

*City of Sutherlin
Douglas County, Oregon*

SYSTEM DEVELOPMENT CHARGES FOR WATER

JANUARY 2008



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Project No. 146.10

APPENDIX



Oregon Revised Statutes 223.297 TO 223.324 System Development Charges

72nd Oregon Legislative Assembly -- 2003 Regular Session Senate Bill 939

ORS 223.297 TO 223.324

223.297 Policy. The purpose of ORS 223.297 to 223.314 is to provide a uniform framework for the imposition of system development charges by governmental units for specified purposes and to establish that the charges may be used only for capital improvements. [1989 c.449 §1; 1991 c.902 §25]

Note: 223.297 to 223.314 were added to and made a part of 223.205 to 223.295 by legislative action, but were not added to and made a part of the Bancroft Bonding Act. See section 10, chapter 449, Oregon Laws 1989.

223.299 Definitions for ORS 223.297 to 223.314. As used in ORS 223.297 to 223.314:

(1)(a) "Capital improvement" means facilities or assets used for the following:

(A) Water supply, treatment and distribution;

(B) Waste water collection, transmission, treatment and disposal;

(C) Drainage and flood control;

(D) Transportation; or

(E) Parks and recreation.

(b) "Capital improvement" does not include costs of the operation or routine maintenance of capital improvements.

(2) "Improvement fee" means a fee for costs associated with capital improvements to be constructed.

(3) "Reimbursement fee" means a fee for costs associated with capital improvements already constructed or under construction.

(4)(a) "System development charge" means a reimbursement fee, an improvement fee or a combination thereof assessed or collected at the time of increased usage of a capital improvement or issuance of a development permit, building permit or connection to the capital improvement. "System development charge" includes that portion of a sewer or water system connection charge that is greater than the amount necessary to reimburse the governmental unit for its average cost of inspecting and installing connections with water and sewer facilities.

(b) "System development charge" does not include any 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 upon a

land use decision, expedited land division or limited land use decision. [1989 c.449 §2; 1991 c.817 §29; 1991 c.902 §26; 1995 c.595 §28]

Note: See note under 223.297.

223.300 [Repealed by 1975 c.642 §26]

223.301 Certain system development charges and methodologies prohibited. (1) As used in this section, "employer" means any person who contracts to pay remuneration for, and secures the right to direct and control the services of, any person.

(2) A governmental unit may not establish or impose a system development charge that requires an employer to pay a reimbursement fee or an improvement fee based on:

(a) The number of individuals hired by the employer after a specified date; or

(b) A methodology that assumes that costs are necessarily incurred for capital improvements when an employer hires an additional employee.

(3) A methodology set forth in an ordinance or resolution that establishes an improvement fee or a reimbursement fee shall not include or incorporate any method or system under which the payment of the fee or the amount of the fee is determined by the number of employees of an employer without regard to new construction, new development or new use of an existing structure by the employer. [1999 c.1098 §2]

Note: See note under 223.297.

223.302 System development charges; use of revenues; review procedures. (1) Governmental units are authorized to establish system development charges, but the revenues produced therefrom shall be expended only in accordance with ORS 223.297 to 223.314. If a governmental unit expends any such revenues in violation of the limitations described in ORS 223.307, the governmental unit shall replace the misspent amount with moneys derived from other sources. Replacement moneys shall be deposited in a fund designated for the system development charge revenues not later than one year following a determination that the funds were misspent.

(2) Governmental units shall adopt administrative review procedures by which any citizen or other interested person may challenge an expenditure of system development charge revenues. Such procedures shall provide that such a challenge must be filed within two years of the expenditure of the system development charge revenues. The decision of the governmental unit shall be judicially reviewed only as provided in ORS 34.010 to 34.100.

(3)(a) A governmental unit must advise a person who makes a written objection to the calculation of a system development charge of the right to petition for review pursuant to ORS 34.010 to 34.100.

(b) If a governmental unit has adopted an administrative review procedure for objections to the calculation of a system development charge, the governmental unit must provide adequate notice regarding the procedure for review to a person who makes a written objection to the calculation of a system development charge. [1989 c.449 §3; 1991 c.902 §27; 2001 c.662 §2]

Note: See note under 223.297.

223.304 Determination of amount of system development charges; methodology; credit allowed against charge; limitation of action contesting methodology for imposing charge; notification request. (1)(a) Reimbursement fees shall be established or modified by ordinance or resolution setting forth a methodology that considers the cost of the existing facility or facilities, prior contributions by existing users, gifts or grants from federal or state government or private persons, the value of unused capacity available to future system users, rate-making principles employed to finance publicly owned capital improvements and other relevant factors identified by the local government imposing the fee.

(b) The methodology for establishing or modifying a reimbursement fee shall:

(A) Promote the objective of future system users contributing no more than an equitable share to the cost of existing facilities.

(B) Be available for public inspection.

(2)(a) Improvement fees shall:

(A) Be established or modified by ordinance or resolution setting forth a methodology that considers the cost of projected capital improvements needed to increase the capacity of the systems to which the fee is related.

(B) Be calculated to obtain the cost of capital improvements for the projected need for available system capacity for future users.

(b) The methodology for establishing or modifying improvement fees shall be available for public inspection.

(3) The ordinance or resolution that establishes or modifies an improvement fee shall also provide for a credit against such fee for the construction of a qualified public improvement. A "qualified public improvement" means a capital improvement that is required as a condition of development approval, identified in the plan adopted pursuant to ORS 223.309 and either:

(a) Not located on or contiguous to property that is the subject of development approval;
or

(b) 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.

(4)(a) The credit provided for in subsection (3) of this section shall be only for the improvement fee charged for the type of improvement being constructed, and credit for qualified public improvements under subsection (3)(b) of this section may be granted only for the cost of that portion of such improvement that exceeds the government units minimum standard facility size or capacity needed to serve the particular development project or property. The applicant shall have the burden of demonstrating that a particular improvement qualifies for credit under subsection (3)(b) of this section.

(b) 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. This subsection shall not prohibit a unit of government from providing a greater credit, or from establishing a system providing for the transferability of credits, or from providing a credit for a capital improvement not identified in the plan adopted pursuant to ORS 223.309, or from providing a share of the cost of such improvement by other means, if a unit of government so chooses.

(c) Credits shall be used in the time specified in the ordinance but not later than 10 years from the date the credit is given.

(5) Any unit of local government that proposes to establish or modify a system development charge 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.

(6) Written notice shall be mailed to persons on the list at least 90 days prior to the first hearing to establish or modify a system development charge, and the methodology supporting the system development charge shall be available at least 60 days prior to the first hearing. The failure of a person on the list to receive a notice that was mailed does not invalidate the action of the local government. The unit of local government may periodically delete names from the list, but at least 30 days prior to removing a name from the list 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. Legal action intended to contest the methodology used for calculating a system development charge may not be filed after 60 days following adoption or modification of the system development charge ordinance or resolution by the local government. A person shall request judicial review of the methodology used for calculating a system development charge only as provided in ORS 34.010 to 34.100.

(7) 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 the

periodic application of an adopted specific cost index or on a modification to any of the factors related to rate that are incorporated in the established methodology. [1989 c.449 §4; 1991 c.902 §28; 1993 c.804 §20; 2001 c.662 §3]

Note: See note under 223.297.

223.305 [Repealed by 1971 c.325 §1]

223.307 Authorized expenditure of system development charges. (1) Reimbursement fees shall be spent only on capital improvements associated with the systems for which the fees are assessed including expenditures relating to repayment of indebtedness.

(2) Improvement fees shall be spent only on capacity increasing capital improvements, including expenditures relating to repayment of debt for such 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 such improvements funded by improvement fees must be related to current or projected development.

(3) System development charges 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.

(4) Any capital improvement being funded wholly or in part with system development charge revenues shall be included in the plan adopted by a governmental unit pursuant to ORS 223.309.

(5) Notwithstanding subsections (1) and (2) of this section, system development charge revenues may be expended on the direct 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. [1989 c.449 §5; 1991 c.902 §29]

Note: See note under 223.297.

223.309 Preparation of plan for capital improvements financed by system development charges; modification. (1) Prior to the establishment of a system development charge by ordinance or resolution, a governmental unit shall prepare a capital improvement plan, public facilities plan, master plan or comparable plan that includes a list of the capital improvements that may be funded with improvement fee revenues and the estimated cost and timing for each improvement.

(2) A governmental unit that has prepared a plan and the list described in subsection (1) of this section may modify such plan and list at any time. [1989 c.449 §6; 1991 c.902 §30; 2001 c.662 §4]

Note: See note under 223.297.

223.310 [Amended by 1957 c.397 §3; repealed by 1971 c.325 §1]

223.311 Deposit of system development charge revenues; annual accounting. (1) System development charge revenues shall be deposited in accounts designated for such moneys. The governmental unit shall provide an annual accounting, to be completed by January 1 of each year, for system development charges showing the total amount of system development charge revenues collected for each system and the projects that were funded in the previous fiscal year.

(2) The governmental unit shall include in the annual accounting a list of the amount spent on each project funded, in whole or in part, with system development charge revenues. [1989 c.449 §7; 1991 c.902 §31; 2001 c.662 §5]

Note: See note under 223.297.

223.312 [1957 c.95 §4; repealed by 1971 c.325 §1]

223.313 Application of ORS 223.297 to 223.314. (1) ORS 223.297 to 223.314 shall apply only to system development charges in effect on or after July 1, 1991.

(2) The provisions of ORS 223.297 to 223.314 shall not be applicable if they are construed to impair bond obligations for which system development charges have been pledged or to impair the ability of governmental units to issue new bonds or other financing as provided by law for improvements allowed under ORS 223.297 to 223.314. [1989 c.449 §8; 1991 c.902 §32]

Note: See note under 223.297.

223.314 Establishment or modification of system development charge not a land use decision. The establishment, modification or implementation of a system development charge, or a plan as provided for in ORS 223.309, or any modification of a plan, is not a land use decision pursuant to ORS chapters 195 and 197. [1989 c.449 §9; 2001 c.662 §6]

Note: See note under 223.297.

223.315 [Repealed by 1971 c.325 §1]

INTRODUCTION

1.1 Planning Needs & Objectives

The citizens of the community have contributed money through taxes and user fees to construct those water elements which make living in the City possible. These elements include two water treatment plants, water storage and distribution systems.

This report will address the water system development charges (SDCs). The City of Sutherlin is in the process of funding the upgrade and replacement of the existing Cooper Creek water treatment plant to accommodate growth for the next 10 years. The City has also proceeded with recommended distribution system improvements and a portion of the planned upgrades to the Umpqua Basin Water Association water treatment plant. These improvements are discussed in Section 2.

New development must reimburse existing water system owners for the portions of existing infrastructure prepared in anticipation of the new arrivals. This charge is known as a reimbursement fee. New development must also pay for the costs of new infrastructure planned, which would not be required except for the needs of growth. This charge is known as an improvement fee.

These two elements - Reimbursement Fees and Improvement Fees - are the basis of System Development Charges (SDCs). The intention is that neither existing users nor new users subsidize the other, but rather that each pays their fair share. According to ORS 223.307 as amended by Senate Bill 939, authorized expenditure of system development charges are as follows:

"Reimbursement fees may be spent only on capital improvements associated with the systems for which the fees are assessed including expenditures relating to repayment of indebtedness" and;

"Improvement fees may be spent only on capacity increasing capital improvements, including expenditures relating to repayment of debt for such 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."

1.2 Oregon Systems Development Charges Act

Critical concepts of the Systems Development Charges (SDCs) regulations are addressed in this section. Oregon Revised Statutes (ORS) Sections 223.297 to 223.314, which establishes Oregon law regarding SDCs, and 2003 Regular Session Senate Bill 939, which amends the ORS, are included as Appendix A.

As noted above, there are restrictions on the expenditure of fees collected under the Oregon Systems Development Charges Act. The purpose of the regulations is to provide a uniform framework for the imposition of system development charges by governmental units for specified purposes and to establish that the charges may be used only for capital improvements. This includes land and right-of-way necessary for the improvement.

Under current definitions, "Capital Improvement" means planning, design, inspection, administration of construction and construction or repair costs, but not operations or routine maintenance costs for the following:

- Water supply, treatment and distribution;
- Wastewater collection, transmission, treatment and disposal;
- Drainage and flood control;
- Transportation; or
- Parks and recreation.

At this time, only the water system will be considered. Not included with SDCs are connection or hook-up fees, which reimburse the City for its average cost of inspecting and installing connections for water. The City may (and should) collect these in addition to SDCs.

SDCs may not include any fees assessed or collected as part of a local improvement district. For businesses, SDCs may not be based on the number of employees hired without regard to actual usage.

The City must set forth a written methodology in the form of an Ordinance or Resolution for both reimbursement and/or improvement fee portions of the SDC. Support documents, such as this report, must be available for public inspection.

The reimbursement portion of the fee must not require future system users to contribute more than an equitable share to the cost of existing facilities. The method must consider the cost of the existing facilities, prior contributions by existing users, gifts or grants from federal or state government or private persons, the value of unused capacity available to future system users, rate-making principles employed to finance publicly owned capital improvements and other relevant factors identified by the local government imposing the fee.

The improvement portion of the fee must consider the cost of projected capital improvements needed to increase the capacity of the systems to which the fee is related, and be calculated to obtain the cost of capital improvements for the projected need for available system capacity for future users.

The improvement fee must provide for a credit for the construction of a capital improvement that is required as a condition of development approval, identified in a Master Plan, is either not located on or contiguous to property that is the subject of development approval; or is built larger or with greater capacity than is necessary for the particular development project to which the improvement fee is related. The capital improvement must be of the same type as the SDC credited and the applicant must demonstrate that a particular improvement qualifies for credit. If the credit is greater than the SDC, then the credit may be used for the applicant's future developments up to a period of 10 years.

The City must 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 and mail them information 90 days prior to the first hearing.

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 the periodic application of an adopted specific cost index or on a modification to any of the factors related to rate that are incorporated in the established methodology

System development charge revenues shall be deposited in accounts designated for such moneys. The governmental unit shall provide an annual accounting, to be completed by January 1 of each year, for system development charges showing the total amount of system development charge revenues collected for each system and the projects that were funded in the previous fiscal year. The governmental unit shall include in the annual accounting a list of the amount spent on each project funded, in whole or in part, with system development charge revenues.

1.3 Scope of Study

This study will set forth a methodology and recommended SDC fees for the following:

- Water supply, treatment and distribution.

This study includes Equivalent Dwelling Unit (EDU) assessment tables, development of methodologies for fee assessment, and recommended charges for EDUs. The SDC will include a reimbursement and an improvement portion. This study concludes with a summary and chart in Section 3 to assist with water service SDC assessments.

1.3.1 Reimbursement Fee

Based on an inventory of the existing capital improvements, present day replacement values for infrastructure elements are determined. The age of the elements are determined or estimated. Then a depreciated value with respect to the present is calculated for that class of infrastructure, with grant funding percentages excluded.

The portion of each element available for new customers is then determined. This portion is referred to as excess capacity. The depreciated value of the excess capacity already paid for by the current customers is determined. This is referred to as the equity portion. The equity is the portion of the system that new customers must purchase from the existing users. New customers will also pay for that portion of debt service incurred as a result of procurement of assets with excess capacity for use by new customers.

As noted above, asset values are determined by starting with the current replacement cost and an estimated life expectancy for the item under consideration. The current replacement cost may be determined by using the original construction cost updated with Engineering News Record cost index factors or estimated based on construction of the equivalent asset in current dollars. The asset current value is then depreciated on the straight-line method based on the age of the asset and estimated service life. Another method, not recommended, called the cash cost method, simply uses the original construction cost and depreciates it to determine the current asset value. The recommended replacement cost method accounts for inflation, is equitable and is the preferred method used within this study.

As an example, consider the purchase of an item such as a home that originally sold for \$30,000 with a 100-year life. After 33 years the item is in excellent condition. Based on a cash cost method, the item would be worth only \$20,100 today. Now assume that the replacement cost of a comparable home today is \$130,000. Using this figure and depreciating for 33 years would provide a value of \$87,100, which more correctly approximates the home's true market value.

1.3.2 Improvement Fee

A Capital Improvements Plan (CIP) or Master Plan is the basis of the improvement fee portion of the SDC. It must be determined which elements (or portions of elements) are strictly for replacement of existing capacity and which are for new service. Recommended Capital Improvement Plans for the 10-year study period and their estimated SDC eligible portions are presented within this study in a tabular format.

Information is also presented in a tabular fashion regarding projections of water customers including existing population, services and projected Equivalent Dwelling Units (EDUs).

1.4 Previous Studies and Information

The following studies, reports and other sources of information have been used in the compilation of the System Development Charge Study:

- City of Sutherlin Water Master Plan, May 2006, The Dyer Partnership Engineers and Planners, Inc.
- City of Sutherlin Water Rate Study, March 2007, The Dyer Partnership Engineers and Planners, Inc.
- Engineering News Record, Construction Cost Index History, McGraw Hill Co. (www.enr.construction.com).
- Listings of Fixed Assets and Debt Sources relating to the City of Sutherlin's Water System as Provided by City Staff for Fiscal Year Ending 6/30/2007.
- 72nd Oregon Legislative Assembly - 2003 Regular Session - Senate Bill 939
- Oregon Revised Statutes 223.297 to 223.314

1.5 Authorization

The City of Sutherlin contracted with The Dyer Partnership, Engineers & Planners, Inc. to prepare the Water System Development Charge Study. Authorization for the SDC study was provided through the approval of Task Order No. 10 under the contract between the City of Sutherlin and The Dyer Partnership, Engineers and Planners, Inc.

1.6 Acknowledgments

This plan is the result of contribution made by a number of individuals and agencies. We wish to acknowledge the efforts of Bud Schmidt, City Manager; Mike Gray, Director of Public Works; Ron Harker, Finance Director; and support staff of the City of Sutherlin.

WATER SUPPLY, TREATMENT & DISTRIBUTION

2.1 General

Sutherlin's water system infrastructure consists of land, buildings, structures, electro-mechanical equipment, electronic and mechanical instrumentation, piping, valves and tankage. Only capital improvement items will be considered eligible for existing excess capacity reimbursement or for planned improvement fee collection to increase capacity.

For the purposes of this study, vehicles and tools associated with operations and maintenance have not been included as eligible System Development Charges (SDCs).

2.2 Existing and Projected Services and EDUs

In order to establish SDCs, it is necessary to determine both the current number of Equivalent Dwelling Units (EDUs) and the projected future number of EDUs in the water system. The City of Sutherlin's Water Master Plan (WMP) published the population to be 7,360 and calculated 4,595 EDUs based upon 2004 water consumption records. Population growth adopted in Douglas County's Comprehensive Plan calls for 2.7% population growth for the City of Sutherlin.

Table 2.2.1 presents the detailed 2004 water use records for the City's water users by type. Of the 2,574 total water connections, 2,229 residential water service connections utilize the City's water system with 3,439 total living units. These residential water connections and their consumption will define an equivalent dwelling unit (EDU). The total residential water consumption was 274,776,220 gallons for the 2004 calendar year. Divided between 3,439 residential connections, this is 79,900 gallons per year (218.9 gallons per day) per residential connection. This value is used as the Equivalent Dwelling Unit (EDU) consumption unit. The EDU for each connection within the city, residential or otherwise, is determined by the specific service's yearly total water consumption divided by 79,900 gallons/year. Based on these calculations there are 3,439 residential EDUs (by definition), 885 commercial EDUs, 195 School Usage EDUs and 76 public/non-profit EDUs. Therefore, The City of Sutherlin has a 2004 water consumption demand of 4,595 EDUs.

**Table 2.2.1.1
Estimated Number of EDUs Based upon Water Consumed (2004)⁽¹⁾**

Source	Number of Connections	Est. Water Usage		EDUs	% of Usage
		Annual, gpy	ADD, gpd		
Residential (Inside City)					
Single Family	1,957	183,342,630	502,309	1,957	42.6
Mobile Home Parks	11	48,092,924	131,761	814	17.7
Multi-Family	69	18,925,454	51,851	333	7.3
Assisted Living	2	2,732,090	7,485	75	1.6
Subtotal	2,039	253,093,098	693,406	3,179	69.2
Residential (Outside City)					
Single Family	260	21,683,122	59,406	260	5.7
Total Residential	2,299	274,776,220	752,812	3,439	74.9
Commercial/Industrial					
Inside City	215	69,669,536	190,875	872	19.0
Outside City	3	535,950	1,468	7	0.2
Bulk Water	3	497,403	1,363	6	0.1
Total Commercial	218	70,702,889	193,706	885	19.3
Schools					
Grade/Middle/High	13	15,582,976	42,693	195	4.2
Public/Non-Profit					
Inside City	39	5,903,877	16,175	74	1.6
Outside City	4	138,910	381	2	0.04
Total Public/Non-Profit	43	6,042,787	16,556	76	1.6
TOTAL	2,574	367,104,872	1,136,946	4,595	100.0

⁽¹⁾ - Number of EDUs based on 79,900 gallons per EDU per year, does not include City Services.

The future projections for water EDUs are developed in Table 2.2.1.2 below and are based upon existing water use records and the calculations presented in Table 2.2.1.1 above. As previously noted, the growth is projected to be 2.7% as adopted in Douglas County's Comprehensive Plan and the City of Sutherlin's Water Master Plan. The Water Master Plan is available at Sutherlin City Hall or on the City's website at www.ci.sutherlin.or.us.

**Table 2.2.1.2
Projected EDUs Based Upon Adopted Projected Growth of 2.7%**

Year	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
EDUs	4595	4698	4849	5001	5152	5304	5455	5606	5758	5909	6061	6212	6364	6515	6667

Future EDUs total 6,667 and current (2007) EDUs total 5,001. Therefore there will be 1,666 additional EDUs by 2,018. In the future, new users will account for 25% of EDUs.

2.3 Reimbursement Fee Methodology Development

2.3.1 Inventory and Depreciated Value

An inventory of the City of Sutherlin water system's existing capital improvements and assets, which may be partially eligible for reimbursement, is presented in this section. The principal source of information was generated for water system infrastructure through information provided by the City of Sutherlin. Using the above-referenced data source, a tabulation of assets which qualify as capital improvement assets is presented on the following page as Table 2.3.1.1, Water SDC Eligible Assets. The tabulation of assets includes the City of Sutherlin's description, original cost, estimated service life and age. An ENR (Engineering News Record) index is provided based upon the current ENR index of 8050 for September 2007, divided by the ENR index at the time of original acquisition. The replacement cost and current depreciated valuation are computed and presented. The asset values are therefore based upon the original cash cost of the item. The cost of the original assets was \$11,425,891. The replacement cost in current dollars would be \$16,548,225, and the current value of the water system assets is \$12,342,349.

Table 2.3.1.1 Water SDC Eligible Assets

Asset Name	Original Cost	Service Life	Age	Index ENR	Cost Replace	Curr. Value Market
Buildings						
Office Expansion	\$33,423	40	5.2	1.23	\$41,096	\$35,787
Infrastructure						
Ridgewater Reservoir	\$87,575	50	2.6	1.21	\$105,786	\$101,102
Umpqua Reservoir	\$20,000	30	2.7	1.22	\$24,341	\$22,177
Construction In Progress						
Central Avenue Waterline Improvements	\$975,000	50	0.0	1.00	\$975,000	\$975,000
Land						
Property – 035a	\$57	0	0.0	0.00	\$0	\$57
Property – 035ba	\$4,134	0	0.0	0.00	\$0	\$4,134
Property – 035az	\$20,241	0	0.0	0.00	\$0	\$20,241
Property – 035aw	\$2,897	0	0.0	0.00	\$0	\$2,897
Property – 035ac	\$1,000	0	0.0	0.00	\$0	\$1,000
Property – 035z	\$18,537	0	0.0	0.00	\$0	\$18,537
Property – 035x	\$250	0	0.0	0.00	\$0	\$250
Property – 035u	\$8,160	0	0.0	0.00	\$0	\$8,160
Property – 035l	\$200	0	0.0	0.00	\$0	\$200
Property – 035h	\$29,135	0	0.0	0.00	\$0	\$29,135
Water Distribution System						
Oak Hills Reservoir	\$220,060	50	6.7	1.34	\$294,357	\$255,179
Pumps	\$22,507	15	8.8	1.42	\$31,885	\$13,107
Schoon Project	\$13,136	40	10.5	1.47	\$19,324	\$14,252
Schoon Project	\$15,981	40	12.7	1.58	\$25,329	\$17,257
Water Line – 4 th between st	\$8,793	50	4.1	1.27	\$11,197	\$10,283
Water Pipe – 12” Plastic	\$124,574	50	30.0	3.62	\$450,933	\$180,375
Water Pipe – 14” AC	\$43,743	50	30.0	3.62	\$158,341	\$63,347

Water Pipe – 14” Concrete Cylinder	\$332,655	50	30.0	3.62	\$1,204,145	\$481,654
Water Pipe – 14” DI	\$207,078	50	30.0	3.62	\$749,581	\$299,835
Water Pipe – 2” Plastic	\$5,541	50	30.0	3.62	\$20,057	\$8,021
Water Pipe – 2” Steel	\$15,664	50	30.0	3.62	\$56,701	\$22,678
Water Pipe – 4” AC	\$14,317	50	30.0	3.62	\$51,825	\$20,734
Water Pipe – 4” CI	\$39,618	50	30.0	3.62	\$143,409	\$57,367
Water Pipe – 6” AC	\$2,931,007	50	30.0	3.62	\$10,609,662	\$4,243,862
Water Pipe – 6” CI	\$422,637	50	30.0	3.62	\$1,529,862	\$611,938
Water Pipe – 6” Plastic	\$26,624	50	30.0	3.62	\$96,374	\$38,551
Water Pipe – 8” AC	\$463,375	50	30.0	3.62	\$1,677,325	\$670,930
Water Pipe – 8” CI	\$231,611	50	30.0	3.62	\$838,386	\$335,353
Water Pipe – 8” Plastic	\$229,574	50	30.0	3.62	\$831,012	\$332,406
Water Pump	\$8,509	15	12.0	1.52	\$12,953	\$2,589
Water Pump	\$8,509	15	12.0	1.52	\$12,953	\$2,589
Water Pump Station	\$21,181	40	9.5	1.45	\$30,707	\$23,415
Water Pump Station	\$21,181	40	25.0	2.47	\$52,393	\$19,648
Water Pump Station Installation	\$21,181	15	12.0	1.52	\$32,243	\$6,447
Water Pump Installation	\$8,509	15	12.0	1.52	\$12,953	\$2,589
Water Pump Installation	\$21,181	15	12.0	1.52	\$32,243	\$6,447
Water Tank – 1 MG	\$522,750	50	30.0	3.62	\$1,892,251	\$756,900
Water Tank – 1.25 MG	\$96,000	50	30.0	3.62	\$347,501	\$139,000
Water Tank – 15,000 G	\$25,000	50	30.0	3.62	\$90,495	\$36,194
Water Tank – 15,000 G	\$25,000	50	30.0	3.62	\$90,495	\$36,194
Water Tank – 75,000 G	\$73,000	50	30.0	3.62	\$264,245	\$105,695
Water Tank – 75,000 G	\$73,000	50	30.0	3.62	\$264,245	\$105,695
Water Tank – 75,000 G	\$73,000	50	30.0	3.62	\$264,245	\$105,695
Water Treatment Plant	\$40,720	40	22.5	1.97	\$80,188	\$35,084
Water Treatment Plant	\$2,034,808	40	23.5	2.09	\$4,259,531	\$1,757,058
Water Treatment Plant	\$355,078	40	35.5	5.80	\$2,058,732	\$231,600
Air Blower Wiring	\$12,592	15	6.2	1.33	\$16,782	\$9,883
Electrical Pump	\$8,509	15	9.3	1.45	\$12,316	\$4,653
Improvement	\$29,135	15	9.5	1.45	\$42,239	\$15,486
Improvement – Electrical Pump	\$8,509	15	9.3	1.45	\$12,316	\$4,653
Improvement – Sub Pumps/Inst	\$21,181	15	9.5	1.45	\$30,707	\$11,260
Intake Manifold	\$13,213	20	8.8	1.42	\$18,718	\$10,529
Umpqua Reservoir Recoating	\$40,450	40	3.7	1.25	\$50,630	\$45,988
Calapooia Crossing Project	\$155,141	20	3.0	1.23	\$190,174	\$161,648
Oak Hills Reservoir	\$155,951	30	3.3	1.24	\$193,237	\$171,765
Automated Meter Reading	\$678,832	10	3.6	1.25	\$847,958	\$544,106
Pump Station Control Panel	\$11,700	10	3.8	1.25	\$14,663	\$9,042
Drive Assembly Unit	\$80,000	10	3.6	1.25	\$99,931	\$64,122
Conduits on Highway 138	\$21,640	30	2.0	1.20	\$25,885	\$24,160
Lane St. Water Line Replacement	\$37,175	50	1.7	1.18	\$43,961	\$42,495
S State WL Replacement	\$35,585	50	1.7	1.18	\$42,081	\$40,678
S Calapooia Main Relocate	\$118,567	50	1.2	1.14	\$135,295	\$131,913
Total	\$11,424,891				\$16,548,225	\$12,342,349

2.3.2 Grant Funding Portion

As previously discussed, those portions of the water infrastructure that were paid for by Federal or State funds through grants or were provided by developer dedication to the City are not eligible for system development charge reimbursement. The City has not utilized any grants in the payment of water system elements. The City-funded portion of these projects was therefore 100%.

2.3.3 Capacity Remaining

During the high water demand periods of the year, the City of Sutherlin's water treatment plants run near capacity. No excess capacity is available. The raw water pumping systems and the water distribution system have adequate capacity to service projected growth in areas that are currently serviced. Newly developed areas without water service may be required to construct new water distribution infrastructure as outlined in the Capital Improvement portion of the City's Water Master Plan. To allow for the new water demands of development, water treatment plant, distribution system and storage system improvements will be required.

Existing Storage is deficient for both existing and for new development. Therefore, no capacity remains for future users and storage tank assets will have 0% capacity eligibility for new users.

2.3.4 Equity Portion

The equity portion of the water system consists of the depreciated and non-grant funded SDC eligible infrastructure value, which represents excess capacity available for new customers and which is not currently being financed. This amount is divided by the number of anticipated EDUs which will be added to the system during the study period. The result is the non-debt service reimbursement portion of the SDC.

The City of Sutherlin has one outstanding loan for water system improvements. The City has paid for this loan in the amount of \$2,056,270.13 with remaining balances equaling \$79,984.87.

2.3.5 Share Portion

The final restriction of what portion of water assets are SDC eligible is based on the share of the asset which will be used by new development and which portion will be used by existing water customers. As developed previously in this section, the future estimated water EDUs will total 6,667. Of this, 1,666 are estimated to be new EDUs. Therefore, the share of new development use of water assets will be $(1,666/6,667) = 25\%$.

2.3.6 Water SDC Reimbursement Amount without Debt Service

Presented below in Table 2.3.6.1 are the calculations for the net water infrastructure value, which is SDC reimbursement eligible after having been reduced by grant, capacity, equity and share eligibility restrictions. The resulting non-debt service SDC eligible water reimbursement amount

is \$1,956,311. The assessment per new EDU will therefore be (\$1,956,311/1,666 EDUs) = \$1,174 per EDU.

Table 2.3.6.1 Water SDC Eligibility Calculations

#			Cur. Val.	Grant	Capacity	Equity	Share	SDC Reim.
Asset	Name	Age	Market	Elig. %	Elig. %	Elig. %	Elig. %	Elig. Amt.
Buildings								
	Office Expansion	5.2	\$35,787	100.00%	100.00%	100.00%	25.00%	\$8,947
Infrastructure								
	Ridgewater Reservoir	2.6	\$101,102	100.00%	0.00%	100.00%	25.00%	\$0
	Umpqua Reservoir	2.7	\$22,177	100.00%	0.00%	100.00%	25.00%	\$0
Construction In Progress								
	Central Avenue Waterline Imps.	0.0	\$975,000	100.00%	100.00%	100.00%	25.00%	\$243,750
Land								
	Property - 035a	0.0	\$57	100.00%	100.00%	100.00%	25.00%	\$14
	Property - 035ba	0.0	\$4,134	100.00%	100.00%	100.00%	25.00%	\$1,034
	Property - 035az	0.0	\$20,241	100.00%	100.00%	100.00%	25.00%	\$5,060
	Property - 035aw	0.0	\$2,897	100.00%	100.00%	100.00%	25.00%	\$724
	Property - 035ac	0.0	\$1,000	100.00%	100.00%	100.00%	25.00%	\$250
	Property - 035z	0.0	\$18,537	100.00%	100.00%	100.00%	25.00%	\$4,634
	Property - 035x	0.0	\$250	100.00%	100.00%	100.00%	25.00%	\$63
	Property - 035u	0.0	\$8,160	100.00%	100.00%	100.00%	25.00%	\$2,040
	Property - 035l	0.0	\$200	100.00%	100.00%	100.00%	25.00%	\$50
	Property - 035h	0.0	\$29,135	100.00%	100.00%	100.00%	25.00%	\$7,284
Water Distribution System								
	Oak Hills Reservoir	6.7	\$255,179	100.00%	0.00%	100.00%	25.00%	\$0
	Pumps	8.8	\$13,107	100.00%	0.00%	100.00%	25.00%	\$0
	Schoon Project	10.5	\$14,252	100.00%	100.00%	100.00%	25.00%	\$3,563
	Schoon Project	12.7	\$17,257	100.00%	100.00%	100.00%	25.00%	\$4,314
	Water Line - 4th between st	4.1	\$10,283	100.00%	100.00%	100.00%	25.00%	\$2,571
	Water Pipe - 12" Plastic	30.0	\$180,375	100.00%	100.00%	100.00%	25.00%	\$45,094
	Water Pipe - 14" AC	30.0	\$63,347	100.00%	100.00%	100.00%	25.00%	\$15,837
	Water Pipe - 14" Concete Cylinder	30.0	\$481,654	100.00%	100.00%	100.00%	25.00%	\$120,414
	Water Pipe - 14" DI	30.0	\$299,835	100.00%	100.00%	100.00%	25.00%	\$74,959
	Water Pipe - 2" Plastic	30.0	\$8,021	100.00%	100.00%	100.00%	25.00%	\$2,005
	Water Pipe - 2" Steel	30.0	\$22,678	100.00%	100.00%	100.00%	25.00%	\$5,670
	Water Pipe - 4" AC	30.0	\$20,734	100.00%	100.00%	100.00%	25.00%	\$5,184
	Water Pipe - 4" CI	30.0	\$57,367	100.00%	100.00%	100.00%	25.00%	\$14,342
	Water Pipe - 6" AC	30.0	\$4,243,862	100.00%	100.00%	100.00%	25.00%	\$1,060,966
	Water Pipe - 6" CI	30.0	\$611,938	100.00%	100.00%	100.00%	25.00%	\$152,985
	Water Pipe - 6" Plastic	30.0	\$38,551	100.00%	100.00%	100.00%	25.00%	\$9,638
	Water Pipe - 8" AC	30.0	\$670,930	100.00%	100.00%	100.00%	25.00%	\$167,733
	Water Pipe - 8" CI	30.0	\$335,353	100.00%	100.00%	100.00%	25.00%	\$83,838
	Water Pipe - 8" Plastic	30.0	\$332,406	100.00%	100.00%	100.00%	25.00%	\$83,102
	Water Pump	12.0	\$2,589	100.00%	0.00%	100.00%	25.00%	\$0
	Water Pump	12.0	\$2,589	100.00%	0.00%	100.00%	25.00%	\$0
	Water Pump Station	9.5	\$23,415	100.00%	0.00%	100.00%	25.00%	\$0

Water Pump Station	25.0	\$19,648	100.00%	0.00%	100.00%	25.00%	\$0
Water Pump Station Installation	12.0	\$6,447	100.00%	0.00%	100.00%	25.00%	\$0
Water Pump Installation	12.0	\$2,589	100.00%	0.00%	100.00%	25.00%	\$0
Water Pump Installation	12.0	\$6,447	100.00%	0.00%	100.00%	25.00%	\$0
Water Tank - 1 MG	30.0	\$756,900	100.00%	0.00%	100.00%	25.00%	\$0
Water Tank - 1.25 MG	30.0	\$139,000	100.00%	0.00%	100.00%	25.00%	\$0
Water Tank - 15,000 G	30.0	\$36,194	100.00%	0.00%	100.00%	25.00%	\$0
Water Tank - 15,000 G	30.0	\$36,194	100.00%	0.00%	100.00%	25.00%	\$0
Water Tank - 75,000 G	30.0	\$105,695	100.00%	0.00%	100.00%	25.00%	\$0
Water Tank - 75,000 G	30.0	\$105,695	100.00%	0.00%	100.00%	25.00%	\$0
Water Tank - 75,000 G	30.0	\$105,695	100.00%	0.00%	100.00%	25.00%	\$0
Water Treatment Plant	22.5	\$35,084	100.00%	0.00%	100.00%	25.00%	\$0
Water Treatment Plant	23.5	\$1,757,058	100.00%	0.00%	65.60%	25.00%	\$0
Water Treatment Plant	35.5	\$231,600	100.00%	0.00%	100.00%	25.00%	\$0
Air Blower Wiring	6.2	\$9,883	100.00%	0.00%	100.00%	25.00%	\$0
Electrical Pump	9.3	\$4,653	100.00%	0.00%	100.00%	25.00%	\$0
Improvement	9.5	\$15,486	100.00%	100.00%	100.00%	25.00%	\$3,872
Improvement - Electrical Pump	9.3	\$4,653	100.00%	0.00%	100.00%	25.00%	\$0
Improvement - Sub Pumps/Inst	9.5	\$11,260	100.00%	0.00%	100.00%	25.00%	\$0
Intake Manifold	8.8	\$10,529	100.00%	0.00%	100.00%	25.00%	\$0
Umpqua Reservoir Recoating	3.7	\$45,988	100.00%	0.00%	100.00%	25.00%	\$0
Calapooia Crossing Project	3.0	\$161,648	100.00%	100.00%	100.00%	25.00%	\$40,412
Oak Hills Reservoir	3.3	\$171,765	100.00%	0.00%	100.00%	25.00%	\$0
Conduits on Highway 138	2.0	\$24,160	100.00%	100.00%	100.00%	25.00%	\$6,040
Lane St. Water Line Replacement	1.7	\$42,495	100.00%	100.00%	100.00%	25.00%	\$10,624
S State WL Replacement	1.7	\$40,678	100.00%	100.00%	100.00%	25.00%	\$10,170
S Calapooia Main Relocate	1.2	\$131,913	100.00%	100.00%	100.00%	25.00%	\$32,978
Total		\$11,803,968					\$1,956,311

2.3.7 Water SDC Reimbursement Amount with Debt Service

Debt service is an eligible SDC reimbursement item under Oregon Statutes. However, care must be taken to insure that the computation of SDC debt service does not “double charge”. These calculations can be complicated. To this end, the SDC has been first calculated on the basis of equity eligibility, meaning that only the values of paid-off portions of assets were included and the value of assets currently being financed were excluded. This permits a separate evaluation of the asset debt service portions (amounts currently being financed) for determination of eligible reimbursement amounts.

The only remaining loan is the GO Refunding Bond, Series 2004, in the original amount of \$955,000. It has a remaining balance of \$700,000. However, the debt service is associated with the existing water treatment plant which has no further capacity for future users. Therefore, no debt service amounts would be eligible for inclusion in the reimbursement amount. The debt service cannot be factored in, as there is no capacity for new development and future users.

Reimbursement Amount

The reimbursement fee calculation is made in Table 2.3.7.1 below. It is based on \$2,110,630/1,666 which is the total SDC reimbursement eligibility amount divided by the anticipated new EDUs during the 10-year study period as calculated in Table 2.2.1.

Table 2.3.7.1 Reimbursement Fee Calculation

SDC Component	Total Amount	Charge per EDU
Reimbursement w/out Debt Service	\$1,956,311	\$1,174

2.4 Improvement Fee Methodology Development

2.4.1 Capital Improvement Plan

A capital improvement plan (CIP) or Master Plan is the basis for the improvement fee portion of the SDC. The recently completed *Water Rate Study, March 2007*, and *Water Master Plan, May 2006*, by The Dyer Partnership, Engineers and Planners, Inc., provided recommendations for water system improvements. The costs were updated to reflect inflationary factors. The capital improvement plan should be updated as projects are anticipated and costs developed. The methodology presented in this section provides a methodology for determination of the improvement fee portion of the SDCs.

There are currently six projects proposed for water system improvements in the CIP. Those projects are listed in Table 2.4.2.1. The estimated project costs presented are based on current construction expenses and include engineering, contingency and legal/administrative costs and are consistent with the findings of the *2007 Water Rate Study*. These projects were determined to be necessary for the next 10-year period to both accommodate growth and to correct existing water system deficiencies.

2.4.2 System Development Charge Eligible Portion

Included below as Table 2.4.2.1 is the summary of a portion of the recommended Phase I improvements, which encompass a 20 year period, as reproduced from Table 12.21 of the Water Master Plan.

**Table 2.4.2.1
Summary of Water System Capital Improvement Projects**

No.	Project Description	Proj. Cost	SDC % Elig.	SDC Elig.
1	Cooper Creek Water Treatment Plant Improvements	\$ 4,600,000	40%	\$ 1,840,000
2	2.0 MG reservoir	\$ 2,500,000	37%	\$ 925,000
3	West Side Main Improvement West of I-5	\$ 995,000	25%	\$ 248,750
4	Umpqua Basin Water Assoc. Debt Repayment	\$ 530,000	25%	\$ 132,500
5	Central Avenue WL Phase 2	\$ 975,000	25%	\$ 243,750
6	Orengo Water Main Upsizing	\$ 226,000	25%	\$ 56,500
	Totals	\$ 9,826,000		\$ 3,446,500

In the capital improvement list above, a percentage is estimated for each project presenting the portion that is constructed to provide or support new service within the study period. This is the SDC eligible portion. Those parts of projects, which improve service to existing customers or are to be constructed to meet new regulatory requirements for existing customers, are ineligible.

Therefore, after eligibility reduction for anticipated grants, capacity share and utilization, the Capital Improvement Plan projects totaling \$9,826,000 are improvement fee SDC eligible in the amount of \$3,446,500. Each of the capital improvement projects listed above in Table 2.4.2.1 may be paid with funds collected for this purpose from new development.

Based on the projected growth rate for Sutherlin for the next 10 years, the City is expected to add 1,666 EDUs to the water system. Therefore, the EDU charge for improvement fee portion of the SDC can be no greater than $(\$3,446,500/1,666) = \$2,069$ per EDU.

2.5 Recommended Charges

2.5.1 Calculation of Total Water System Development Charge

The Water System Development Charge may be as high as the summation of the reimbursement portion and the improvement portions computed in sections 2.3 and 2.4 above. The summation is shown below in Table 2.5.1.1

Table 2.5.1.1 Maximum Water System Development Charges

SDC Component	Total Amount	Charge per EDU
Reimbursement	\$1,956,311	\$1,174
Improvement	\$3,446,500	\$2,069
Total	\$5,402,811	\$3,243

2.5.2 Assessment Method and Table

EDUs associated with each new service connection must be determined in order to charge new customers the appropriate SDC amount. A single-family dwelling equals one EDU. However, in the case of commercial or industrial customers, the assessment becomes more difficult. A daily per capita flow contribution was established in the Water Master Plan (WMP) of 136.5 gallons per capita per day flow. The WMP also establishes an EDU as representing 2.32 persons. Therefore, a water EDU is estimated to demand 317 gallons of water per day.

A water daily average flow contribution assessment table has been prepared for Sutherlin and is provided as Table 2.5.2.1 below. The table addresses schools, workplaces, camps, motels, hotels, health care facilities, restaurants, recreational facilities, churches, residential units and other commercial activities. This table has been developed in terms of EDUs and the daily average water flow contribution assessment developed in terms of gross square footage, living units and beds. These categories were selected to correspond with the ITE Transportation Manual classifications. This practice will facilitate development of transportation SDC when and if it is developed. For development not listed or where production or process water is used, a case-by-case assessment will be necessary based on a water EDU representing 317 gallons per day.

Table 2.5.2.1 Water EDU Assessments for New Services

WATER SERVICE CUSTOMER	EDU	GPD
Schools		
Day Care Center (No Meals Prepared) Per 1000 Sq. Ft.	0.26	82
School, No Cafeteria Or Showers Per 1000 Sq. Ft.	0.25	79
Add For Cafeteria Per 1000 Sq. Ft.	0.08	25
Add For Showers Per 1000 Sq. Ft.	0.05	16
Boarding Schools Per Bed	0.49	155
Workplace		
Factory Per 1000 Sq. Ft.	0.06	19
Add for Factory (With Showers) Per 1000 Sq. Ft.	0.03	10
General Office Per 1000 Sq. Ft.	0.06	19
Retail /Commercial Per 1000 Sq. Ft.	0.09	29
Auto Service Stations, Per Fueling Position.	0.88	279
Beauty Salon, Per Chair Per 1000 Sq. Ft.	3.25	1030
Clinic, Per 1000 Sq. Ft.	0.98	311
Grocery Store Per 1000 Sq. Ft.	0.12	38
Camps, Motels, Hotels And Marinas		
Per RV Space	0.59	187
Summer Or Church Type Camps, Per Bed	0.37	117
Motels & Hotels, Per Room	0.41	130
Health Care Facilities		
Hospitals, Per Bed	1.22	387
Nursing Homes, Per Bed	0.73	231
Restaurants		

Quality Per 1000 Sq. Ft.	2.44	773
Fast Food Per 1000 Sq. Ft.	2.2	697
Fast Food , Without Rest Rooms Per 1000 Sq. Ft.	1.17	371
Bars And Cocktail Lounges (No Meals) Per 1000 Sq. Ft.	1.61	510
Recreational Facilities		
Theaters, Sporting Events, Per 1000 Sq. Ft.	0.85	269
Parks Per Acre	0.13	41
Health Or Country Club Per 1000 Sq. Ft.	0.42	133
Bowling Alley Per Lane	0.13	41
Arcade, Amusement Facility Per 1000 Sq. Ft.	0.98	311
Places of Worship		
Worship Service & Sunday (Sabbath) School Per 1000 Sq. Ft.	0.11	35
Add With Meal Preparation Facilities (Per 1000 Sq. Ft.)	0.13	41
Miscellaneous		
Boarding Kennel Per Run	0.12	38
Dog Grooming Per 1000 Sq. Ft.	3.25	1030
Laundromats, Per Machine	1.95	618
Residential		
Rooming/Boarding House Per Unit	0.22	70
Domicile Per Housing Unit	1	317
Apartments Per Housing Unit	0.75	238
Condominiums	0.9	285

SUMMARY

3.1 General

A single list of anticipated development types should be adopted for use in determining all services SDCs. The assessment chart for various types of users was prepared to accommodate additional types of allowable SDCs in the future such as drainage and parks.

For the assessment method to be equitable, unambiguous and consistent, it is desirable to have broad classifications to the maximum extent possible. This will reduce subjective classification. However, the list must not be so broad as to obscure significant differences between different types of users.

Criteria such as the number of employees, number of restaurant seats, number of students or number of meals served can be useful for determining existing conditions within a community. However, these methods are not desirable for cost assessment purposes because the above criteria may change with time and under or over estimate future service demands. In addition, the use of number of employees for assessment purposes is severely restricted under Oregon Statutes. A more desirable method will use facility gross square footage criteria or other readily determined and consistent factors such as number of drive-in windows or number of fueling stations.

3.2 Summary of Recommended SDCs

Listed below in Table 3.2.1.1 is the recommended water SDC per EDU charge. Table 3.2.1.2 provides a calculation work sheet for assessment.

Table 3.2.1.1 Summary of Recommended Water SDCs Per EDU*

Item	Reimbursement Portion	Improvement Portion	Total SDC
Water	\$1174	\$2069	\$3243
Total	\$1174	\$2069	\$3243

* EDU determination varies for each type of service

PART A

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5
	Base	Area	Net	Water
Water SDC Calculation	Water	÷ 1000 S.F.	Water	EDU x
	EDU	or Unit	EDU	\$3,207
Schools				
Day Care Center (No Meals Prepared) Per 1000 Sq. Ft.	0.26			
School, No Cafeteria Or Showers Per 1000 Sq. Ft.	0.25			
Add For Cafeteria Per 1000 Sq. Ft.	0.08			
Add For Showers Per 1000 Sq. Ft.	0.05			
Boarding Schools Per Bed	0.49			
Workplace				
Factory Per 1000 Sq. Ft.	0.06			
Add for Factory (With Showers) Per 1000 Sq. Ft.	0.03			
General Office Per 1000 Sq. Ft	0.06			
Retail /Commercial Per 1000 Sq. Ft.	0.09			
Auto Service Stations, Per Fueling Position.	0.88			
Beauty Salon, Per Chair Per 1000 Sq. Ft.	3.25			
Clinic, Per 1000 Sq. Ft.	0.98			
Grocery Store Per 1000 Sq. Ft.	0.12			
Camps, Motels, Hotels And Marinas				
Per RV Space	0.59			
Summer Or Church Type Camps, Per Bed	0.37			
Motels & Hotels, Per Room	0.41			
Health Care Facilities				
Hospitals, Per Bed	1.22			
Nursing Homes, Per Bed	0.73			
Restaurants				
Quality Per 1000 Sq. Ft.	2.44			
Fast Food Per 1000 Sq. Ft.	2.2			
Fast Food , Without Rest Rooms Per 1000 Sq. Ft.	1.17			
Bars And Cocktail Lounges (No Meals) Per 1000 Sq. Ft.	1.61			
Recreational Facilities				
Theaters, Sporting Events, Per 1000 Sq. Ft.	0.85			
Parks Per Acre	0.13			
Health Or Country Club Per 1000 Sq. Ft.	0.42			
Bowling Alley Per Lane	0.13			
Arcade, Amusement Facility Per 1000 Sq. Ft.	0.98			
Places of Worship				
Worship Service & Sunday (Sabbath) School Per 1000 Sq. Ft.	0.11			
Add With Meal Preparation Facilities (Per 1000 Sq. Ft.)	0.13			
Miscellaneous				
Boarding Kennel Per Run	0.12			
Dog Grooming Per 1000 Sq. Ft.	3.25			
Laundromats, Per Machine	1.95			

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5
	Base	Area	Net	Water
	Water	÷ 1000 S.F.	Water	EDU x
	EDU	or Unit	EDU	\$3,207
Residential				
Rooming/Boarding House Per Unit	0.22			
Single Family Housing Unit	1.00			
Apartments Per Housing Unit	0.75			
Condominiums	0.9			
Totals				

- 1.) Enter area or units in Col. 3 for each type of development
- 2.) Multiply Col. 2 by Col. 3. Enter result in Col. 4.
- 3.) Multiply Col. 4 by SDC/EDU charge for water. Enter results in Col. 5
- 4.) Enter sum of Cols. in "Totals" spaces

3.3 Assessment Criteria

3.3.1 General

Guidance is provided below for use with Table 3.2.1.2 in terms of assessment of areas and determination of correct development types and criteria for purposes of SDC calculation.

The water SDC will be the easiest to determine as it is based upon the size of a water meter set for the development in question. Only one SDC assessment should be made per meter set.

Mixed use facilities are common. It will often be necessary to divide the facility's gross covered square footage in terms of various facility types. Common areas should be proportioned between assigned types.

Schools/Education Facilities

Schools should be assessed with respect to gross floor space area. This includes outbuilding space. If showers or cafeterias are present, they should be included at the rate of the entire school area, not just the floor space devoted to these functions.

Gymnasiums should be assessed separately as theaters/sporting events facilities. Outdoor stadiums should be assessed at 50% of the rate of theaters/sporting events facilities.

Education Facilities include art schools, martial arts studios, and dance studios. Museums should be assessed at the library rate.

Camps, Motels, Hotels and Marinas

This category includes transient or temporary living facilities which do not generally see as great a consumption of water or sewage service usage as more permanent living facilities. The criteria is established for the maximum capacity of the facility rather than the occupied number or rooms, beds, slips, etc.

Commercial/Government

This category includes a wide variety of facilities. For mixed use facilities, it may be appropriate to divide the facility into its various functions. For example a traveler's service facility might include a convenience store with a fast food restaurant, gas station, auto garage and a car wash. The SDC gas station fuel position assessment should exclude up to 20 square feet of facility floor space for each fueling position from other assessments. The car wash assessment should exclude 50 square feet of facility floor space as well as the wash bay areas from other assessments. A drive-in window assessment should exclude 20 square feet of facility floor space from other assessments. Mixed-use facilities should include a proportionate amount of restroom, hallway, cashier, entrance space and other common use areas for each assessment type.

Health Care Facilities

These include medical clinics, doctors and other clinician's offices with examine rooms, veterinarian's offices, dentist's offices, and those portions of mortuary facilities devoted to body preparation. Hospitals and nursing homes should be assessed on the number of approved bed spaces, not on the basis of occupancy.

Places of Worship and Meeting Halls

These include churches, temples, synagogues, chapels, fraternal organization facilities, lecture and meeting halls and other facilities which are not routinely and continuously occupied, such as those portions of mortuaries devoted to chapel services. Church schools and daycare programs which are routinely in session during the week should be assessed as schools, otherwise, Sunday school buildings should be included in the gross floor area of the sanctuary, meeting rooms and offices. Separate storage facilities should be assessed as mini-storage.

Restaurants

There are two broad categories of restaurants. A quality restaurant provides seated service and does not typically offer "to go" service. Service is by means of washable flatware and orders are generally prepared as ordered. Fast food service is characterized by paper service, "to go" service and food items prepared or semi-prepared in advance of order.

Restaurants, especially the fast food variety, are typically heavy traffic generators. However, in the case of single or limited item service such as ice-cream or fountain service only or other kiosk types of services such as, keys, photo mat or coffee drive-in service, it is recommended

that the drive-in add-on assessment not be made for facilities with a total floor space of less than 600 square feet. The drive-in addition charge per window should be pro-rated between 601 and 1,099 square feet. (0.2% of additional fee per drive-in window per square foot over 600 s.f.) Those facilities smaller than 600 s.f. should be assessed as fast food restaurants or retail businesses as appropriate on a square footage basis only. Outdoor food service should be assessed at a rate of 50% the standard rate.

Recreational Facilities

Amusement arcade centers include video game parlors, in-door shooting ranges, pool halls and in-door paint-ball facilities. Those portions of the facility devoted to food service or bar service should be assessed separately. The food service gross area should include kitchen, pantry and table areas. In addition, each assessment type should include a proportionate amount of storage, restroom, hallway, cashier and entrance space.

In the case of golf courses, miniature golf should be assessed at the same rate as conventional golf courses per hole. Food service facilities should be assessed separately. Driving ranges should be assessed at a rate of 33% per hole cost per driving position.

Residential

The SDCs are based upon comparison with the City services typically required of a single family detached dwelling. Modular or mobile homes should be assessed at the same rates as conventional homes.

3.4 Conclusion

As was noted at the beginning of this study, new homes and commercial facilities in the Sutherlin Urban Growth Boundary place additional demands upon existing infrastructure and require the construction of municipal infrastructure to support this development. SDC development provides for sensible development within the community.

The next step for the City of Sutherlin, after acceptance of this study, is to craft and pass an ordinance establishing the SDC methodology and costs adopted by the City Council. As noted previously, all interested parties must be provided notification of this process and allowed an opportunity to participate.

A final recommendation is made that the City Council consider the establishment of a cost index mechanism to be included in the ordinance. The recommended index is the Engineering News Record (ENR) Construction Price Index found at:

<http://enr.construction.com/features/conEco/costIndexes/constIndexHist.asp>

The base index should be established as 8050 for September 2007. This index should be used to automatically adjust the SDCs for each service area on a yearly basis. This will adjust for inflation (or deflation) and maintain the SDC with respect to actual construction costs in the future. The ENR index meets the requirements of SB 939 Section 4.

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APPENDICES

Appendix A	Oregon Revised Statutes 223.297 to 223.324 System Development Charges 72 nd Oregon Legislative Assembly – 2003 Regular Session Senate Bill 939
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