

Warrenton, Oregon



Final Report for
SYSTEM DEVELOPMENT
CHARGES

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SECTION I: BACKGROUND

This section describes the policy context and project scope upon which the body of this report is based.

A. POLICY

Oregon Revised Statutes (ORS) 223.297 to 223.314 authorize local governments to establish system development charges (SDCs). These are one-time fees on new development, and they are paid at the time of development. SDCs are intended to recover a fair share of the cost of existing and planned facilities that provide capacity to serve future growth.

ORS 223.299 defines two types of SDC:

- A reimbursement fee that is designed to recover “costs associated with capital improvements already constructed, or under construction when the fee is established, for which the local government determines that capacity exists”
- An improvement fee that is designed to recover “costs associated with capital improvements to be constructed”

ORS 223.304(1) states, in part, that a reimbursement fee must be based on “the value of unused capacity available to future system users or the cost of existing facilities” and must account for prior contributions by existing users and any gifted or grant-funded facilities. The calculation must “promote the objective of future system users contributing no more than an equitable share to the cost of existing facilities.” A reimbursement fee may be spent on any capital improvement related to the system for which it is being charged (whether cash-financed or debt-financed).

ORS 223.304(2) states, in part, that an improvement fee must be calculated to include only the cost of projected capital improvements needed to increase system capacity for future users. In other words, the cost of planned projects that correct existing deficiencies or that do not otherwise increase capacity for future users may not be included in the improvement fee calculation. An improvement fee may be spent only on capital improvements (or portions thereof) that increase the capacity of the system for which it is being charged (whether cash-financed or debt-financed).

B. PROJECT

In 2011, the City contracted with FCS Group to develop an SDC methodology and recommend fees for all five of the facility types listed in ORS 223.299(1)(a): water, wastewater, stormwater, transportation, and parks.

We approached this project as a series of three steps:

- **Framework for Charges.** In this step, we worked with City staff to identify and agree on the approach to be used and the components to be included in the analysis.
- **Technical Analysis.** In this step, we worked with City staff to isolate the recoverable portion of facility costs and calculate draft SDC rates. For each of the five SDCs calculated in this report, we present the technical analysis in tabular form. In addition, for the transportation SDC, we have included trip estimates for an extensive list of land uses in **Appendix A**.
- **Draft Methodology Report Preparation.** In this step, we documented the calculation of the draft SDC rates included in this report.

SECTION II: METHODOLOGY

This section provides a non-numeric overview of the calculations that result in SDC rates for each of the five facility types.

A. REIMBURSEMENT FEE

The reimbursement fee is the cost of available capacity per unit of growth that such available capacity will serve. In order for a reimbursement fee to be calculated, unused capacity must be available to serve future growth. For facility types that do not have excess capacity, no reimbursement fee may be charged.

B. IMPROVEMENT FEE

The improvement fee is the cost of capacity-increasing capital projects per unit of growth that those projects will serve. In reality, the capacity added by many projects serves a dual purpose of both meeting existing demand and serving future growth. To compute a compliant SDC rate, growth-related costs must be isolated, and costs related to current demand must be excluded.

We have used the “capacity approach” to allocate costs to the improvement fee basis. Under this approach, the cost of a given project is allocated to growth in proportion to the growth-related capacity that projects of a similar type will create. For example, suppose that a city’s master plan included the acquisition and development of 100 acres of new neighborhood parks. Suppose further that our analysis determined that 30 acres were required to meet existing demand, and 70 acres were required to serve future users. In that case, only 70 percent of the cost for any new neighborhood park would be eligible for recovery with an improvement fee.

Growth should be measured in units that most directly reflect the source of demand. In the case of parks, the most applicable units of growth are population and, where appropriate, population equivalents. However, the units in which demand is expressed may not be the same as the units in which SDC rates are charged. Many SDCs, for example, are charged on the basis of dwelling units. Therefore, conversion is often necessary from units of demand to units of payment. For example, using an average number of residents per household, the number of new residents can be converted to the number of new dwelling units.

C. COMPLIANCE COSTS

ORS 223.307(5) authorizes the expenditure of SDCs on “the costs of complying with the provisions of ORS 223.297 to 223.314, including the costs of developing system development charge methodologies and providing an annual accounting of system development charge expenditures.” To

avoid spending monies for compliance that might otherwise have been spent on growth-related projects, this report includes an estimate of compliance costs in its SDC rates.

D. SUMMARY

In general, SDC rates are calculated by adding the reimbursement fee (if applicable) component, improvement fee component, and compliance cost component. Each component is calculated by dividing the eligible cost by the growth of units of demand. The unit of demand becomes the basis of the charge. **Figure II.1** shows this calculation in equation format:

Figure II.1 – SDC Equation

Eligible costs of available capacity in existing facilities	+	Eligible costs of capacity- increasing capital improvements	+	Costs of complying with Oregon SDC law	=	SDC per unit of growth in demand
Units of growth in demand						

Sections III-VII of this report provides detailed calculations of SDCs for the five facility types: water, wastewater, stormwater, transportation, and parks. **Section VIII** summarizes the recommended SDCs and provides a recommendation for annual adjustment.

Note that the SDC calculations provided in this report were derived using computer spreadsheet models. They may differ slightly from amounts derived using handheld calculators.

SECTION III: WATER

This section provides detailed calculations of our recommended SDC for water facilities.

A. GROWTH

For water facilities, demand is measured in equivalent dwelling units (EDUs). An EDU represents the water demand of a typical single-family residence. In 2008, total water demand was 1,965,000 gallons per day. Based on average daily demand of 313 gallons per day per EDU, the water system served 6,278 EDUs in 2008. Using the City's projected growth rate of 1.73 percent per year, we estimate that the water system served 6,497 EDUs in 2010 (the base year of this study) and will serve 9,156 EDUs in 2030. These estimates imply growth of 2,659 EDUs over the planning period.

B. ELIGIBLE COSTS

The City has SDC-eligible costs in both its existing water facilities and its planned capital projects.

B.1 Existing Facilities

The City estimates the total cost of existing water facilities at \$9,368,614. This amount is net of any grants and donations, which are ineligible for reimbursement. Since only 39 percent of the system's capacity is being utilized, \$5,716,168 can be attributed to (and reimbursed by) growth. When this cost is divided by growth of 2,659 EDUs, the resulting reimbursement fee is \$2,150 per EDU.

B.2 Planned Capital Projects

Over the planning period, the City plans to construct water facilities with an estimated cost of \$2,600,000. However most of these projects will not serve growth exclusively. Only the growth-related portion of each project can be collected as an SDC. **Table III.1** shows the growth-related portion of the planned water projects.

CITY OF WARRENTON
SDC-Eligible Water System Projects List

Table III.1

PLAN/PROJECT NUMBER	DESCRIPTION	PRIORITY (Years Until Start of Project)	ESTIMATED TOTAL PROJECT COST (12/2010)	ESTIMATED LOCAL NEW CAPACITY PORTION	ESTIMATED LOCAL NEW CAPACITY PROJECT COST
(8-1/CIP 7)	Install pipelines N. 13th to Pacific/Lake, 10,000' of 18"	5	\$1,500,000	50%	\$750,000
(8-1/CIP 14)	Install new pipelines, Surf Pines, 5000' OF 8"	5	\$375,232	0%	\$0
5-year CIP	Marlin Avenue, 2,000' of 18"	1	\$350,000	100%	\$350,000
5-year CIP	SE 8th to Hwy 104 water line size increase from 1" to 8", 7,000'	10	\$372,404	50%	\$186,202
Total (rounded up to nearest \$10,000)			\$2,600,000		\$1,290,000

When the SDC-eligible cost of \$1,290,000 is divided by growth of 2,659 EDUs, the resulting improvement fee is \$485 per EDU.

B.3 Compliance Costs

Based on data provided by the City, we estimate that the annual cost of compliance with Oregon's SDC law will be 8.67 percent of the reimbursement and improvement fees collected.

B.4 Summary of Costs

Table III.2 summarizes the calculation of the recommended water SDC of \$2,863 per EDU.

<i>CITY OF WARRENTON Water System SDC Calculation</i>		Table III.2
Reimbursement Fee	Cost Basis	Unit Basis EDUs
SDC-Eligible Value of Unused Capacity (5.96 MGD Plant and 3.0 MGD Reservoir)	\$ 5,716,168	
Growth to End of Planning Period (20 years; 2010-2029)		2,659
Reimbursement Fee		\$ 2,150
Improvement Fee		
Total Capital Improvement Projects	\$ 2,600,000	
less: Costs for Existing Users	(1,310,000)	
Net Cost Basis for Improvement Fee	\$ 1,290,000	
Growth to End of Planning Period (20 years; 2010-2029)		2,659
Improvement Fee		\$ 485
Total Water System Development Charge		
Reimbursement Fee		\$ 2,150
Improvement Fee		\$ 485
SDC Subtotal		\$ 2,635
plus: Compliance Cost Recovery	8.67%	\$ 228
Total Water System SDC		\$2,863 per EDU

C. FEE BASIS

For the purpose of imposing a water SDC on an individual property, the number of EDUs will be determined by the size of the property's water meter, as shown in **Table III.3**.

Meter Size	EDUs	SDC
3/4" x 5/8"	1.0	\$ 2,863
1"	2.5	7,158
1-1/2"	5.0	14,315
2"	8.0	22,904
3"	16.0	45,808
4"	25.0	71,575
6"	50.0	143,150
8"	80.0	229,040
10"	125.0	357,875

SECTION IV: WASTEWATER

This section provides detailed calculations of our recommended SDC for wastewater facilities.

A. GROWTH

For wastewater facilities, demand is measured in EDUs. An EDU represents the wastewater demand of a typical single-family residence. In 2010, the City's wastewater system served 2,291 EDUs. Using the City's projected growth rate of 1.73 percent per year, we estimate that the water system will serve 3,229 EDUs in 2030. These estimates imply growth of 938 EDUs over the planning period.

B. ELIGIBLE COSTS

The City has SDC-eligible costs in both its existing wastewater facilities and its planned capital projects.

B.1 Existing Facilities

The City estimates the total cost of existing wastewater facilities at \$1,706,600. This amount is net of any grants and donations, which are ineligible for reimbursement. Since only 45.35 percent of the system's capacity is being utilized, \$932,685 can be attributed to (and reimbursed by) growth. When this cost is divided by growth of 938 EDUs, the resulting reimbursement fee is \$994 per EDU.

B.2 Planned Capital Projects

Over the planning period, the City plans to construct wastewater facilities with an estimated cost of \$3,680,000. However most of these projects will not serve growth exclusively. Only the growth-related portion of each project can be collected as an SDC. **Table IV.1** shows the growth-related portion of the planned wastewater projects.

CITY OF WARRENTON
SDC-Eligible Wastewater System Projects List

Table IV.1

PLAN/PROJECT NUMBER	DESCRIPTION	PRIORITY (Start Year)	ESTIMATED TOTAL PROJECT COST (12/2010)	ESTIMATED LOCAL NEW CAPACITY PORTION	ESTIMATED LOCAL NEW CAPACITY PROJECT COST
(6-4)	Upgrade Pump Stations	2020	\$2,045,925	50%	\$1,022,962
(6-4)	2nd/Marlin Ave force main	2020	\$258,224	0%	\$0
(6-4)	SE Marlin/101 force main	2020	\$264,845	0%	\$0
(6-4)	Shilo/101 force main	2020	\$258,224	0%	\$0
5-year CIP	Sewer System for "Twin Spruce" area	2012	\$200,000	50%	\$100,000
5-year CIP	SE 9th Pump Station Upgrade	2020	\$150,000	0%	\$0
5-year CIP	SE Jetty/SE King Gravity Collection	2020	\$500,000	0%	\$0
Total (rounded up to nearest \$10,000)			\$3,680,000		\$1,130,000

When the SDC-eligible cost of \$1,130,000 is divided by growth of 938 EDUs, the resulting improvement fee is \$1,205 per EDU.

B.3 Compliance Costs

Based on data provided by the City, we estimate that the annual cost of compliance with Oregon's SDC law will be 8.67 percent of the reimbursement and improvement fees collected.

B.4 Summary of Costs

Table IV.2 summarizes the calculation of the recommended wastewater SDC of \$2,390 per EDU.

CITY OF WARRENTON
Wastewater System
SDC Calculation

Table IV.2

Reimbursement Fee	Cost Basis	Unit Basis
		EDUs
SDC-Eligible Value of Unused Capacity (Wastewater Treatment Plant - net of grant and tax funding)	\$ 932,685	
Growth to End of Planning Period (20 years; 2010-2029)		938
Reimbursement Fee		\$ 994
Improvement Fee		
Total Capital Improvement Projects	\$ 3,680,000	
less: Costs for Existing Users	(2,550,000)	
Net Cost Basis for Improvement Fee	\$ 1,130,000	
Growth to End of Planning Period (20 years; 2010-2029)		938
Improvement Fee		\$ 1,205
Total Wastewater System Development Charge		
Reimbursement Fee		\$ 994
Improvement Fee		\$ 1,205
SDC Subtotal		\$ 2,199
plus: Compliance Cost Recovery	8.67%	\$ 191
Total Wastewater System SDC		\$2,390 per EDU

C. FEE BASIS

For the purpose of imposing a wastewater SDC on an individual property, the number of EDUs will be determined by the size of the property's water meter, as shown in Table IV.3.

Wastewater SDC by Meter Size **Table IV.3**

Meter Size	EDUs	SDC
3/4" x 5/8"	1.0	\$ 2,390
1"	2.5	5,975
1-1/2"	5.0	11,950
2"	8.0	19,120
3"	16.0	38,240
4"	25.0	59,750
6"	50.0	119,500
8"	80.0	191,200
10"	125.0	298,750

SECTION V: STORMWATER

This section provides detailed calculations of our recommended SDC for stormwater facilities.

A. GROWTH

For stormwater facilities, demand is measured in EDUs. An EDU represents 2,000 square feet of impervious surface area. Based on data provided by the City, we estimate that 11,773 EDUs will be added to the stormwater system over the planning period.

B. ELIGIBLE COSTS

The City has SDC-eligible costs in its planned capital projects but not in its existing stormwater facilities.

B.1 Planned Capital Projects

Over the planning period, the City plans to construct stormwater facilities with an estimated cost of \$5,630,000. However most of these projects will not serve growth exclusively. Only the growth-related portion of each project can be collected as an SDC. **Table V.1** shows the growth-related portion of the planned stormwater projects.

CITY OF WARRENTON
SDC-Eligible Stormwater System Projects List Table V.1

PLAN/PROJECT NUMBER	DESCRIPTION	PRIORITY (Start Year)	ESTIMATED TOTAL PROJECT COST (12/2009)	ESTIMATED LOCAL NEW CAPACITY PORTION	ESTIMATED LOCAL NEW CAPACITY PROJECT COST
(5-1/4)	Evaluate and upgrade existing pump station adjacent to SE 3rd/4th St.	2015	\$737,228	25%	\$184,307
(5-1/5)	Refurbish existing pump station adjacent to NE 1st St.	2015	\$737,228	25%	\$184,307
(5-1/6)	Upsize storm system in west portion of Hammond Marina sub-basin	2013	\$138,791	50%	\$69,395
(5-1/7A)	Relieve stormwater drainage issue in the East Hammond/Brailer-Enterprise Ditch area	2013	\$593,648	25%	\$148,412
(5-1/7B)	Pump Station for East Hammond/Brailer-Enterprise Ditch Area	2020	\$2,037,600	25%	\$509,400
(5-1/10)	Upgrade downtown conveyance system and create definitive connection between north and south downtown pump stations	2020	\$880,261	50%	\$440,130
new	7th St/Enterprise Stormwater Upgrade	2013	\$500,000	0%	\$0
Total (rounded up to nearest \$10,000)			\$5,630,000		\$1,540,000

When the SDC-eligible cost of \$1,540,000 is divided by growth of 11,773 EDUs, the resulting improvement fee is \$131 per EDU.

B.2 Compliance Costs

Based on data provided by the City, we estimate that the annual cost of compliance with Oregon's SDC law will be 8.67 percent of the improvement fees collected. However, on a square-footage basis, the allocated compliance costs for stormwater round to zero.

B.3 Summary of Costs

Table V.2 summarizes the calculation of the recommended stormwater SDC of \$131 per EDU.

CITY OF WARRENTON Stormwater System SDC Calculation		Table V.2	
Reimbursement Fee	Cost Basis	Unit Basis SFIS/EDUs	
SDC-Eligible Value of Unused Capacity	\$ -	\$ -	
Growth to End of Planning Period (Buildout) in SFIS*		23,545,182	
Reimbursement Fee		\$ -	
Improvement Fee			
Total Capital Improvement Projects	\$ 5,630,000		
less: Costs for Existing Users	(4,090,000)		
Net Cost Basis for Improvement Fee	\$ 1,540,000		
Growth to End of Planning Period (Buildout) in SFIS*		23,545,182	
Improvement Fee		\$ 0.07	
Total Stormwater System Development Charge			
Reimbursement Fee		\$ -	
Improvement Fee		0.07	
SDC Subtotal		0.07	
plus: Compliance Cost Recovery	8.67%	-	
Total Stormwater System SDC		\$ 0.065406	
		per SFIS*	
Stormwater System SDC per EDU**		\$ 130.81	
		per EDU	

* SFIS = Square Foot of Impervious Surface

** based on 2,000 SFIS per dwelling unit

C. FEE BASIS

For the purpose of imposing a stormwater SDC on an individual residential or non-residential property, the number of EDUs will be determined by impervious surface area. One EDU equals 2,000 square feet of impervious surface area. However, all single-family residences will be counted as one EDU.

SECTION VI: TRANSPORTATION

This section provides detailed calculations of our recommended SDC for transportation facilities.

A. GROWTH

For transportation facilities, demand is measured in PM peak-hour person-trips (PM PHPTs). A PM PHPT represents one person beginning or ending a trip (by whatever mode) at a certain property during the afternoon rush hour. Based on data provided by the City, we estimate that the transportation system served 11,564 PM PHPTs in 2010 (the base year of this study) and will serve 15,391 PM PHPTs in 2030. These estimates imply growth of 3,826 PM PHPTs over the planning period.

B. ELIGIBLE COSTS

The City has SDC-eligible costs in its planned capital projects but not in its existing transportation facilities.

B.1 Planned Capital Projects

Over the planning period, the City plans to construct transportation facilities with an estimated cost of \$4,130,000. However not all of these projects will serve growth exclusively. Only the growth-related portion of each project can be collected as an SDC. **Table VI.1** shows the growth-related portion of the planned transportation projects.

CITY OF WARRENTON
SDC-Eligible Transportation System Projects List

Table VI.1

PLAN/ PROJECT NUMBER	DESCRIPTION	PRIORITY (Years Until Start of Project)	ESTIMATED TOTAL PROJECT COST (12/2010)	MOTOR VEHICLE			BICYCLE			PEDESTRIAN			TOTAL SDC- ELIGIBLE COSTS
				ESTIMATED MOTOR VEHICLE PORTION OF PROJECT	GROWTH REQUIRED SDC- ELIGIBLE VEHICLE %	SDC- ELIGIBLE MOTOR VEHICLE COSTS	ESTIMATED BICYCLE FACILITY PORTION OF PROJECT	GROWTH REQUIRED SDC- ELIGIBLE BICYCLE %	SDC- ELIGIBLE BICYCLE COSTS	ESTIMATED PEDESTRIAN FACILITY PORTION OF PROJECT	GROWTH REQUIRED SDC- ELIGIBLE PED %	SDC- ELIGIBLE PEDESTRIAN COSTS	
TSP (Table 5- 4 #9)	Widen SW 9th Street from Ft. Stevens Highway 104 to Ridge Road including bikelanes, sidewalks, and drainage.	2 - 3	\$1,882,426	80.00%	100.00%	\$1,505,941	10.00%	24.86%	\$46,799	10.00%	24.86%	\$37,440	\$1,590,180
TSP (Table 5- 4 #14)	Connect SW/NW Juniper Ave with Ridge Road, including sidewalks, curbs, and drainage.	11 - 15	\$609,020	80.00%	100.00%	\$487,216	0.00%	24.86%	\$0	20.00%	24.86%	\$24,226	\$511,442
TSP (Table 5- 5 #11)	Reconfigure Delaura Beach Lane & Ridge Road Intersection.	11 - 15	\$553,655	100.00%	100.00%	\$553,655	0.00%	24.86%	\$0	0.00%	24.86%	\$0	\$553,655
TSP (Table 5- 6 #16)	East Harbor Drive: Add curbs and sidewalks on both sides from US Hwy 101 to SE Marlin Avenue.	6 - 10	\$741,897	0.00%	100.00%	\$0	0.00%	24.86%	\$0	100.00%	24.86%	\$0	\$0
TSP (Table 5- 6 #17)	SE Neptune Ave.: Add sidewalks and bike lanes on both sides from US Hwy 101 to East Harbor Dr.	1 - 2	\$310,047	50.00%	100.00%	\$155,023	25.00%	24.86%	\$19,270	25.00%	24.86%	\$9,635	\$183,929
TSP (Table 5- 8, no #)	Fort Stevens Highway 104 Spur: Strip 6-foot wide bike lanes on both sides of road (includes minor widening) from Ft. Stevens Hwy 104 to US Hwy 101.	6 - 10	\$27,683	0.00%	100.00%	\$0	100.00%	24.86%	\$3,441	0.00%	24.86%	\$0	\$3,441
Total (rounded up to nearest \$10,000)			\$4,130,000	\$2,710,000			\$70,000			\$80,000			\$2,860,000

When the SDC-eligible cost of \$2,860,000 is divided by growth of 3,826 PM PHPTs, the resulting improvement fee is \$747 per PM PHPT.

B.2 Compliance Costs

Based on data provided by the City, we estimate that the annual cost of compliance with Oregon's SDC law will be 8.67 percent of the improvement fees collected.

B.3 Summary of Costs

Table VI.2 summarizes the calculation of the recommended transportation SDC of \$812 per PM PHPT.

CITY OF WARRENTON Transportation System SDC Calculation		Table VI.2
Reimbursement Fee		
Improvement Fee Expenditures	\$	-
Unused Capacity		-
Cost of Net Unused Capacity	\$	-
Growth to End of Planning Period		3,826 PM Peak-Hour Person-Trips (PHPT)
Reimbursement Fee	\$	- per PM PHPT
Motor Vehicle Improvement Fee		
Total MV Project Costs	\$	2,710,000
less: Costs for Existing Users		-
Net MV SDC-Eligible Costs	\$	2,710,000
Growth to End of Planning Period		3,826 PM PHPT
Improvement Fee	\$	708 per PM PHPT
Bicycle/Pedestrian Improvement Fee		
Total Bike/Ped Project Costs	\$	570,000
less: Costs for Existing Users		(420,000)
Net Bike/Ped SDC-Eligible Costs	\$	150,000
Growth to End of Planning Period		3,826 PM PHPT
Improvement Fee	\$	39 per PM PHPT
Total System Development Charge		
Reimbursement Fee	\$	- per PM PHPT
MV Improvement Fee		708 per PM PHPT
Bike/Ped Improvement Fee		39 per PM PHPT
SDC Subtotal	\$	747 per PM PHPT
plus: Administrative Cost Recovery	8.67%	65 per PM PHPT
Total Transportation System SDC	\$	812 per PM PHPT

C. FEE BASIS

For the purpose of imposing a transportation SDC on an individual property, the number of PM PHPTs will be based on data in *Trip Generation* for the property's particular land use. **Table VI.3** shows how an SDC would be calculated for seven different land uses.

Sample Transportation SDCs by Land Use

Table VI.3

Type of Development	Est. Peak-Hour Person-Trips*	SDC	Basis
1 Single-Family Residence	1.54 per Dwelling Unit	\$ 1,252	per Dwelling Unit
2 Multi-Family Residence	1.01 per Dwelling Unit	\$ 822	per Dwelling Unit
3 General Office Bldg.	1.95 per 1,000 sq. ft.	\$ 1,583	per 1,000 sq. ft.
4 Specialty Retail	3.72 per 1,000 sq. ft.	\$ 3,021	per 1,000 sq. ft.
5 Supermarket	11.46 per 1,000 sq. ft.	\$ 9,308	per 1,000 sq. ft.
6 Discount Superstore	4.81 per 1,000 sq. ft.	\$ 3,906	per 1,000 sq. ft.
7 Light Industry	1.63 per 1,000 sq. ft.	\$ 1,325	per 1,000 sq. ft.

* Adjusted PM Peak-Hour MV Trip Rates from *Trip Generation*, Institute of Transportation Engineers, 8th Ed.

PM PHPTs for additional land uses can be found in **Appendix A**.

SECTION VII: PARKS

This section provides detailed calculations of our recommended SDC for park facilities.

A. GROWTH

For park facilities, demand is measured in dwelling units (DUs). Based on data provided by the City, we estimate that Warrenton will gain 2,099 residents during the planning period. According to the 2000 Census, average household size is 2.53 persons per DU. Therefore, the estimated population growth represents a gain of 830 DUs during the planning period.

B. ELIGIBLE COSTS

The City has SDC-eligible costs in its planned capital projects but not in its existing park facilities.

B.1 Planned Capital Projects

Over the planning period, the City plans to construct park facilities with an estimated cost of \$1,500,000 (excluding land acquisition). These projects will serve growth exclusively by maintaining only the current level of service throughout the planning period. **Table VII.1** shows the growth-related portion of the planned park projects.

CITY OF WARRENTON		Table VII.1			
SDC-Eligible Parks System Projects List					
PARKS PLAN TABLE	DESCRIPTION	PRIORITY (Years 20__)	ESTIMATED TOTAL PROJECT COST	ESTIMATED NEW CAPACITY PORTION	ESTIMATED NEW CAPACITY PROJECT COST
Table 7.10	Land Development (5 acres)	11 - 20	\$750,000	100%	\$750,000
Table 7.10	Land Development (5 acres)	11 - 20	\$750,000	100%	\$750,000
Total (rounded up to nearest \$10,000)			\$1,500,000		\$1,500,000

When the SDC-eligible cost of \$1,500,000 is divided by growth of 830 DUs, the resulting improvement fee is \$1,808 per DU.

B.2 Compliance Costs

Based on data provided by the City, we estimate that the annual cost of compliance with Oregon's SDC law will be 8.67 percent of the improvement fees collected.

B.3 Summary of Costs

Table VII.2 summarizes the calculation of the recommended parks SDC of \$1,965 per DU.

CITY OF WARRENTON
Parks System
SDC Calculation

Table VII.2

Improvement Fee	Cost Basis	Unit Basis
		Dwelling Units
Total Capital Improvement Projects	\$ 1,500,000	
less: Costs for Existing Users	-	
Net Cost Basis for Improvement Fee	\$ 1,500,000	
Population Growth to End of Planning Period (20 years; 2010-2030)	2099	
Persons Per Occupied Dwelling Unit (2000 Census)	2.53	
Growth in Dwelling Units to end of Planning Period	830	
Improvement Fee Per Dwelling Unit		\$ 1,808
Total Parks System Development Charge		
Improvement Fee		\$ 1,808
plus: Compliance Cost Recovery	8.67%	\$ 157
Total Parks System SDC		\$ 1,965 per DU

C. FEE BASIS

For the purpose of imposing a parks SDC on an individual property, only the number of dwelling units is considered. Therefore, non-residential property is exempt from the parks SDC.

SECTION VIII: CONCLUSION

This section summarizes the recommended SDCs and provides a recommendation for annual adjustment.

A. RECOMMENDED SDCS

Table VIII.1 summarizes the recommended SDCs.

Recommended SDCs			Table VIII.1
System	Fee	Per	Varies by
Water	\$2,863	EDU	Meter size
Wastewater	\$2,390	EDU	Meter size
Stormwater	\$ 131	EDU	Impervious surface area
Transportation	\$ 812	PM PHPT	Land use
Parks	\$1,965	DU	N/A

B. ANNUAL ADJUSTMENT

We recommend the adoption of SDCs with a provision for annual adjustment based on the Construction Cost Index for Seattle, which is published at monthly intervals by the *Engineering News Record*. Over the past 20 years, this index has grown at an average rate of 2.91 percent per year.

APPENDIX A: TRANSPORTATION SDCs BY LAND USE

The following tables provide transportation SDC calculations for an extensive list of land uses.

ITE CODE	LAND USE CATEGORY	Total PH Person Trip-Ends*	% New Trips	Net New PH Person Trip-Ends	Total SDC Rate Per PH Trip-End	Total SDC Per Unit	Unit **
RESIDENTIAL							
210	Single Family Detached	1.54	100%	1.54	\$ 812.20	\$ 1,251.83	/dwelling unit
220	Apartment	1.01	100%	1.01	\$ 812.20	\$ 822.28	/dwelling unit
230	Residential Condominium / Townhouse	0.79	100%	0.79	\$ 812.20	\$ 638.19	/dwelling unit
240	Manufactured Housing	0.91	100%	0.91	\$ 812.20	\$ 736.37	/dwelling unit
254	Assisted Living	0.57	100%	0.57	\$ 812.20	\$ 466.37	/bed
RECREATIONAL							
411	City Park	0.24	100%	0.24	\$ 812.20	\$ 195.14	/acre
417	Regional Park	0.39	100%	0.39	\$ 812.20	\$ 319.09	/acre
430	Golf Course	5.38	100%	5.38	\$ 812.20	\$ 4,369.14	/hole
435	Multipurpose Recreation/Arcade	5.41	100%	5.41	\$ 812.20	\$ 4,393.68	/T.S.F.G.F.A.
444	Movie Theater with matinee	30.55	100%	30.55	\$ 812.20	\$24,815.71	/screen
492	Health/Fitness Club	6.13	100%	6.13	\$ 812.20	\$ 4,982.78	/T.S.F.G.F.A.
495	Recreation/Community Center	3.61	100%	3.61	\$ 812.20	\$ 2,933.21	/T.S.F.G.F.A.
INSTITUTIONAL							
520	Elementary School	0.42	100%	0.42	\$ 812.20	\$ 343.64	/student
522	Middle/Junior High School	0.47	100%	0.47	\$ 812.20	\$ 380.46	/student
530	High School	0.44	100%	0.44	\$ 812.20	\$ 355.91	/student
540	Junior/Community College	0.18	100%	0.18	\$ 812.20	\$ 147.27	/student
560	Church	1.42	100%	1.42	\$ 812.20	\$ 1,153.65	/T.S.F.G.F.A.
565	Day Care Center/Preschool	21.02	100%	21.02	\$ 812.20	\$17,071.54	/T.S.F.G.F.A.
590	Library	10.88	100%	10.88	\$ 812.20	\$ 8,836.46	/T.S.F.G.F.A.
591	Lodge/Fraternal Organization	0.05	100%	0.05	\$ 812.20	\$ 36.82	/member
610	Hospital	2.19	100%	2.19	\$ 812.20	\$ 1,779.56	/bed
620	Nursing Home	0.45	100%	0.45	\$ 812.20	\$ 368.19	/bed
* Based on MV Occupancy @ 1.4 Persons/Vehicle, and MV Travel = 92.65% of All Travel Modes							
** Abbreviations used in the "Unit" column:							
T.S.F.G.F.A. = Thousand Square Feet Gross Floor Area							
T.S.F.G.L.A. = Thousand Square Feet Gross Leaseable Area							
V.F.P. = Vehicle Fueling Position							

ITE CODE	LAND USE CATEGORY	Total PH Person Trip-Ends*	% New Trips	Net New PH Person Trip-Ends	Total SDC Rate Per PH Trip-End	Total SDC Per Unit	Unit **
COMMERCIAL / SERVICES							
310	Hotel	0.92	100%	0.92	\$ 812.20	\$ 748.64	/room
320	Motel	1.04	100%	1.04	\$ 812.20	\$ 846.83	/room
812	Building Materials/ Lumber	8.40	70%	5.88	\$ 812.20	\$ 4,776.60	/T.S.F.G.F.A.
813	Free-Standing Discount Superstore with Groceries	7.07	68%	4.81	\$ 812.20	\$ 3,905.71	/T.S.F.G.F.A.
815	Free-Standing Discount Store Without Groceries	8.42	83%	6.99	\$ 812.20	\$ 5,673.86	/T.S.F.G.F.A.
816	Hardware/Paint Stores	7.16	74%	5.30	\$ 812.20	\$ 4,304.83	/T.S.F.G.F.A.
817	Nursery/Garden Center	7.51	70%	5.26	\$ 812.20	\$ 4,269.73	/T.S.F.G.F.A.
820	Shopping Center	5.64	66%	3.72	\$ 812.20	\$ 3,021.33	/T.S.F.G.L.A.
841	New Car Sales	4.11	70%	2.88	\$ 812.20	\$ 2,336.75	/T.S.F.G.F.A.
848	Tire Store	4.93	72%	3.55	\$ 812.20	\$ 2,880.68	/T.S.F.G.F.A.
850	Supermarket	17.91	64%	11.46	\$ 812.20	\$ 9,307.73	/T.S.F.G.F.A.
851	Convenience Market (24 hour)	80.72	39%	31.48	\$ 812.20	\$25,569.02	/T.S.F.G.F.A.
857	Discount Club	7.19	66%	4.75	\$ 812.20	\$ 3,855.64	/T.S.F.G.F.A.
862	Home Improvement Superstore	5.02	66%	3.31	\$ 812.20	\$ 2,689.23	/T.S.F.G.F.A.
880	Pharmacy/Drugstore Without Drive-Thru Window	16.73	47%	7.86	\$ 812.20	\$ 6,385.44	/T.S.F.G.F.A.
881	Pharmacy/Drugstore With Drive-Thru Window	13.92	51%	7.10	\$ 812.20	\$ 5,764.68	/T.S.F.G.F.A.
890	Furniture Store	0.80	47%	0.38	\$ 812.20	\$ 305.72	/T.S.F.G.F.A.
911	Walk-in Bank	18.33	70%	12.83	\$ 812.20	\$10,420.88	/T.S.F.G.F.A.
912	Drive-In Bank	40.33	53%	21.38	\$ 812.20	\$17,360.81	/T.S.F.G.F.A.
925	Drinking Place	23.41	100%	23.41	\$ 812.20	\$19,010.65	/T.S.F.G.F.A.
931	Quality Restaurant (not a chain)	13.63	56%	7.63	\$ 812.20	\$ 6,199.26	/T.S.F.G.F.A.
932	High Turnover, Sit-Down Restaurant (chain or stand alone)	27.94	57%	15.93	\$ 812.20	\$12,934.73	/T.S.F.G.F.A.
* Based on MV Occupancy @ 1.4 Persons/Vehicle, and MV Travel = 92.65% of All Travel Modes							
** Abbreviations used in the "Unit" column:							
T.S.F.G.F.A. = Thousand Square Feet Gross Floor Area							
T.S.F.G.L.A. = Thousand Square Feet Gross Leaseable Area							
V.F.P. = Vehicle Fueling Position							

ITE CODE	LAND USE CATEGORY	Total PH Person Trip- Ends*	% New Trips	Net New PH Person Trip-Ends	Total SDC Rate Per PH Trip-End	Total SDC Per Unit	Unit **
COMMERCIAL / SERVICES (continued)							
933	Fast Food Restaurant (No Drive-Thru)	79.33	50%	39.67	\$ 812.20	\$32,216.24	/T.S.F.G.F.A.
934	Fast Food Restaurant (With Drive-Thru)	69.72	50%	34.86	\$ 812.20	\$28,313.48	/T.S.F.G.F.A.
936	Coffee/Donut Shop (No Drive-Thru)	39.00	50%	19.50	\$ 812.20	\$15,838.12	/T.S.F.G.F.A.
937	Coffee/Donut Shop (With Drive-Thru)	54.64	50%	27.32	\$ 812.20	\$22,189.32	/T.S.F.G.F.A.
938	Coffee/Donut Shop (Drive-Thru Only with No Seating)	145.06	50%	72.53	\$ 812.20	\$58,909.70	/T.S.F.G.F.A.
944	Gasoline/Service Station (no Market or Car Wash)	23.65	58%	13.72	\$ 812.20	\$11,140.07	/V.F.P.
945	Gasoline/Service Station (With Convenience Market)	20.51	44%	9.02	\$ 812.20	\$ 7,327.88	/V.F.P.
946	Gasoline/Service Station (With Convenience Market and Car Wash)	22.12	70%	15.49	\$ 812.20	\$12,577.22	/V.F.P.
OFFICE							
710	General Office	1.95	100%	1.95	\$ 812.20	\$ 1,583.20	/T.S.F.G.F.A.
720	Medical-Dental Office	6.72	100%	6.72	\$ 812.20	\$ 5,461.42	/T.S.F.G.F.A.
750	Office Park	2.24	100%	2.24	\$ 812.20	\$ 1,816.38	/T.S.F.G.F.A.
760	Research & Development Center	1.62	100%	1.62	\$ 812.20	\$ 1,313.20	/T.S.F.G.F.A.
770	Business Park	1.95	100%	1.95	\$ 812.20	\$ 1,583.20	/T.S.F.G.F.A.
INDUSTRIAL							
110	General Light Industrial	1.63	100%	1.63	\$ 812.20	\$ 1,325.47	/T.S.F.G.F.A.
130	Industrial Park	1.30	100%	1.30	\$ 812.20	\$ 1,055.47	/T.S.F.G.F.A.
140	Manufacturing	1.13	100%	1.13	\$ 812.20	\$ 920.46	/T.S.F.G.F.A.
151	Mini-Warehouse	0.44	100%	0.44	\$ 812.20	\$ 355.91	/T.S.F.G.F.A.
* Based on MV Occupancy @ 1.4 Persons/Vehicle, and MV Travel = 92.65% of All Travel Modes							
**Abbreviations used in the "Unit" column:							
T.S.F.G.F.A. = Thousand Square Feet Gross Floor Area							
T.S.F.G.L.A. = Thousand Square Feet Gross Leaseable Area							
V.F.P. = Vehicle Fueling Position							

APPENDIX B: SAMPLE SDC ORDINANCE

ORDINANCE NO. _____

AN ORDINANCE relating to system development charges amending Municipal Code Title 3, enacting and imposing system development charges.

THE CITY OF WARRENTON ORDAINS AS FOLLOWS:

1 Purpose.

The purpose of the system development charge is to impose an equitable share of the public cost of capital improvements for water supply, treatment and distribution; sanitary sewer collection, transmission, treatment and disposal; drainage and flood control; transportation; and parks and recreation, upon those developments that create the need for or increase the demand on capital improvements to be constructed, already constructed or under construction.

2 Scope.

The system 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 system development charge is to be considered in the nature of a charge for service rendered, a service hookup charge or a charge for services to be rendered.

3 Definitions.

For purposes of this chapter, the following definitions apply:

- A. "Capital improvements" means facilities or assets used for:
1. Water supply, treatment and distribution;
 2. Sanitary sewer collection, transmission, treatment and disposal;
 3. Drainage and flood control
 4. Transportation, including but not limited to streets, sidewalks, bike paths, street lights, street trees, mass public transportation, vehicle parking and bridges; or
 5. Parks and recreation, including but not limited to mini-neighborhood parks, neighborhood parks, community parks and other recreational facilities.

B. "Development" means constructing a building or a structure, conducting a mining operation, making a physical change in the use or appearance of a structure or land, dividing land into two or more parcels (including partitions and subdivisions), and creating or terminating a right of access.

C. "Improvement fee" means a fee for costs associated with capital improvements to be constructed after the date the fee is adopted pursuant to Section 4 of this chapter.

D. "Land area" means the area of a parcel of land as measured by projection of the parcel boundaries upon a horizontal plane with the exception of a portion of the parcel within a recorded right-of-way or easement subject to a servitude for a public street or scenic or preservation purpose.

E. "Parcel of land" means a lot, parcel, block or other tract of land that is occupied or may be occupied by a structure or structures or other use, and that includes the yards and other open spaces required under the zoning, subdivision or other development ordinances.

F. "Qualified public improvements" means a capital improvement that is required as a condition of development approval, identified in the plan adopted pursuant to Section 8 of this chapter, and either:

1. Not located on or contiguous to property that is the subject of development approval; or
2. Located in whole or in part on or contiguous to property that is the subject of development approval and required to be built larger or with greater capacity than is necessary for the particular development project to which the improvement fee is related.

G. "Reimbursement fee" means a fee for costs associated with capital improvements constructed or under construction on the date the fee is adopted pursuant to Section 4 and for which the City Commission determines capacity to exist.

H. "System development charge" means a reimbursement fee, an improvement fee or a combination thereof assessed or collected at any of the times specified in Section 9. It shall also include that portion of a water or sanitary sewer system connection charge that is greater than the amount necessary to reimburse the city for its average cost of inspection and installing connections with water and sanitary sewer facilities. "System development charge" does not include fees assessed or collected as part of a local improvement district or a charge in lieu of a local improvement district assessment, or the cost of complying with requirements or conditions imposed by a land use decision.

4 System development charge established.

A. System development charges for each type of capital improvements may be proposed by the City Manager and shall be established and may be revised by resolution of the City Commission.

B. Unless otherwise exempted by the provisions of this chapter or other local or state law, a system development charge is hereby imposed upon all development within the city, and upon all development outside the boundary of the city that connects to or otherwise uses the water, sanitary sewer, drainage and flood control, transportation or parks and recreation facilities of the city.

5 Methodology.

A. The methodology used to establish the reimbursement fee shall, where applicable, be based on ratemaking principles employed to finance publicly owned capital improvements, prior contributions by then-existing users, gifts or grants from federal or state government or private persons, the value of unused capacity available to future system users or the cost of the existing facilities, and other relevant factors identified by the City Commission. The methodology shall promote the objective that future system users shall contribute no more than an equitable share of the cost of then-existing facilities and shall be available for public inspection.

- B. The methodology used to establish the improvement fee shall, where applicable, demonstrate consideration of the projected cost of capital improvements identified in the plan and list adopted pursuant to Section 8 that are needed to increase the capacity of the systems to which the fee is related and for which the need for increased system capacity will be required to serve the demands placed on the system by future users. Improvement fees shall be calculated to obtain the cost of capital improvements for the projected need for available system capacity for future users.
- C. The methodology shall also provide for a credit as authorized in Section 11.
- D. The methodology shall also provide for periodic indexing of system development charges for inflation, as long as the index used is
- (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 in a separate ordinance, resolution or order.
- E. Except when authorized in methodology adopted under subsection C of this section, the fees required by this code which are assessed or collected as part of a local improvement district or a charge in lieu of a local improvement district assessment, or the cost of complying with requirements or conditions imposed by a land use decision are separate from and in addition to the system development charge and shall not be used as a credit against such charge.
- F. The methodology used to establish the improvement fee or the reimbursement fee, or both, shall be contained in a resolution adopted by the City Commission.
- G. After the effective date of the ordinance codified in this chapter, the city shall maintain a list of persons who have made a written request for notification prior to adoption or amendment of a methodology for any system development charge. Written notice shall be mailed to persons on the list at least ninety days prior to the first hearing to establish or modify a system development charge, and the methodology supporting the adoption or amendment shall be available at least sixty days prior to the first hearing to adopt or amend. The failure of a person on the list to receive a notice that was mailed shall not invalidate the city's subsequent action. The city may periodically delete names from the list, but at least thirty 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.

6 Authorized expenditures.

- A. Reimbursement fees shall be applied only to capital improvements (and not operating expenses) 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 capital improvements, including expenditures relating to repayment of debt for the improvements. An increase in system capacity may be established if a capital improvement increases the level of performance or service provided by existing facilities or provides new facilities. The portion of the improvements funded by improvement fees must be related to the need for increased capacity to provide service for future users. 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 8.

C. Notwithstanding subdivisions A and B of this section, system development charge revenues may be expended on the direct costs of complying with the provisions of this ordinance, including the costs of developing system development charge methodologies and providing an annual accounting of system development charge expenditures.

7 Expenditure restrictions.

System development charges shall not be expended for:

- A. Costs associated with the construction of administrative office facilities that are more than an incidental part of other capital improvements; or
- B. Costs of the operation or routine maintenance of capital improvements.

8 Improvement plan.

Prior to the establishment of a system development charge, the City Commission shall adopt a plan that:

- A. Lists the capital improvements that the City Commission intends to fund in whole or in part with improvement fee revenues;
- B. Lists the estimated cost, and percentage of costs eligible to be funded with revenues from the improvement fee for each improvement; and
- C. Describes the process for modifying the plan. If a system development charge will be increased by a proposed modification of the list to include a capacity increasing capital improvement, the city shall provide, at least 30 days prior to the adoption of the modification, notice of the proposed modification to the persons who have requested written notice under Section 5. The city shall hold a public hearing if a written request for a hearing on the proposed modification is received within seven days of the date the proposed modification is scheduled for adoption. A change in the amount of a reimbursement fee or an improvement fee is not a modification of the system development charge methodology if the change in amount is based on a change in cost of materials, labor or real property applied to projects or project capacity as set forth on the list adopted pursuant to Section 8 or the periodic application of the Construction Cost Index published by the *Engineering News Record* and is incorporated as part of the established methodology or identified and adopted in a separate ordinance, resolution, or order.

9 Collection of charge.

- A. The system development charge is payable upon issuance of:
 - 1. A building or construction permit of any kind, including any permit or permits issued in connection with the set-up or installation of any trailer, mobile or manufactured home;
 - 2. A development permit;
 - 3. A development permit for development not requiring the issuance of a building permit;
 - 4. A permit to connect to the water system;
 - 5. A permit to connect to the sanitary sewer system;
 - 6. A permit to connect to the drainage and flood control system; or
 - 7. A permit to connect to the transportation system.

B. If development is commenced or connection is made to the water, sanitary sewer, drainage and flood control or transportation systems without an appropriate permit, the system development charge is immediately payable upon the earliest date that a permit was required.

C. The City Manager or his designee shall collect the applicable system development charge from the person responsible for or receiving the benefit of the development in accordance with subparagraph A above. The City Manager or his designee shall not issue such permit or allow such connection until the charge has been paid in full, or unless an exemption is granted pursuant to Section 10, or unless arrangements for payment of the charge, under such terms as the City Manager deems reasonable, have been made, pursuant to subsection D, which follows.

D. The obligation to pay the unpaid system development charge and interest thereon shall be secured by property, bond, deposits, letter of credit or other security acceptable to the City Manager. The net value of security accepted, excluding liens and encumbrances thereon, must be at least double the amount of the system development charge secured thereby.

E. If the system development charge is not paid upon issuance of the applicable permit, and the applicant chooses to pay the charge in installments and secure the obligation with security acceptable under subsection D above, then there shall be added to the amount owing the following:

1. Interest on the obligation at the rate established by the City Commission for all unpaid assessments;
2. All costs associated with processing the particular form of security, such as title insurance, escrow fees, recording costs, collection escrow costs and/or any other expense associated with the city accepting such security;
3. Any and all costs, as determined by the City Manager or his designee, incurred in establishing payment schedules and administering the collections process;
4. When the charge is secured by bond pursuant to ORS 223.205 to 223.295, any and all costs associated with administering the bond assessment program and issuing the bonds, as determined by the City Manager or his designee;
5. The intent of this subsection E is to recognize that the payment of a system development charge by installments increases the administrative expense to the city. It is the intent of this subsection to shift that added expense to the applicant, so that the city will not lose system development charge revenue by accepting installment payments on such charges. Subject to the provisions of this subsection E, all costs added to the system development charge will be determined by the City Manager.

F. No person may connect to the water or sewer systems of the city unless the appropriate system development charge has been paid or the installment payment method has been applied for and approved.

10 Exemptions.

A. The following are exempt from system development charges:

1. Structures and uses established and legally existing on or before the effective date of this ordinance 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 ordinance upon the receipt of a permit to connect to the water or sewer system.

2. Additions to single-family dwellings that do not constitute the addition of a dwelling unit. Dwelling unit means any building or portion thereof which contains living facilities, including provisions for sleeping, eating, cooking and sanitation;
 3. An alteration, addition, replacement or change in use that does not increase the parcel's or structure's use of the system to which the system development charge applies;
- B. Any enlargement or change and any new connection or utilization of the system to which a system development charge applies shall not be exempt.

11 Credits.

- A. A system development charge shall be imposed when a change of use of a parcel or structure occurs, but credit shall be given in an amount equal to the existing system development charge as applied to the pre-existing use. The credit so computed shall not exceed the calculated system development charge. No refund shall be made on account of such credit.
- B. An improvement fee credit shall be given for the cost of a qualified public improvement associated with a development, subject to the following:
1. Such credit shall be only for the improvement fee charged for the type of improvement being constructed, and credit for qualified public improvements under Section 3(F)(2) may be granted only for the cost of that portion of such improvement that exceeds the city's minimum standard facility size or capacity needed to serve the particular development property or project. The applicant shall have the burden of demonstrating that a particular improvement qualifies as a Section 3(F)(2) qualified public improvement.
 2. When the construction of a qualified public improvement gives rise to a credit amount greater than the improvement fee that would otherwise be levied against the project receiving development approval, the excess credit may be applied against improvement fees that accrue in subsequent phases of the original development project, if any.
 3. Credits shall be used within ten years from the date the credit is given.
 4. Credit shall not be transferrable from one development to another or from one type of capital improvement to another.

12 Segregation and use of revenue.

- A. All funds derived from a particular type of system development charge are to be segregated by accounting practices from all other funds of the city. That portion of the system development charge calculated and collected on account of a specific facility system shall be used for no purpose other than those set forth in Section 6.
- B. The City Manager or his designee shall provide the City Commission with an annual accounting, based on the city's fiscal year, for system development charges showing the total amount of system development charge revenues collected for each type of facility and the projects funded, either in whole or in part, from each account.

13 Appeal procedure.

- A. A person aggrieved by a decision required or permitted to be made by the City Manager or his designee under this ordinance or a person challenging the propriety of an expenditure of system development charge revenues may appeal the decision or the expenditure to the City Commission by

filing a written request with the City Manager describing with particularity the decision of the City Manager or his designee or the expenditure from which the person appeals.

B. An appeal of an expenditure must be filed within two years of the date of the alleged improper expenditure. Appeals of any other decision required or permitted to be made by the City Manager must be filed within ten days of the date of the decision.

C. The City Commission shall determine whether the City Manager's decision or the expenditure is in accordance with this chapter and the provisions of ORS 223.297 to 223.314 and may affirm, modify or overrule the decision. If the City Commission determines that there has been an improper expenditure of system development charge revenues, the City Commission shall direct that a sum equal to the misspent amount shall be deposited within one year to the credit of the account or fund from which it was spent.

D. A legal action challenging the methodology adopted by the City Commission pursuant to Section 5 shall not be filed later than sixty days after adoption, and shall be contested according to the procedure set forth in ORS 34.010 to 34.100, and not otherwise.

14 Severability.

The invalidity of a section or subsection of this chapter shall not affect the validity of the remaining sections or subsections.

APPENDIX C: SAMPLE SDC RESOLUTION

RESOLUTION NO. _____

A RESOLUTION ESTABLISHING SYSTEM DEVELOPMENT CHARGES, INCLUDING METHODOLOGY THEREFOR

WHEREAS, Oregon Revised Statutes (ORS) Chapter 223 and Warrenton Municipal Code Chapter _____ authorize collection of system development charges, and the City has heretofore retained Financial Consulting Solutions Group, Inc. (FCS GROUP) to make recommendations regarding such system development charges; and

WHEREAS, the City Commission has determined that new development will be served by such capital improvements and should pay a proportionate share of the cost thereof, as determined by the methodology incorporated herein; now, therefore,

BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF WARRNTON, OREGON, AS FOLLOWS:

Section 1. IMPROVEMENT PLAN. The City Commission hereby adopts, as its improvement plans required by ORS 223.309 and Warrenton Municipal Code Section _____, the project list contained in Exhibit B – System Development Charge Methodology. Said exhibit defines the cost of projected capital improvements needed to increase the capacity of each system to which the improvement fee is related and lists the estimated cost, time, and percentage of costs eligible to be funded with revenues from the improvement fee for each improvement.

The improvement plan adopted herein may be modified from time to time by resolution of the Commission, as provided in Warrenton Municipal Code Section _____.

Section 2. SYSTEM DEVELOPMENT CHARGES. Effective _____, the system development charges contained in Exhibit A shall be required.

Section 3. METHODOLOGY. The methodology for the system development charges is set forth in Exhibit B, and such methodology is hereby adopted.

Section 4. COLLECTION OF CHARGE. Effective _____, the system development charges are payable to the City of Warrenton as provided in Warrenton Municipal Code Section _____.

Passed by the Commission and signed by me in authentication of its passage this ____ day of _____, 2012.

ATTEST

City Representative

Approved by me this ____ day of _____, 2012.

COMMISSION PRESIDENT

COMMISSION PRESIDENT

EXHIBIT A (Option 1)
SDC Schedule

Water

Meter Size	
3/4" x 5/8"	\$ 744
1"	1,860
1-1/2"	3,720
2"	5,952
3"	11,903
4"	18,599
6"	37,197
8"	59,516
10"	92,993

Wastewater

Meter Size	
3/4" x 5/8"	\$ 692
1"	1,730
1-1/2"	3,460
2"	5,537
3"	11,073
4"	17,302
6"	34,603
8"	55,365
10"	86,508

Stormwater

Per EDU	\$ 131
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Transportation

Per PHPT	\$ 281
Single-family residence	433

Parks

Per dwelling unit	\$ -
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These SDCs shall remain in effect until the City Commission adjusts them by resolution.

EXHIBIT A (Option 2)
SDC Schedule

Water

Meter Size	Year 1	Year 2	Year 3	Year 4	Year 5
3/4" x 5/8"	\$ 744	\$ 2,150	\$ 2,863	\$ 2,863	\$ 2,863
1"	1,860	5,375	7,158	7,158	7,158
1-1/2"	3,720	10,750	14,315	14,315	14,315
2"	5,952	17,199	22,904	22,904	22,904
3"	11,903	34,399	45,808	45,808	45,808
4"	18,599	53,748	71,575	71,575	71,575
6"	37,197	107,497	143,150	143,150	143,150
8"	59,516	171,995	229,040	229,040	229,040
10"	92,993	268,741	357,875	357,875	357,875

Wastewater

Meter Size	Year 1	Year 2	Year 3	Year 4	Year 5
3/4" x 5/8"	\$ 692	\$ 2,000	\$ 2,390	\$ 2,390	\$ 2,390
1"	1,730	5,000	5,975	5,975	5,975
1-1/2"	3,460	10,000	11,950	11,950	11,950
2"	5,537	16,000	19,120	19,120	19,120
3"	11,073	32,000	38,240	38,240	38,240
4"	17,302	50,000	59,750	59,750	59,750
6"	34,603	100,000	119,500	119,500	119,500
8"	55,365	160,000	191,200	191,200	191,200
10"	86,508	250,000	298,750	298,750	298,750

Stormwater

	Year 1	Year 2	Year 3	Year 4	Year 5
Per EDU	\$ 131	\$ 131	\$ 131	\$ 131	\$ 131

Transportation

	Year 1	Year 2	Year 3	Year 4	Year 5
Per PHPT	\$ 281	\$ 812	\$ 812	\$ 812	\$ 812
Single-family residence	433	1,252	1,252	1,252	1,252

Parks

	Year 1	Year 2	Year 3	Year 4	Year 5
Per dwelling unit	\$ -	\$ 250	\$ 500	\$ 1,000	\$ 1,965

The SDCs under "Year 1" shall go into effect on the effective date of this resolution. On each of the first four anniversaries of the effective date of this resolution, the SDCs for the next year shall go into effect. Once the SDCs under "Year 5" are in effect, they shall remain in effect until the City Commission adjusts them by resolution.

EXHIBIT B
SDC Methodology

APPENDIX D: COUNCIL PRESENTATION PACKET
