

# COBURG CITY COUNCIL ACTION/ISSUE ITEM

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## TOPIC: Resolution 2023-01 SDC Annual Inflation Factor

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Meeting Date: January 10, 2023  
Staff Contact: Megan Winner, Associate Planner  
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### REQUESTED COUNCIL ACTION

Approve Resolution 2023-01 applying an annual construction cost inflation factor to existing system development charges.

***Suggested Motion:** "I move to approve Resolution 2023-01, a resolution applying an annual construction cost inflation factor to existing system development charges."*

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### CITY COUNCIL GOAL(S)

Fiscal Stewardship

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### BACKGROUND

The City of Coburg approved Resolution 2006-08 directing the City to inflate Systems Development Charges annually, utilizing a standard construction cost inflator. Resolution 2023-01 is a resolution that if adopted, sets the construction cost index for the City of Coburg at a 5.6% increase as of January 1, 2023. Branch Engineering has researched the inflation factor providing the planning department with the percentage increase within the 20 city region average construction cost as has been used in the past to calculate the annual increase.

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### RECOMMENDATION AND ALTERNATIVES

Recommendation is to approve Resolution 2023-01, approving the annual inflation factor to be applied to City of Coburg existing system development charges.

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### BUDGET / FINANCIAL IMPACT

This will increase the SDC revenues received for new construction.

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**PUBLIC INVOLVEMENT**

None.

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**ALTERNATIVE**

The inflation factor for November 2022, is lower than the past year which was 7.4%. However, it is still tending higher than past years which was between 1.7% – 4.0%. Council can make the decision to increase the SDC fees by a different percentage. However, Council should keep in mind that this is the true construction cost index growth percentage which has been consistently applied for many years by the City.

**NEXT STEPS**

Upon approval of Resolution 2023-01, the City Administrator will finalize the System Development Charge forms for use by staff.

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**ATTACHMENTS**

- A. Draft Resolution 2023-01
- B. System Development Charges FAQs

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**REVIEWED THROUGH:**

**Anne Heath, City Administrator**

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**ATTACHMENT A**

**RESOLUTION 2023-01**

**A RESOLUTION APPLYING A CONSTRUCTION COST INFLATION FACTOR TO EXISTING SYSTEM DEVELOPMENT CHARGES.**

**WHEREAS**, City of Coburg Resolution 2006-08 directs the City to inflate Systems Development Charges annually, pursuant to a standard construction cost inflator, and

**WHEREAS**, City of Coburg has chosen the November Engineering News Record 2022 City Average Construction Cost Index for this purpose, and

**WHEREAS**, City of Coburg last inflated its System Development Charge rates using the November 2021 cost index of 7.4%, and

**WHEREAS**, The November Engineering News Record 2022-City Average Construction Cost Index increase was 5.6%, and

**NOW THEREFORE, BE IT RESOLVED** by the City Council of the City of Coburg

Effective upon passage of this Resolution, the City's Systems Development Charges will increase to the following levels:

	<b>Existing Level</b>	<b>New Level</b>
Park SDC		
Residence	\$ 6402	<b>\$6761</b>
Employee	\$ 959	<b>\$1013</b>
Water SDC	\$ 6469	<b>\$6831</b>
Trans SDC	\$ 7245	<b>\$7651</b>
Wastewater SDC	\$ 7355	<b>\$7767</b>

**Adopted** by the **City Council** of the **City of Coburg**, Oregon, by a vote of \_\_\_ for and \_\_\_ against, this 10<sup>th</sup> day of January, 2023.

\_\_\_\_\_  
Nancy Bell, Mayor

ATTEST:

\_\_\_\_\_  
Sammy L. Egbert, City Recorder

## ATTACHMENT B



# Systems Development Charges FAQs

If you are applying for a building permit for development, system development charges (SDCs) may apply to your project. SDCs are one-time fees based on the proposed new use or increase in use of a property. They apply to both new construction and residential projects which increase impact to city infrastructure.

**Note:** Depending on the project, SDCs may increase a project's budget substantially. It is important to determine the impact of SDC fees as early as possible in the process. To do this, the City needs to know the proposed water meter size(s), septic system(s), type of use, and estimated number of employees in some cases.

There are four approved SDC charges; water, sewer, transportation, and parks. There is no storm water SDC at this time.

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### SDCs may be charged when:

- There is a change of use or occupancy
- Increased number of water meters (based on number of fixtures)
- Accessory Dwelling Units (ADU) are added
- Increasing the size of a water meter (based on number of fixtures)
- For special projects such as micro-housing

To calculate an estimate, the City needs to know the following: proposed water meter size(s), septic system(s), type(s) of use and square footage.

### Alternate Rate and Fee Calculation

#### ***Transportation***

If you want us to use trip generation rates other than those used in the City's transportation SDC Ordinance and Methodology, you must submit data certified by a professional traffic engineer and attach it to the application.

#### ***Parks***

If you want us to use an alternate number of persons per dwelling unit than those used in the City's Parks SDC Methodology Study, you must submit analyzed and certified documentation by a suitable and competent professional. Alternative SDC rate calculations must be based on

analysis of occupancy of classes of structures, not on the intended occupancy of a particular new development.

### **Optional Credit for Providing Qualified Public Improvements**

#### ***Transportation***

If you want to reduce the amount of your Transportation SDC, you may make improvements to specific transportation facilities that exceed the minimum standard and which are part of the City's Capital Improvement Program for Transportation.

#### ***Parks***

To reduce the amount of your Parks SDC, you may donate property or improvements to certain qualified park facilities that exceed the minimum standard and which are part of the City's Capital Improvement Program for Parks.

### **Timing and Method of Payment**

The City will give you a calculation sheet for SDCs with your Building Permit. **Note:** Your SDC's will be reassessed on January 1st if your permit has not been issued.

### **When and how to pay for the SDCs.**

- Pay by cash, check, money order or credit card at the time the City issues a building permit.
- Water SDCs are due when water services are purchased. Pay by check, money order or credit card.
- Request a payment plan of fee payment for bi-annual payments which require a payment agreement with the Finance Department. Interest shall accrue at 4% during the payment period.
- If payments are delinquent, the City records a lien on the benefited property. The lien remains in effect until the SDCs are paid in full. The City has the option of moving to collections.

### **If You Need Help:**

If you need help with or have questions about your Systems Development Charge (SDC) please call the Planning Department at 541-682-7858 or [planning@ci.coburg.or.us](mailto:planning@ci.coburg.or.us)

### **Q&A**

#### **Q: How are SDCs calculated?**

**A: *Transportation:*** the rate for each mode of transportation is based on the following: 1) amount of money the City needs to collect over the next 20 years to increase the City's transportation system to accommodate growth-related trips. 2) The projected City growth in the next 20 years. The SDC rate is multiplied by the number of trips your proposed land use generates based on nationally compiled statistics.

***Parks:*** The rate is based on the type of building. Demolition credits may apply. Commercial SDCs only apply to new construction, not tenant improvements or change of use.

**Water:** the rate is based on the size of meter installed. Meter size is determined by the number of plumbing fixtures installed at the property. Fire lines are exempt from SDC fees.

**Sewer:** Rates are for either the class and number of residential units or related to the size of a commercial project. Sanitary rates are calculated from equivalent dwelling units (EDUs). Commercial EDUs are estimated from the number and type of plumbing fixture. A table of EDU equivalencies is available upon request from Utility Billing at 541-682-7850.

**Stormwater:** **There is no Stormwater SDC at this time.** However, these are usually based on the square feet of impervious area in the project and the number of trips the new property is expected to generate.

**Q: How often do SDC rates change?**

**A:** The charges are adjusted annually for inflation January 1<sup>st</sup>.

**Q: Are there ways to reduce the SDC?**

**A:** Transportation and Parks each offer an optional alternate rate and fee calculation.

**Q: Are SDC credits available?**

**A:** Credits for providing qualified public improvements are available. You must complete the correct credit form and attach it to the SDC form. Discretionary credits are only approved by City Council.

**Transportation:** Allows credits if you participate in constructing street improvements that exceed the minimum design standard.

**Parks:** Allows credits if you convey qualified property or facilities that exceed the minimum standard. The Coburg Loop Path is a Parks project.

**Sewer:** Gives credits for any EDUs purchased with prior use of the property or payment of the local improvement district assessment for wastewater (December 2014). Credits follow a property and are not transferable.

**Water:** Credit is applied towards the SDC fee of a new metered service. Credits are not transferable.

**Q: Can I give or sell my SDC credits?**

**A:** No.

**Q: Are SDC exemptions or waivers available?**

**A:** No. Not beyond what is legally allowed in the SDC Ordinance and Methodologies.