100	\$4,781	\$195	\$6,076	\$4,927	23%
<b>Commercial</b>						
5/8" X 3/4"	\$1,100	\$4,781	\$195	\$6,076	\$4,877	25%
3/4"	\$1,650	\$7,172	\$292	\$9,114	\$8,129	12%
1"	\$2,750	\$11,953	\$487	\$15,190	\$16,257	-7%
1 1/2"	\$5,500	\$23,906	\$975	\$30,381	\$26,010	17%
2"	\$8,800	\$38,249	\$1,560	\$48,609	\$56,901	-15%
3"	\$17,600	\$76,498	\$3,120	\$97,218	\$97,543	0%
4"	\$27,500	\$119,529	\$4,874	\$151,903	\$203,213	-25%
6"	\$55,000	\$239,057	\$9,749	\$303,806	\$292,627	4%

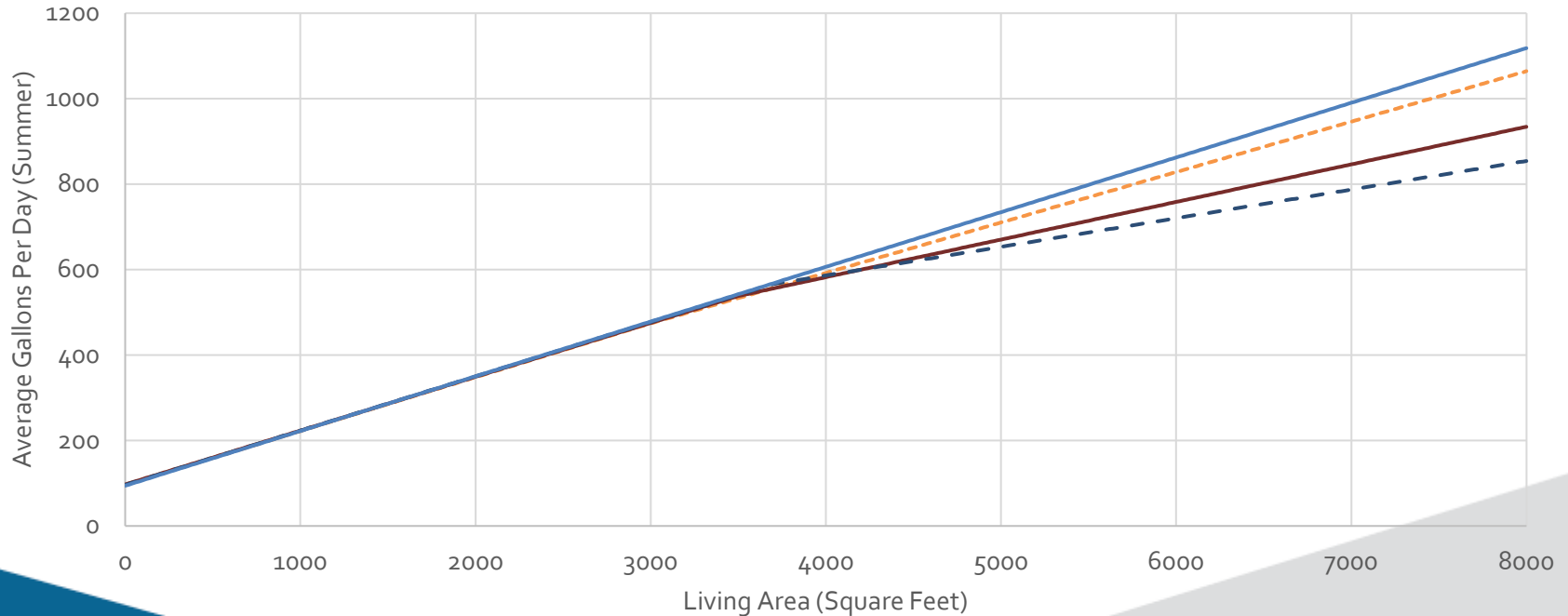
# SINGLE FAMILY HOUSE SIZE DISTRIBUTION

- Based on 5 years of permit data - % of permits > 3,000 sq. ft. = 6-8%



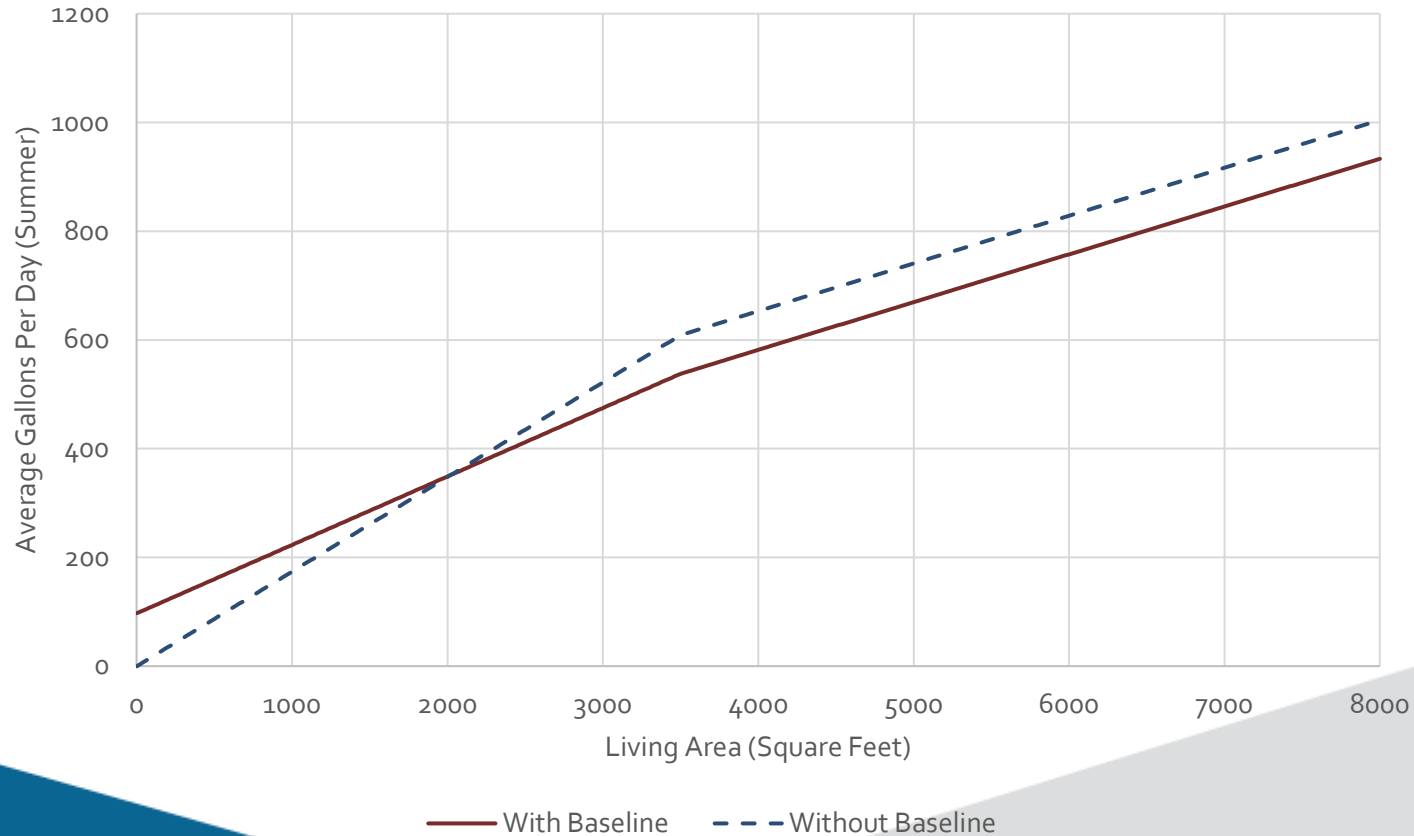
# WATER USE/HOUSE SIZE RELATIONSHIP IS NON-LINEAR

Exploring Slope Changes for Larger Living Areas



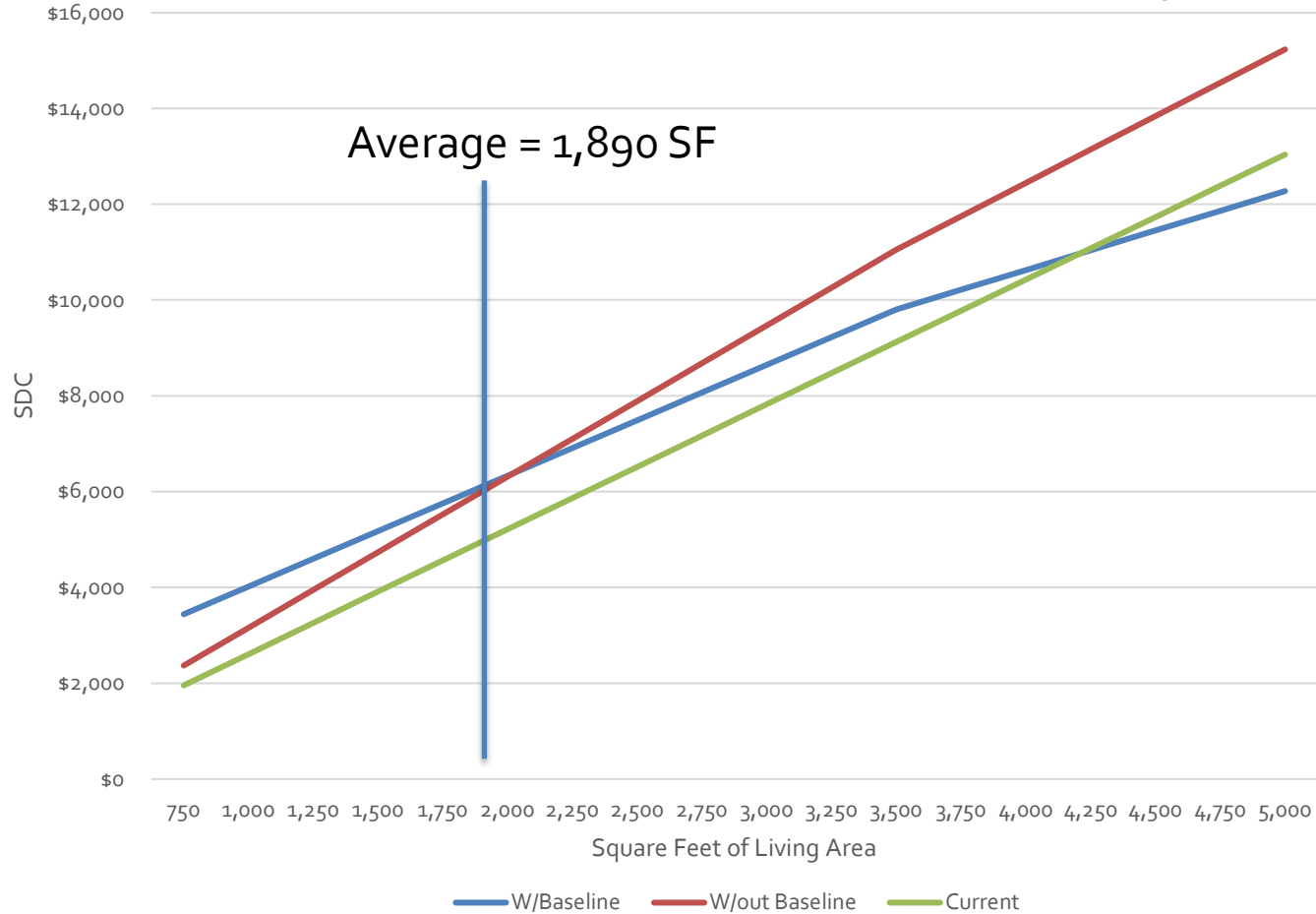
Breakpoints at (square feet):    - - - 3000    — 3500    - - - 3700    — No Breakpoint

# ROLE OF BASELINE VALUE



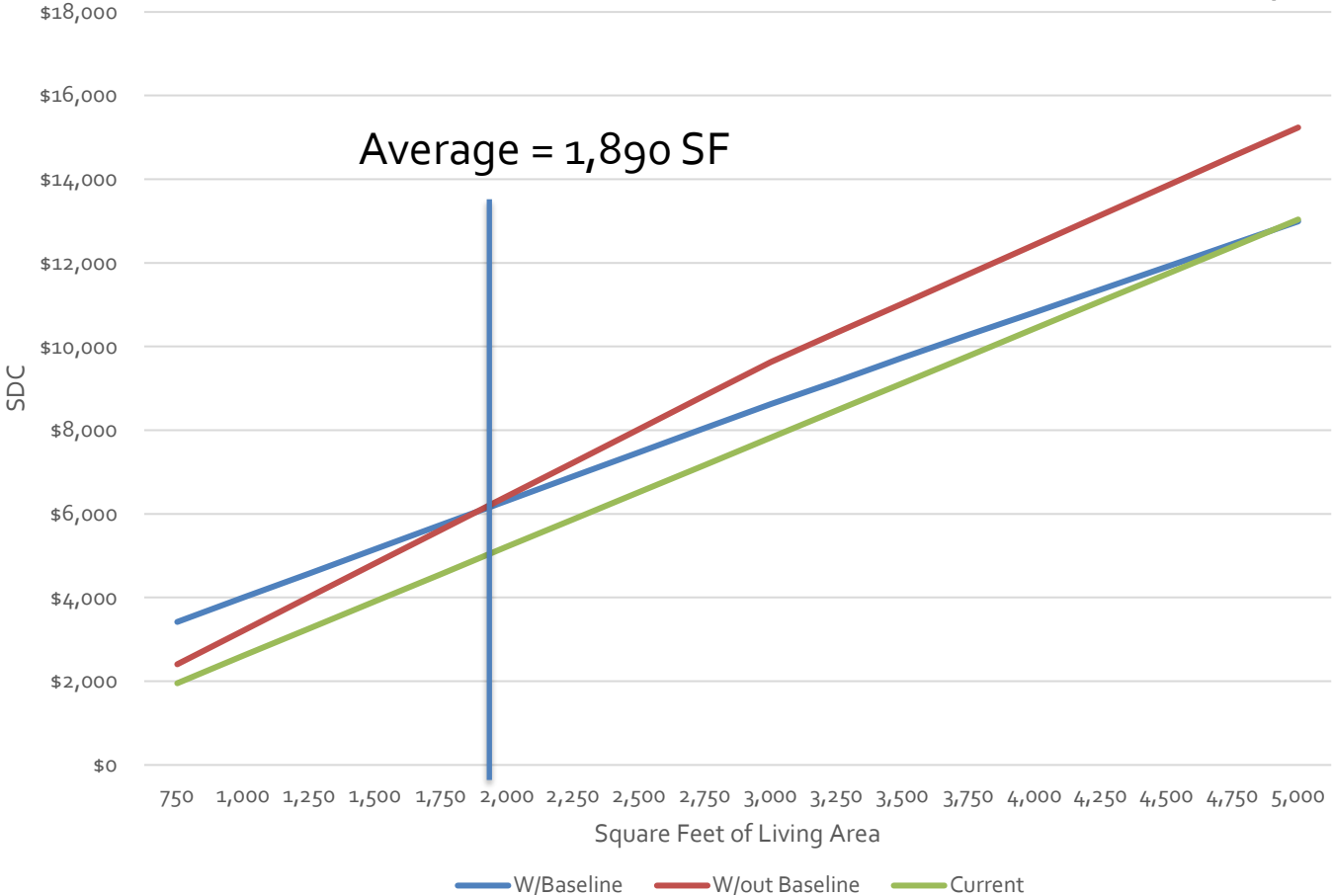
# SINGLE FAMILY WATER SDC COMPARISON

SDC with and without baseline @3,500 SQ FT breakpoint



# SINGLE FAMILY WATER SDC COMPARISON

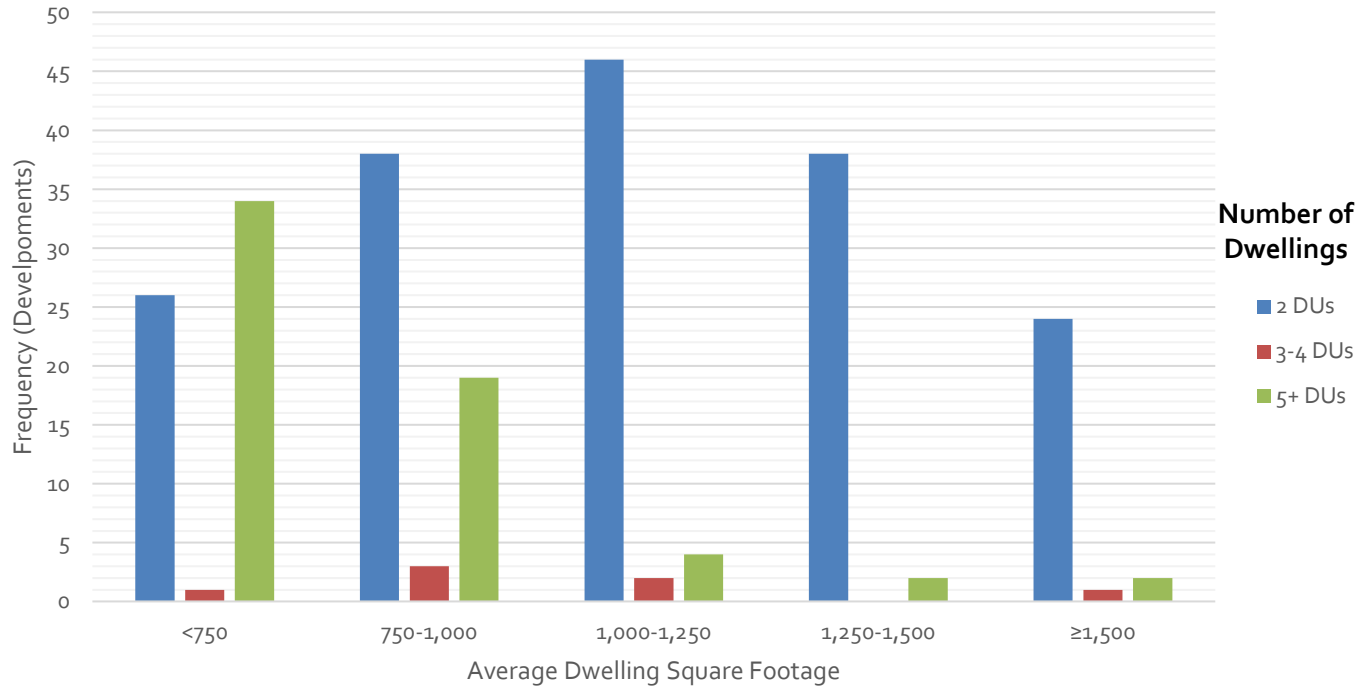
SDC with and without baseline @3,000 SQ FT breakpoint





# MULTIFAMILY STRUCTURE DISTRIBUTION

Distribution of Developments across Average Dwelling Square Footage by Number of Dwelling Units (DUs)

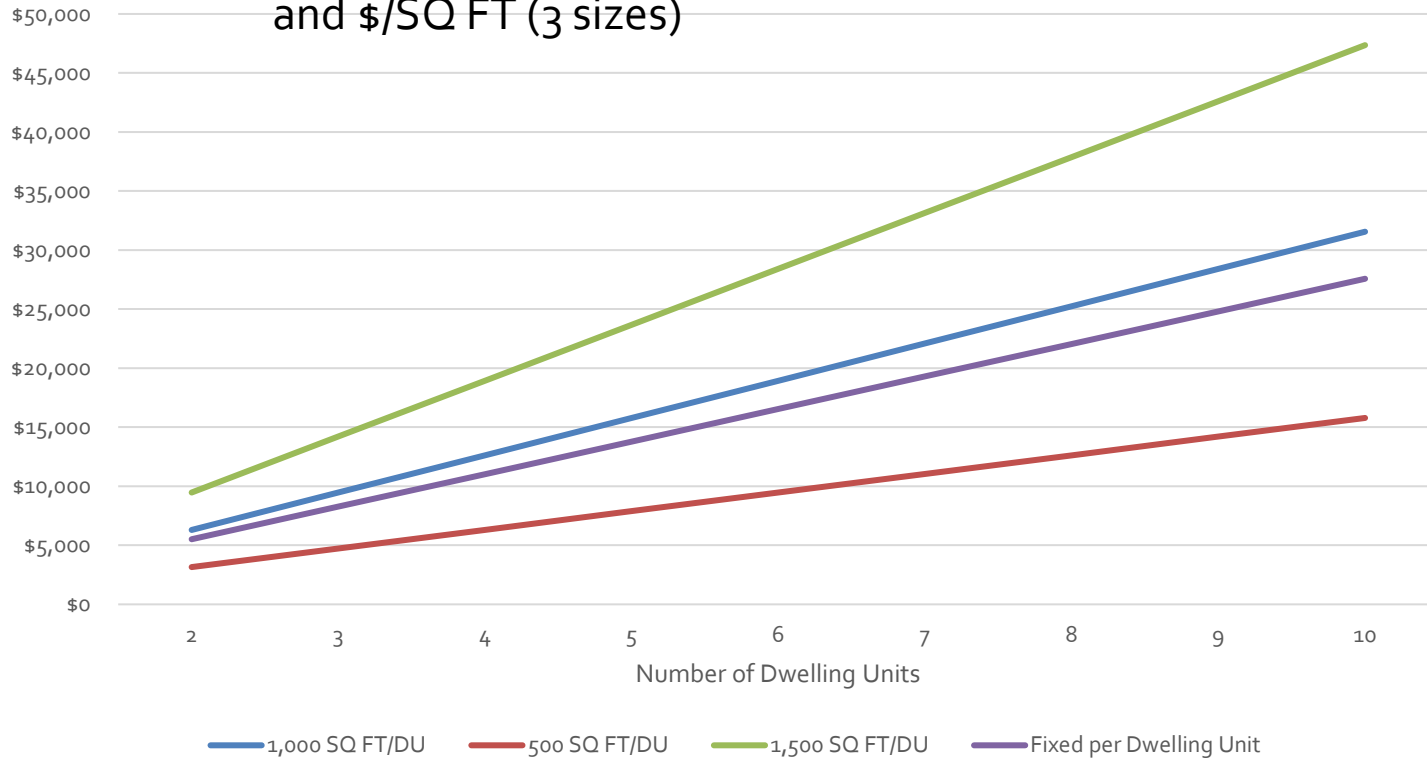


# MULTIFAMILY OPTIONS & EXAMPLES

		Model Estimated Use (GPD)		
	Variable	Baseline + GPD/ SQ FT	Baseline Only	GPD/ SQ FT Only
<b><i>Average Use per DU</i></b>				
Base Use (dwelling units)	12	1,620	1,752	-
Variable Use (total structure size)	10,000	-	-	1,780
Variable Use (Avg. Dwelling Unit size)	833	131	-	-
<b>Total Use</b>		<b>1,751</b>	<b>1,752</b>	<b>1,780</b>
Use per DU		146	146	148
<b><i>Large Use per DU</i></b>				
Base Use (dwelling units)	12	1,620	1,752	-
Variable Use (total structure size)	15,000	-	-	2,670
Variable Use (Avg. Dwelling Unit size)	1,250	196	-	-
<b>Total Use</b>		<b>1,816</b>	<b>1,752</b>	<b>2,670</b>
Use per DU		151	146	223
<b><i>Small Use per DU</i></b>				
Base Use (dwelling units)	12	1,620	1,752	-
Variable Use (total structure size)	6,000	-	-	1,068
Variable Use (Avg. Dwelling Unit size)	500	79	-	-
<b>Total Use</b>		<b>1,699</b>	<b>1,752</b>	<b>1,068</b>
Use per DU		142	146	89

# MULTIFAMILY SDCs

Comparison of SDCs based on \$/Dwelling unit and \$/SQ FT (3 sizes)





# PHASING AND COMMITTEE RECOMMENDATIONS

# - SDC PHASING OPTIONS

- Full project list phased-in over multiple years
  - Consider additional interim adjustments for inflation

	<b>Water</b>	<b>Drainage</b>
Current Single Family	\$4,927	\$507
Preliminary Updated	\$6,076	\$2,116
Change	\$1,149	\$1,609
<i>2-year phased increase (\$/yr)</i>	<i>\$575</i>	<i>\$805</i>
<i>3-year phased increase (\$/year)</i>	<i>\$383</i>	<i>\$536</i>
<b>Year 1 SDC</b>		
<i>2-year phased increase (\$/yr)</i>	<i>\$5,502</i>	<i>\$1,311</i>
<i>3-year phased increase (\$/year)</i>	<i>\$5,310</i>	<i>\$1,043</i>

# COMMITTEE RECOMMENDATIONS

- Project list feedback
- Single family residential options
  - Baseline or no baseline
  - Upper breakpoint at 3,000 or 3,500 SQ FT
- Multifamily residential options
  - \$/SQ FT of structure or \$/Dwelling Unit
- Commercial feedback
  - Meter size w/updated factors
- SDC Phasing options
  - Full SDC
  - 2 or 3-year implementation



**NEXT STEPS**

# FUTURE MEETINGS

- Meetings with Council
  - Work session
  - Public hearing