

CITY OF GARIBALDI
SYSTEM DEVELOPMENT CHARGE UPDATE
AUGUST 2013

EXECUTIVE SUMMARY:

The City of Garibaldi currently has System Development Charges (SDC) for all five utilities allowed by State Statutes under ORS 223.297-314, and they were most recently updated in 2006.

Each of the five SDCs may be broken into two components, a Reimbursement Fee and an Improvement Fee. Reimbursement fees are calculated by determining the current replacement value of all existing capital improvements and dividing this amount by the total capacity of the facility, stated in Residential Equivalent Units (REU). An REU is the demand from a typical single family residential connection. Improvement fees are similarly calculated by dividing the estimated cost of future needed improvements by the total projected number of REU those improvements will support.

The purpose of this current project was to review and update each of the five SDCs to account for the effects of inflation and alternative revenue sources. Grant and private development resources were incorporated into the anticipated funding sources to minimize the effects of inflation. The net effect of the updates was the reduction of four of the five fees, with an increase only to the Sanitary Sewer fee.

The update for the **SANITARY SEWER SDC** is based on the improvements identified in the Wastewater Facilities Plan published in 1998. The Sanitary Sewer SDC Update recommends the fee be increased to \$2,755 per REU, an increase of approximately 45% over the past eight years. This increase is primarily due to inflation adjustments on the value of the existing system improvements, which comprises the majority of this SDC fee. The alternative assignment of REU based on land use in the previous SDC was deleted in this update in favor of identifying the fee solely based on water meter size.

The update for the **WATER SYSTEM SDC** is based on the Water System Master Plan published in final draft in 2004. The water system SDC is recommended to be reduced to a charge of \$1,980 for a typical single family residential connection. This is a reduction of approximately 8% from the current charge as a result of incorporating alternative funding sources. Similar to sanitary sewer, the alternative assignment of REU based on land use from the previous SDC was deleted in favor of using meter sizing only to determine the applicable fee.

The **STORMWATER SDC** was adjusted for inflation and alternative revenue sources, and is recommended to be reduced to \$0.80 per square foot of impervious area, a reduction of approximately 15%. This is the result of incorporating alternative revenue sources to complete the required capital improvements.

The **TRANSPORTATION SDC** includes several modifications to help mitigate the high cost of development. As with all of the SDC fees, inflation and alternative revenue sources from grants and private development funding were incorporated into the Capital Improvement Plans. Additionally, the local revenue component for work on the state highway system was reduced to 33% as a local match only in anticipation of future ODOT funding. The fee is recommended to be \$1,650 per REU, which is a reduction of 45% from the current fee.

This SDC update again incorporates the Institute of Transportation Engineers (ITE) trip rates as the basis for allocating the SDC fees. This update has expanded the published trip rates to include new categories provided in the 9th Edition of the ITE manuals, and has incorporated adjustment factors to account for the shared or joint use trips. The effect of the shared or joint use trips, which is called a Local Factor in the SDC document, is the reduction of the number of trips for commercial and industrial development projects. These Local Factors do not have an impact on residential land uses.

Last, the **PARKS & RECREATION SDC** CIP was similarly adjusted to account for inflation and alternative funding resources, which resulted in a reduction of 15% to \$816. This fee is proportionate to population and applied only to residential land use.

The following table is a summary of the System Development Charges per Residential Equivalent Unit recommended to be adopted in 2013 by the City of Garibaldi:

CITY OF GARIBALDI
SUMMARY OF SYSTEM DEVELOPMENT CHARGES
Per RESIDENTIAL EQUIVALENT UNIT (REU)
 August 2013

| UTILITY | REIMBURSEMENT FEE | IMPROVEMENT FEE | TOTAL SDC |
|--------------------------|-------------------|-----------------|----------------|
| Sanitary Sewer | \$2,575 | \$180 | \$2,755 |
| Water System | \$480 | \$1,500 | \$1,980 |
| Storm Drainage | \$0 | \$2,000 | \$2,000 |
| Transportation | \$0 | \$1,650 | \$1,650 |
| Parks & Rec | \$0 | \$816 | \$816 |
| TOTAL SDC PER REU | | | \$9,201 |