



# COBURG CITY COUNCIL

## ACTION ITEM

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### Appeal of Systems Development Charges Premier RV Resort

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Meeting Date	Staff Contact	Email
July 9, 2024	Adam Hanks, City Administrator Brian Harmon, Public Works Director	<a href="mailto:Adam.Hanks@ci.coburg.or.us">Adam.Hanks@ci.coburg.or.us</a> <a href="mailto:Brian.Harmon@ci.coburg.or.us">Brian.Harmon@ci.coburg.or.us</a>

#### REQUESTED COUNCIL ACTION

Staff is requesting Council review and decision regarding an appeal of the calculation and imposition of a water systems development charge (SDC) by Premier RV Resort consistent with Ordinance 172-B Section 18 (5).

#### Suggested Motion

*I move to authorize the City Administrator to calculate and invoice the water SDC associated with Premier RV Resort's pending connection to the municipal water system based on SDC calculation tables at the time of annexation of the Premier RV property (2004)*

OR

*I move to authorize the City Administrator to calculate and invoice the water SDC associated with Premier RV Resort's pending connection to the municipal water system based on SDC calculation tables at the time of extension of the municipal water system to the east side of Interstate 5 (2018)*

OR

*I move to authorize the City Administrator to calculate and invoice the water SDC associated with Premier RV Resort's pending connection to the municipal water system based on SDC calculation tables at the time of connection to the municipal water system to the east side of Interstate 5 (2024)*

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#### BACKGROUND

Systems Development Charges (SDC's) are a tool authorized and regulated by Oregon Revised Statutes (ORS 223) that allow municipal governments to charge a fee to new development for the growth related impacts the development will have on future infrastructure improvements in five specific categories: Water, Wastewater, Storm Drain, Transportation, Parks.

The fee methodology relies heavily on each municipality's long range master plans for each of the five categories to establish an equitable calculation for only the growth related share of future infrastructure projects. In Coburg, Ordinances 172-A and 172-B address Systems Development

Charges consistent with ORS and includes language to guide the methodology, calculation, charging and authorized use of SDC's. Additionally, a Systems Development Charge Methodology Update was completed in June of 2028 and was adopted by Resolution 2018-18.

#### Premier RV Resort Appeal Request

As noted in the appeal letter and supporting documentation, Premier RV and the City of Coburg have been working to connect Premier RV to the City's municipal water system since the annexation of the property in 2004. It is the assertion of Premier RV that the City has made prior commitments and promises to provide the connection at no cost to Premier RV. The appeal indicates that SDC fees were not to be imposed in addition to the permitting and construction costs associated with the water connection.

#### Staff Position

City staff recognize and agree that documentation exists to verify that the City did agree and has moved forward with the permitting and construction costs associated with the water connection being funded completely by the City, with the exception of the purchase of the three-inch water meter that Premier RV understood and has agreed to pay as their responsibility towards the water connection. However, no documentation has been identified by either staff or Premier RV that indicates a commitment or agreement to waive SDC fees associated with the water connection as required by Coburg City Ordinance.

The charging and collection of the water SDC is historically compatible with the City's charging Premier RV payment of the Parks, Transportation and Sewer SDC at various times subsequent to the annexation of the property.

Discussion and a subsequent meeting between staff and Premier RV management team has been productive in clarifying the position of each party and can be summed as follows:

**Premier RV** – No mention was made that a water SDC would be charged at the time of the water connection to the property and Premier expected that the long awaited for water connection would not be an expense to their operations.

**City staff** – The City has consistently charged and collected SDC's from Premier RV in the past (sewer, parks, transportation) and no documentation exists to indicate prior Council agreement to waive the charging and collection of the water SDC, which is required for such an action as staff has no independent authority to administratively waive SDC fees outside of what is specified in the Ordinance.

As described in the recommended motions section of this staff report, staff has developed three options for Council to consider. Each option has a defensible legal rationale based on Council's desired approach to resolving the matter. Each of these three options have also been discussed with Premier RV management team, which resulted in Premier communicating via email that they plan to alter their appeal request from a waiver of the water SDC fee to a request to utilize option #3 as the basis for charging the water SDC.

**Option #1** – Charge and collect a water SDC from Premier RV using the fee schedule in place at the time the connection is made, which would be the July 2024 fee of \$110,140. This is the most

straightforward and literal reading of the ordinance and does not incorporate historical elements relating to the pursuit of water connection to the Premier RV property.

**Option #2** – Charge and collect a water SDC from Premier RV using the fee schedule in place at the time the City initiated the extension of the water system to the east side of Interstate 5, which would be approximately \$92,000 depending on the chosen definition for the beginning of the project extending the waterline under the Interstate. Staff feels that date could be either 2018 or 2019 as initial engineering design began in that timeframe.

The legal rationale for consideration of this option is that the extension of the waterline to the east side of the Interstate was the formal financial commitment of the City to make the connection and was initially planned for Premier to be connected immediately upon completion of the extension, but was ultimately delayed for reasons outside of the control of Premier RV.

**Option #3** – Charge and collect a water SDC from Premier RV using the fee schedule in place at the time of the annexation of the property into the City limits, which would be a fee of \$44,496.

Utilizing the annexation date as the means of calculating the SDC fee recognizes the intent and commitment of the City at that time to extend and provide a water service connection to the property as soon as feasible. Documentation is clear that the City planned to make the connection as soon after the completion of the Water Master Plan that was well underway at the time of annexation.

A number of significant issues arose subsequent to the initial commitments that brought about a number of delays that were not anticipated by staff, the first major item being challenges in securing a workable location for the placement of a water storage facility to support serving water to the east side of the Interstate. Funding challenges as anticipated capital project costs rose also contributed to further delays that, again, were beyond the control of Premier RV.

### **BUDGET / FINANCIAL IMPACT**

Costs associated with the permitting and construction to serve Premier RV have been considerable, estimated at between \$60,000 and \$75,000. However, at least fifty percent of that are not directly attributable to the Premier RV water connection as the project also facilitates the ultimate connection of the 107 acre parcel immediately east of the Premier RV site that was recently annexed.

Project costs included engineering services associated with state and federal wetland permitting requirements, purchase of wetland credits and contracted services for the bore and connection of the service to the existing waterline. The above noted project costs do not include the extension of the waterline under the Interstate that makes both water connections possible.

SDC revenues are restricted in their available use and are limited to funding only the growth-related component of future capital project costs within the fund they serve. These revenues are not legally able to be utilized outside of the Water Fund and are furthermore not legally able to be utilized for operations and maintenance expenses for the water system.

The effect of the decision of Council on the appropriate water SDC charge for Premier RV is limited to the amount of funds that will be added to the current SDC balance in the Water Fund

that is able to be used for the growth component of future water capital improvement projects, which limits the impact the decision has to the rates charged to water customers on a monthly basis for their water service.

#### **PUBLIC INVOLVEMENT**

No specific public involvement has been done or is required to be done as part of an administrative appeal of the calculation of SDC fees.

#### **NEXT STEPS**

After Council makes a determination of the appropriate fee schedule to utilize to calculate the required water SDC for Premier RV, staff will provide Premier RV with an invoice which will be payable at or before the activation of the water meter that will serve municipal water to the Premier RV property.

#### **ATTACHMENTS**

1. Premier RV Appeal Letter and reference materials
2. Ordinance 172-B
3. Resolution 2018-18