

City of Medford

January 29, 2014



System Development Charges (SDCs)

Cory Crebbin, Public Works Director

The slide features a blue header with the text 'City of Medford' and the date 'January 29, 2014'. To the right of the text are three images: a scenic view of a lake and mountains, a circular seal for the City of Medford, Oregon, and a close-up of a metal storm drain cover with the letters 'W', 'A', 'S', 'E' and a dollar sign.

Questions to consider

- Adjustments to SDCs – 3-10% per year?
- Index SDCs (Engineering News Record)?
- Change computation methodology to match utility fees?
- Direction to Regional Rate Committee members?

2

The slide has a blue vertical bar on the left side and a green horizontal bar at the bottom. The number '2' is located in the bottom left corner of the slide area.

Why learn about SDCs?



- Development is dependent on capacity – capacity is dependent on SDCs
- Dolan v. City of Tigard - SCOTUS
- LOTS of questions are asked
- Some adjustments are needed, and some others may be desirable
 - Almost all adjustments require Council adoption
- The Regional Rate Committee will be considering sewage treatment SDC adjustments in the next couple of months

3

Overview



- SDCs are essentially impact fees
- State law and Medford Municipal Code govern ... tightly
- System Master plans establish levels
- SDC revenue used to increase capacity
- Development constructs most capacity
- History of adjustment has been sporadic
- Many assumptions built into determinations
- Regional Rate Committee establishes Sewage Treatment SDC

4

Purpose of System Development Charges

- SDCs are separate and distinct from fees
- Purpose: To charge applicants/customers requesting new or expanded service an equitable share of the cost of infrastructure to serve their needs
- Charge may include the cost of existing available capacity, future needed capacity and the financing cost of meeting capacity needs
- Does not include operations and maintenance (O&M) expenses

5

State Law – ORS 223.302

(1) Local governments are authorized to establish system development charges, but the revenues produced therefrom must be expended only in accordance with ORS 223.297 to 223.314.

- Must be used to fund capacity-increasing capital projects (ORS 223.307)
 - State law does allow indexing; one of the “may be desirable” changes

6

Medford Municipal Code

General: 3.705 – 3.737

- “...impose a portion of the cost of capital improvements...”
- “... shall be spent only on capacity increasing capital improvements...”
- “...shall not be expended for costs of the operation or routine maintenance...”

7

Medford Municipal Code

Street: 3.805 – 3.827

- Arterial and collector streets only
- Basis = trips generated (MMC Table 3.1)
- Includes 17-Transportation Projects surcharge
- Credits granted for developer construction of arterials and collectors

8

Medford Municipal Code

Sewer collection: 3.830 – 3.843

- Collection system is pipes and pump stations, not sewage treatment
- Basis = equivalent residential units (ERU = 350 GPD)
- Credits granted for developer construction of pipes 10-inch and greater which will serve additional development

9

Medford Municipal Code

Sewage treatment: 3.845 – 3.846

- Regional Rate Committee (RRC) establishes
- Basis = equivalent residential units (350 GPD)
- City must pay what RRC establishes whether or not rate is adjusted in MMC
- SDC last increased in 2001

10

Summary of WRD Governance Structure

- Regional facility serves entire Rogue Valley except the City of Ashland
- Regional Rate Committee (RRC) establishes rates and SDCs
- RRC members include:
 - City of Medford
 - Rogue Valley Sewer



11

Medford Municipal Code

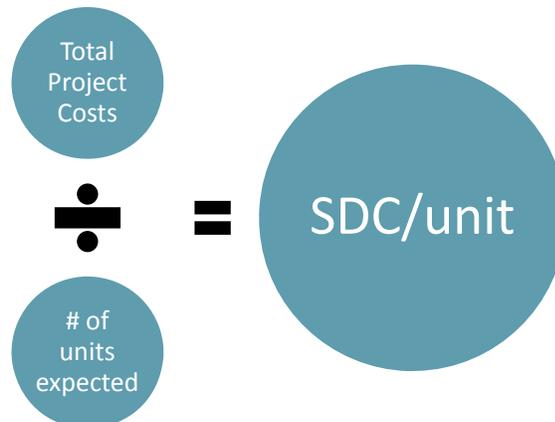
Storm Drainage: 3.890 – 3.897

- Runoff and flood control
- Basis = impervious area
- Credits granted for developer construction of pipes 24-inch and greater which will serve additional development

12

There will be math

General formula to compute a SDC:



Current status

SDCs for Single-Family Residence* (SFR ... AKA ERU)

	<u>Amount</u>	<u>Year</u>
Street	2,931.38*	2011
Storm	574.00	2010
Sewer	613.00	2010
Sewage Treatment	1,212.00	2001

* \$3,664.23 if driveway on arterial or collector

Summary of the Sewage Treatment SDC Analysis

- The Regional SDC was calculated using the WRD's current asset data and planned future improvements
- Calculated using general accepted SDC methodologies
- HDR recommends adoption of the calculated Regional SDC - \$1,423/ERU and continued use of the ERU equivalency schedule

15

Council Desires

- Adjustments to SDCs – 3-10% per year?
- Index SDCs (Engineering News Record)?
- Change computation methodology to match utility fees?
- Direction to Regional Rate Committee members?

16

The End

17