

APPENDIX II

PRESENTATION MATERIALS



City of Cottage Grove Council Workshop

September 20, 2010

Update

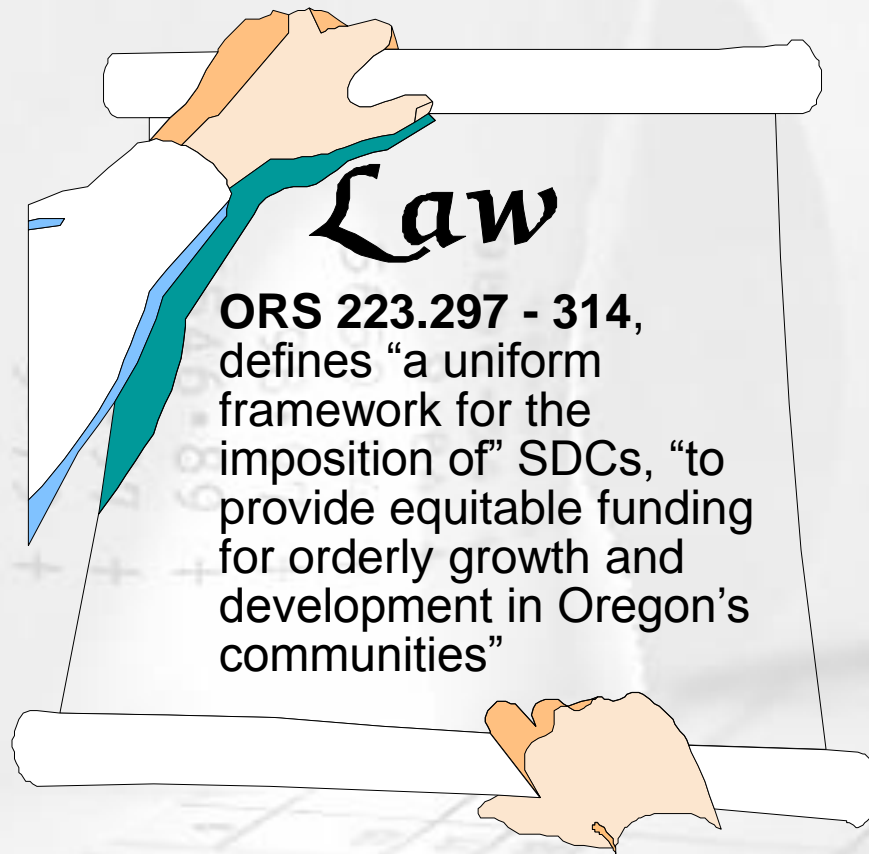
■ System Development Charges

- ✓ Water
- ✓ Wastewater
- ✓ Stormwater
- ✓ Transportation
- ✓ Parks

■ Questions

System Development Charges

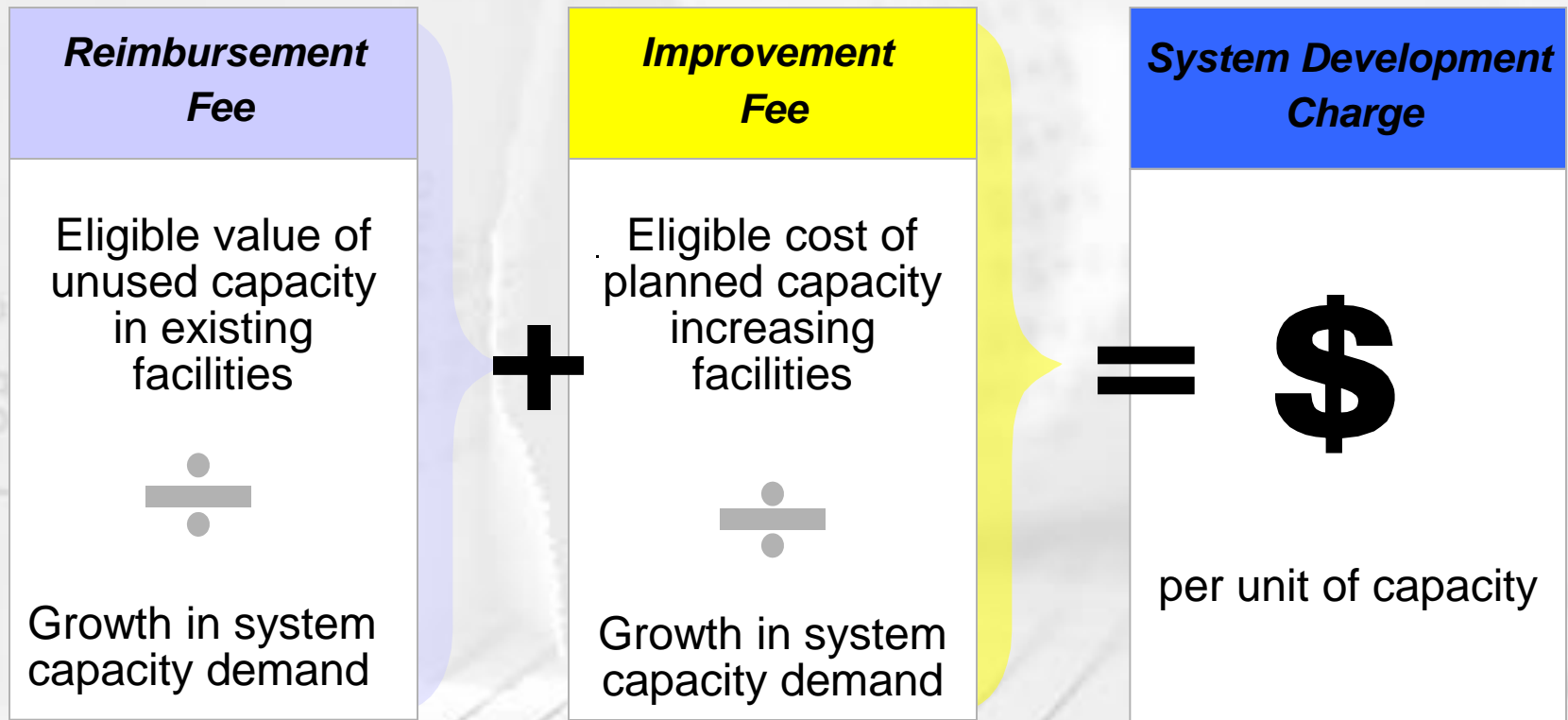
SDC Background



Key Characteristics

1. SDCs are one-time charges, not ongoing rates.
2. SDCs are for capital only, in both their calculation and in their use.
3. Properties which are already developed do not pay SDCs unless they “redevelop”.
4. SDCs include both future and existing cost components.
5. SDCs are for general facilities, not “local” facilities.

SDC Methodology



Calculation of Water SDC

	Cost Basis	Unit Basis	
		Meter Equivalents	Fixture Units
Reimbursement Fee			
Original Cost of Plant-in-Service	\$ 19,637,644		
Unused Capacity	27.2%		
Cost of Unused Capacity	\$ 5,347,080		
less: Outstanding Debt Principal (11,241,850)	(3,061,012)		
Net Reimbursement Fee Cost Basis	\$ 2,286,068		
Growth to End of Planning Period		1,463	44,655
Reimbursement Fee		\$ 1,563	\$ 51
Improvement Fee			
Total Capital Improvement Projects	\$ 18,486,746		
less: Cost of Existing Deficiencies	(10,700,436)		
Capacity Expanding CIP	\$ 7,786,309		
less: Existing SDC Fund Balance	(80,118)		
Net Cost Basis for Improvement Fee	\$ 7,706,191		
Growth to End of Planning Period (20 years; 2008-2027)		1,463	44,655
Improvement Fee		\$ 5,267	\$ 173
Total System Development Charge			
Reimbursement Fee		\$ 1,563	\$ 51
Improvement Fee (Base)		\$ 5,267	\$ 173
SDC Subtotal		\$ 6,830	\$ 224
plus: Administrative Cost Recovery	1.61%	\$ 110	\$ 4
Total Base SDC		\$6,940	\$228
		per Meter Equivalent	per Fixture Unit

Existing water SDC is \$30.39 per fixture unit.

Calculated Water SDCs by Meter Size

Meter Size	Flow Factors	SDC
3/4" x 5/8"	1	\$ 6,940
1"	2.5	17,350
1-1/2"	5	34,700
2"	8	55,520
3"	16	111,040
4"	25	173,500
6"	50	347,000
8"	80	555,200
10"	125	867,500

Calculation of Wastewater SDCs

	Cost Basis	Unit Basis	
		Meter Equivalents	Fixture Units
Reimbursement Fee			
Original Cost of Plant-in-Service	\$ 15,667,906		
Unused Capacity	17.4%		
Cost of Unused Capacity	\$ 2,729,486		
less: Outstanding Debt Principal (10,386,741)	(1,809,461)		
Net Reimbursement Fee Cost Basis	\$ 920,025		
Growth to End of Planning Period		1,337	32,910
Reimbursement Fee		\$ 688	\$ 28
Improvement Fee			
Total Capital Improvement Projects	\$ 6,323,087		
less: Cost of Existing Deficiencies	(5,406,028)		
Capacity Expanding CIP	\$ 917,059		
less: Existing SDC Fund Balance	(343,340)		
Net Cost Basis for Improvement Fee	\$ 573,719		
Growth to End of Planning Period (20 years; 2008-2027)		1,337	32,910
Improvement Fee		\$ 429	\$ 17
Total System Development Charge			
Reimbursement Fee		\$ 688	\$ 28
Improvement Fee		\$ 429	\$ 17
SDC Subtotal		\$ 1,117	\$ 45
plus: Administrative Cost Recovery	1.61%	\$ 18	\$ 1
Total SDC		\$1,135	\$46
		per Meter Equivalent	per Fixture Unit

Existing wastewater SDC is \$45.61 per fixture unit.

Calculated Wastewater SDCs by Meter Size

Meter Size	Flow Factors	SDC
3/4" x 5/8"	1	\$ 1,135
1"	2.5	2,838
1-1/2"	5	5,675
2"	8	9,080
3"	16	18,160
4"	25	28,375
6"	50	56,750
8"	80	90,800
10"	125	141,875

Calculation of Stormwater SDC

Reimbursement Fee	Cost Basis	Unit Basis
		ESUs
Original Cost of Plant-in-Service	\$ 1,999,261	
Unused Capacity	16.4%	
Cost of Unused Capacity	\$ 328,207	
less: Outstanding Debt Principal	(195,236) (32,051)	
Net Reimbursement Fee Cost Basis	\$ 296,156	
Growth to End of Planning Period		2,672
Reimbursement Fee		\$ 110.8511
Improvement Fee		
Total Capital Improvement Projects	\$ 15,418,682	
less: Cost of Existing Deficiencies	(13,549,238)	
Capacity Expanding CIP	\$ 1,869,444	
less: Existing SDC Fund Balance	(408,575)	
Net Cost Basis for Improvement Fee	\$ 1,460,869	
Growth to End of Planning Period (20 years)		2,672
Improvement Fee		\$ 546.80
Total System Development Charge		
Reimbursement Fee		\$ 110.85
Improvement Fee		\$ 546.80
SDC Subtotal		\$ 657.65
plus: Administrative Cost Recovery	1.61%	\$10.58
Total Base SDC		\$668.23 per ESU

Existing stormwater SDCs:

- Single family dwelling unit \$1,254.96
- All Others \$10,458.10 per acre (roughly \$636 per ESU)

Equivalent Service Unit (ESU):

- One single family dwelling unit equals one ESU.
- For all other customers, one ESU is 2,650 sq. ft. of impervious surface area.

Calculation of Transportation SDCs

Reimbursement Fee

Improvement Fee Expenditures	\$	741,264	
Unused Capacity		93.0%	
Cost of Net Unused Capacity	\$	689,014	
Growth to End of Planning Period		7,481	PM Peak Hour Trips (PHT)
Reimbursement Fee	\$	92.10	per PHT

Improvement Fee

Total Capital Improvement Projects	\$	12,915,000	
less: Cost of Existing Deficiencies		<u>(1,819,650)</u>	
Capacity Expanding CIP	\$	11,095,350	
Growth to End of Planning Period		7,481	PM Peak Hour Trips (PHT)
Improvement Fee	\$	1,483	per PHT

Total System Development Charge

Reimbursement Fee	\$	92.10	per PHT
Improvement Fee	\$	<u>1,483.14</u>	per PHT
SDC Subtotal	\$	1,575.24	per PHT
plus: Administrative Cost Recovery		<u>\$24.80</u>	per PHT
Total SDC		\$1,600	per PHT

Existing transportation SDC is \$775.45 per peak hour trip.

Transportation SDC: Application Examples

Customer Type	Estimated Daily Trips [1]	SDC	Basis
1 SFR	1.01 per DU	\$ 1,616	per DU
2 Apartments	0.62 per DU	\$ 992	per DU
3 General Office Bldg.	1.49 per 1,000 sq. ft.	\$ 2,384	per 1,000 sq. ft.
4 Specialty Retail	2.71 per 1,000 sq. ft.	\$ 4,336	per 1,000 sq. ft.
5 Supermarket	6.69 per 1,000 sq. ft.	\$ 10,704	per 1,000 sq. ft.
6 Light Industry	0.98 per 1,000 sq. ft.	\$ 1,568	per 1,000 sq. ft.

[1] Source: Institute of Transportation Engineers, Trip Generation, Seventh Edition.

Partial list only

Calculation of Parks SDC

<u>Improvement Fee-Eligible Costs</u>	<u>Total</u>
Neighborhood Park Land (acres)	\$ -
Neighborhood Park Development (acres)	\$ 2,494,386
Community Park Land (acres)	\$ 3,700,000
Community Park Development (acres)	\$ 3,700,000
Natural Resource Area Land (acres)	\$ 770,000
Natural Resource Area Development (acres)	\$ 38,500
Greenway/Nodal Parks Land (acres)	\$ 100,000
Greenway/Nodal Parks Development (acres)	\$ 100,000
Total Growth Costs	\$ 10,902,886
<i>Total All Costs (including non-growth costs)</i>	<i>\$ 12,158,500</i>
<i>Growth Costs as Percentage of Total Costs</i>	<i>89.67%</i>

<u>Total System Development Charge</u>	
Compliance Costs (avg. \$18,571.41 per year)	\$ 761,428
Total Growth and Compliance Costs	\$ 11,664,314
Population Increase	8,034
Cost Per Person	\$ 1,452

Existing parks SDC:

- \$238.60 per single family dwelling unit

NOTE: Planning period is 42 years; 2008 through 2050.

<u>Preliminary SDC Rates</u>	<u>Gross SDC</u>				<u>Net SDC Rate</u>
	<u>Persons/Unit</u>	<u>Rate</u>	<u>Tax Credit</u>	<u>Rate</u>	
Single Family Dwelling Unit	2.71	\$ 3,935	\$ (275)	\$	3,659
Multi-Family Dwelling Unit	1.87	\$ 2,715	\$ (71)	\$	2,644
Manufactured Housing Unit	1.34	\$ 1,946	\$ (57)	\$	1,889

SDC Comparison

Jurisdiction	Water	Wastewater	Stormwater	Parks	Transportation	TOTAL
Silverton	\$ 4,130	\$ 4,505	\$ 1,462	\$ 4,156	\$ 3,908	\$ 18,161
Springfield / Springfield UB [2]	3,171	4,938	991	3,468	2,250	14,818
Prineville	2,587	7,238	-	1,887	2,925	14,637
Cottage Grove - Proposed	6,940	1,135	668	3,659	1,616	14,018
Saint Helens [3]	2,530	3,738	689	1,362	3,847	12,166
Veneta [4]	1,937	4,754	145	3,283	1,738	11,858
Creswell [3]	5,026	4,520	-	1,539	597	11,682
Eugene [5]	3,251	2,015	539	3,935	1,732	11,471
Independence [6]	2,357	3,445	793	1,678	3,115	11,388
Stayton	2,670	3,528	-	2,305	2,562	11,065
Florence	3,353	4,200	1,932	-	815	10,300
Junction City [3]	1,100	6,849	-	1,090	1,116	10,155
Lowell [7]	5,344	1,313	568	985	625	8,835
Monmouth [8]	1,413	2,753	201	1,484	394	6,245
Coburg [9]	1,239	-	-	2,600	850	4,688
Cottage Grove - Existing	775	692	1,255	234	776	3,732
North Bend [10]	3,585	-	-	-	-	3,585
Sweet Home	1,215	624	-	-	-	1,839
La Grande [11]	-	-	-	525	-	525
Astoria [12]	-	-	-	-	-	-
Baker City [12]	-	-	-	-	-	-

[1] Stormwater SDC is \$260 per 1,000 sq. ft. of impervious surface. The charge is calculated based on 2,650 sq. ft. impervious surface.

[2] Springfield Utility Board provides the water service. Water SDC represents the Level One SDC which is the minimum. Depending on the zone and elevation, the charge may go up as high as \$7,756. Wastewater SDC included City's sanitary sewer SDC (based on 20 fixture units) and MWMC regional SDC (\$1,117.07). Stormwater SDC is \$0.374 per sq. ft. and the charge is based on 2,650 sq. ft. impervious surface area. The City of Springfield also charges an additional 5% administrative fee. Parks SDC is collected by the City of Springfield for the Willamalane Parks & Recreation District.

[3] There is an additional 5% administrative charge.

[4] There is an additional 4% administrative charge. Stormwater, Parks, and Transportation SDCs are scheduled to increase annually Jan. 1st by 20-City ENR index.

[5] Water service is provided by Eugene Water and Electric Board.

Sewer SDC includes City of Eugene and Metropolitan Wastewater Management Commission (MWMC) charges. City's SDC is calculated based on 2,000 sq. ft. living area.

Stormwater SDC represents medium residential user category which assumes building footprint greater than 1,000 sq. ft. and less than 3,000 sq. ft.

The City of Eugene charges an additional 9% (minimum of \$80) administrative fee.

[6] City of Independence adjusts its SDC in May based on Seattle cost of living index.

[7] There is an additional 3% administrative charge.

[8] Stormwater SDC is \$0.076 per sq. ft. of impervious area. The charge shown is based on 2,650 sq. ft. impervious surface.

[9] City of Coburg SDCs have only increased a few dollars due to inflation over the last couple years.

[10] Water service is provided by the Coos Bay - North Bend Water Board. The City does not charge any SDC for the other services.

[11] City of La Grande has only parks SDC.

[12] City does not charge SDCs.

Questions