



STAFF REPORT

Meeting Type: City Council
Meeting Date: May 20, 2024
From: Tyler Deems, City Manager
Subject: Transportation System Development Charge Discussion

PURPOSE / OBJECTIVE:

Consideration of the Transportation System Development Charge (SDC) and implementation of a new rate based on the revised methodology and updated [Transportation System Plan \(TSP\)](#). Following the May 6th work session, the Mayor determined that further discussion and direction to staff regarding the SDC methodology and rate is needed.

BACKGROUND / CONTEXT:

In 2023, the Council adopted the updated TSP. The last time the City's Transportation SDC methodology was updated was in 2004. There was also a slight modification to the methodology in 2016. The updated TSP provides a list of capital improvement projects and categorizes the projects into different levels of priority (high, medium, low, and all). FCS Group took the projects and related data from the TSP to establish the maximum defensible Transportation SDC. Based on the categorization of projects, FCS provided four scenarios for potential fee increases. Below is a table detailing the four scenarios.

Calculated TSDC per Person Trip End	A. High Priority Projects Only	B. Medium & High Priority Projects	C. Low, Medium & High Priority Projects	D. All TSP Projects Total
Cost Basis:				
Improvement Fee	\$ 16,933,808	\$ 38,240,094	\$ 56,605,149	\$ 180,451,425
Reimbursement Fee	7,525,668	7,525,668	7,525,668	7,525,668
Compliance Costs	159,520	159,520	159,520	159,520
Total Cost Basis	\$ 24,618,996	\$ 45,925,281	\$ 64,290,336	\$ 188,136,613
Proj. Growth in Daily Person-Trip Ends	74,887	74,887	74,887	74,887
Improvement Fee per Trip End	\$ 226	\$ 511	\$ 756	\$ 2,410
Reimbursement Fee per Trip End	\$ 100	\$ 100	\$ 100	\$ 100
Compliance Fee per Trip End	\$ 2	\$ 2	\$ 2	\$ 2
Total SDC per Trip End (rounded)	\$ 329	\$ 613	\$ 858	\$ 2,512
Equivalent New TSDC Rate per SFR:	\$ 5,208	\$ 9,716	\$ 13,601	\$ 39,800
Equivalent New TSDC Rate per Multi-family Unit:	\$ 3,722	\$ 6,944	\$ 9,721	\$ 28,447

The Council reviewed the SDC methodology at the last two council work session ([March 18, 2024](#) and [May 6, 2024](#)). On May 6, 2024, Council directed staff to take the necessary steps to move forward with

the adoption of the Transportation SDC methodology. The updated methodology would adopt the total cost basis from Option D, which included all projects identified in the TSP. The maximum SDC that could be charged under this methodology is \$39,800. To be clear, there is no recommendation to implement an SDC near this rate. This figure only represents the maximum defensible charge based on the projects that are identified in the TSP.

Staff is currently working on drafting the required 90-day SDC methodology update notice. The public hearing to adopt the methodology is scheduled for September 3, 2024. While the SDC rate does not necessarily need to be modified at the same time the methodology is adopted, it typically is. Staff is seeking direction from Council as to whether or not the Transportation SDC should be increased at the same time as the methodology update and, if increased, to what amount.

KEY CONSIDERATIONS / ANALYSIS:

System Development Charges (SDCs) provide revenue for infrastructure projects that are generally related to increasing capacity. As noted previously, the last time the City’s Transportation SDC methodology was in 2004. There was a slight modification to the methodology in 2016, which did not have a significant impact on the rate. Since that time, the SDC has only increased (annually) in accordance with the Engineer News Record Construction Cost Index (ENR CCI) for Seattle, WA. The current rate is \$4,826.

With the upcoming adoption of the revised methodology, the Council has the opportunity to modify the Transportation SDC to better align with their goals and priorities for future transportation capital improvement projects. Every dollar increase in the SDC will provide additional funding for these projects. For example, a \$1,000 increase in the SDC would generate approximately an additional \$440,000 based on the remaining allocated equivalent residential units (ERUs) that are anticipated to be constructed in the next few years under the existing moratorium, minus approximately 80 ERUs that have already been submitted to the Building Division.

The following table shows Transportation SDC rates for other Oregon cities. When available, the last TSP or SDC methodology update is noted.

City	TSDC per	
	SFR	Last Update / Notes
Wilsonville	16,823	TSP updated 2020
Oregon City	13,939	TSP updated 2013 / SDC updated 2017
North Plains	13,705	TSP updated 2019 / SDC updated 2022
Sherwood	12,719	TSP updated 2014
Happy Valley	12,304	TSP updated 2023
Forest Grove	10,599	TSP updated 2014
Molalla	8,722	TSP updated 2018 / SDC updated 2019
Woodburn	5,988	TSP updated 2019
McMinnville	6,255	TSP updated 2010 / SDC updated 2015
Sandy	4,826	TSP updated 2023 / SDC updated 2016*
Gladstone	4,440	TSP updated 2017 / SDC updated 2018
Estacada	4,131	TSP updated 2024
Canby	4,013	TSP updated 2010 / new TSP to be adopted 2024
Milwaukie	2,470	TSP updated 2018 / updated TSP currently underway
Troutdale	1,297	TSP updated 2014 / amended in 2022

There have been several discussions around the total cost of permitting and the concern that raising rates could have an adverse impact on future development. The following table is intended to provide the Council with information on other cities within Clackamas County to gain a better understanding of how the City of Sandy's SDCs compare. In total, the City is approximately 28% below the average of all other Clackamas County cities.

City	Water	Wastewater	Stormwater	Street	Park	Total	Notes
Canby	4,754	2,953	257	4,013	6,025	18,002	Canby Water
Estacada	7,715	6,035	1,225	4,131	6,676	25,782	
Gladstone	9,402	6,755	3,616	4,440	9,388	33,601	
Happy Valley	12,176	9,746	240	12,304	10,089	44,555	Water to be updated in near future
Lake Oswego	9,571	3,484	295	17,984	16,565	47,899	
Milwaukie	2,297	8,860	1,086	2,470	3,985	18,698	
Molalla	4,042	8,077	950	8,479	2,550	24,098	2020 Rates
Oregon City	14,022	2,973	1,186	13,939	7,912	40,032	
West Linn	8,184	3,283	1,144	9,208	10,014	31,833	
Wilsonville	12,089	6,929	2,327	16,823	14,000	52,168	Park SDC updated March 2024
Average	8,425	5,910	1,233	9,379	8,720	33,667	
Sandy	4,294	6,126	-	4,826	8,897	24,144	Does not include FIL
% over/under	-49%	4%	-100%	-49%	2%	-28%	

(Note: this does not include the Parks Fee in Lieu amount, as that is not an applicable charge for every ERU.)

Since the May 6th meeting, staff has engaged with FCS Group and is finalizing a contract to update both Water and Wastewater SDC methodologies in the near future. Water will be relatively easy to begin, as the Master Plan is already completed. The Wastewater SDC methodology will take longer due to the EPA/DEQ review of the nearly finished Facilities Plan Amendment.

BUDGET IMPACT:

Unable to determine at this point in time. Any increase in the Transportation SDC is favorable for the Street Fund and will help towards completion of capital improvement projects as identified in the 2023 TSP.

RECOMMENDATION:

Discuss Transportation SDCs and provide staff with direction as to whether or not the Transportation SDC rate should be increased at the same time as the methodology update in September 2024 and, if increased, to what amount.

SUGGESTED MOTION LANGUAGE:

None.

LIST OF ATTACHMENTS / EXHIBITS:

- Transportation SDCs for other Oregon communities
- Total SDCs for other Clackamas County cities