



AGENDA

UNIFIED SEWERAGE AGENCY BOARD OF DIRECTORS

"PH"
Sanitary Sewerage System Development--Adoption of
Methodology and Setting Charges

Agenda Title _____

To be presented by Gary F. Krahmer, General Manager

SUMMARY (Attach Supporting Documents if Necessary)

Beginning in 1971, when a fee of \$375 per "household" was first assessed, a system development charge (SDC) or "connection fee" has been a basic part of the Agency's rate structure. Since the early 1980's, these revenues have been dedicated to capital construction projects and most recently, the payment of revenue bond principal and interest.

Legislation which becomes effective July 1, 1991 (ORS 223.297 - 223.314), clarifies the nature of system development charges, requires a methodology for calculating costs and defines what expenses can be funded by this revenue source.

The purpose of system development charges, as stated by law, is to "provide a uniform framework for the imposition of system development charges ... and to establish that such fees may be used only for capital improvements." The Agency contracted with Public Financial Management, Inc. (PFM) for the purposes of developing an appropriate methodology for determining the cost basis for the SDC. Working closely with Agency staff, the resulting methodology resulted in total costs of \$2,685 per Equivalent Dwelling Unit (E.D.U.). This charge includes two components, Reimbursement and Improvement as provided by statute. (CONTINUED)

*COPIES OF RESOLUTION AND ORDER AVAILABLE AT CLERK'S DESK

FISCAL IMPACT: Revenues from system development charges assessed in the incorporated and unincorporated areas are projected to total \$6 million based on 3,000 connections during FY 1992.

REQUESTED ACTION: Adopt the Resolution and Order establishing the methodology and setting the sanitary service system development charge.

USA RO 91-45

Agenda Item No. 3a.
Date: 6-25-91

The Reimbursement portion is based on the value of the existing treatment and collection system which was developed by inflating costs of construction in each year minus grant receipts beginning in 1970. This approach resulted in value of \$130,653,459 which, when divided by the number of households projected for the year 2010 resulted in a Reimbursement SDC of \$646 per E.D.U.

The Improvements portion of the SDC was calculated by inflating the projects identified in the 1985 Master Plan Update to 1990 dollars, adding the costs of the 1990 Facilities Plan and subtracting any administrative support projects, projects common to both documents and the value of facilities already constructed. This resulted in a total value of future projects of \$412,156,253. Dividing by the projected number of E.D.U.s anticipated in 2010 (202,183), the Improvements portion equals \$2,039 per E.D.U.

Construction of administrative office facilities that are more than incidental to other construction, are specifically excluded from funding by S.D.C.s. Debt payments in support of appropriate construction projects can be funded by either the Improvements or the Reimbursement portions. However, the Improvement portion of revenues can only be expended on capital projects which increase system capacity including system performance, service provided by existing facilities or provides new facilities. The portion funded by the Improvement portion must be related to current or projected development.

Staff recommends that the Reimbursement portion of the S.D.C. be set at \$640 and the Improvements portion be set at \$1,360 for Fiscal 1992: a total of \$2,000 per E.D.U. By setting the Reimbursement portion at very nearly the calculated value, new development is fully reimbursing existing customers for the costs of the treatment and collection systems already built. The Improvements portion represents a significant portion of the anticipated costs associated with future development for collection systems and additional compliance requirements related to growth.

State law also requires that credits for be applied for constructing "qualified public improvements" as defined in the Resolution and Order.

FILED
1991 JUL -8 AM 8:56
RECORDS DEPARTMENT
UNIFIED SEWERAGE AGENCY

IN THE UNIFIED SEWERAGE AGENCY
OF WASHINGTON COUNTY, OREGON

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3 In the Matter of Adopting a)
4 Methodology for the Sanitary)
5 Sewerage System Development)
6 Charges; Providing a Process for)
7 Allowing Credits for Construction)
8 of Certain Public Facilities, and)
9 Establishing Provisions for)
10 Administration and Payment of the)
11 Charges; Pursuant to Ordinance 20;)
12 and Declaring an Effective Date.)

RESOLUTION AND ORDER
NO. 91-45

8 The above entitled matter came on regularly before the Board
9 at its regular meeting of June 25, 1991 having been continued from
10 the meeting of June 18, 1991; and

11 It appearing that this Board did, on May 28, 1991, adopt
12 Ordinance No. 20 of the Unified Sewerage Agency pertaining to the
13 establishment and administration of System Development Charges
14 ("SDCs") for the Sanitary Sewerage System; that Sections 4 and 5
15 of Ordinance 20 provide authority to establish and revise System
16 Development Charges and the methodology therefor by Resolution and
17 Order, subject to a public hearing; and

18 It appearing that the current sanitary sewer SDC's are
19 contained in Resolution and Order No. 91-12, which is in need of
20 amendment to meet the requirements of ORS 223.297- 223.314 (1989
21 Edition) and the needs of the Agency to fund planned sanitary
22 sewer system improvements; and

23 It appearing that the Board is in receipt of the Report of
24 Public Financial Management, Inc., dated June 10, 1991, entitled
25 "System Development Charge Analysis"; and that such report
26 contains a methodology for estimating the costs of existing and

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HILLSBORO, OREGON 548-8821

1 projected improvements to the Agency sanitary sewerage system
2 conforming to the requirements of state statute and Ordinance 20;
3 and

4 It appearing that the Board has this day conducted a public
5 hearing regarding the adoption of this Resolution pursuant to
6 Ordinance 20, that any person affected by the proposed charge and
7 methodology had an opportunity to testify, that public notice of
8 such hearing was given by publication; and the Board being fully
9 advised it is, therefore

10 RESOLVED AND ORDERED that the Report of Public Financial
11 Management, Incorporated dated June 10, 1991 be adopted and by
12 this reference incorporated herein as the methodology for the
13 Sanitary Sewer System Development Charges of the Agency; and it is
14 further

15 RESOLVED AND ORDERED that the Sanitary Sewer System
16 Development Charge is hereby established, consisting of a
17 Reimbursement Component and an Improvement Component. The
18 Reimbursement Component shall be \$640.00, and the Improvement
19 Component \$860.00, for a total charge of \$1,500.00 per dwelling
20 unit or EDU; provided that from and after August 1, 1991, the
21 Improvement Component shall be \$1,260.00, for a total charge of
22 \$1,900.00 per EDU. The Sanitary System Development Charge is to
23 be charged upon connection of each and every property or facility
24 making connection to the sanitary facilities of the Agency as
25 further prescribed by Agency ordinance or regulation; and it is
26 further

1 RESOLVED AND ORDERED that credits against the amount of the
2 SDC be allowed for construction of those facilities and upon those
3 conditions prescribed in Ordinance 20; and it is further

4 RESOLVED AND ORDERED that such portions of Resolution and
5 Order 91-12 as pertain to sanitary sewer system development
6 charges are hereby superseded, and it is further

7 RESOLVED AND ORDERED that this Resolution and Order shall
8 take effect on July 1, 1991, and the General Manager shall make
9 available this Resolution and copies of the adopted Methodology in
10 the Office of the Unified Sewerage Agency.

11 DATED this 25th day of June 1991.

12 UNIFIED SEWERAGE AGENCY OF
13 WASHINGTON COUNTY, OREGON
14 By its Board of Directors

15 5 VOTES AYE

16 Bonnie L. Hays
17 Chairman
18 Barbara Hejmanek
19 Recording Secretary
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