



# Cost of Permitting in Sandy

City Council Work Session  
May 6, 2024



# Reasons for Work Session

# Work Session Agenda

1. Recap from City Manager
2. FCS Presentation - Transportation SDC Methodology and fee amount
3. Review total cost of building permit
4. Discussion and Direction
  1. Transportation SDC Methodology
  2. Transportation SDC Fee
  3. Confirmation of Parks SDC implementation schedule (as previously approved)

# Requests from Council on March 18

- Additional analysis from FCS including project names from the TSP corresponding to the project IDs and associated scenarios, a revised comparison table with cities with recent Transportation SDC methodology updates and that are more actively growing, and analysis on using PM Peak to bring multi-family costs per unit closer in relation to single-family home costs.
- Construction fee estimates, including the existing fees for a single-family home with parks fee in-lieu and without parks fee in-lieu.

# MASTER PLAN & SYSTEM DEVELOPMENT CHARGES

FROM OUTREACH TO IMPLEMENTATION



## MASTER PLAN DEVELOPMENT

- Need for capital improvements or increased capacity
- Council direction/goal
- Public outreach
  - Advisory Committee
  - Surveys
  - Open houses
- Identifies current and future needs



## WHAT'S INCLUDED?

- Current assets
- Projected growth and demand for service
- Project list
  - Prioritized (low, medium, high)
- Estimated costs for projects
- Implementation timeline



## SYSTEM DEVELOPMENT CHARGE METHODOLOGY

- Policy decisions
  - What projects are to be included?
  - How to allocate the charge?
    - Square footage
    - Number of units
    - Meter size
- Calculate the charge
- Determine portion of each project that is SDC eligible



## IMPLEMENTATION OF NEW CHARGE

- Notice to development community
- Work session with Council
- Public hearing
- Council adoption
- Phase in or full implementation



## COLLECT AND BUILD

- Paid when permit is pulled
- Allows cost of increasing infrastructure capacity to be paid by developers rather than residents
- Find additional funding sources to complete projects

# Why Update Transportation SDCs

- The Transportation SDC Methodology builds upon the findings contained in the new Sandy TSP, the Sandy Housing Capacity Analysis, the Economic Opportunities Analysis, and other long-range planning documents. As a reminder, the project list in the Transportation Master Plan reflects an aspirational list of projects and SDCs are only intended to cover a portion of the project costs.
- Staff wants to reanalyze the Transportation SDC Methodology to determine fee adequacy concurrently with revisions to the newly adopted master plan and aspirational project list.

# Last Updates

- Transportation SDC = 2005, with small revision in 2016
- Parks SDC = 2022
- Water SDC = 2017 (needs to be revised)
- Sanitary Sewer SDC = 2019 (needs to be revised)
- Parks Fee In-Lieu = 2022

Note: The City's current practice is to increase SDCs on an annual basis to cover inflation (based on the Engineering News Record Construction Cost Index), but methodologies have historically been revised more periodically.



UP NEXT:  
FCS Presentation





# Cost of Permitting

# Current SDC and Parks Fee In-Lieu Charges for Single-Family Home

- Transportation SDC = \$4,826.00
- Parks SDC = \$8,897.09
- Water SDC = \$4,294.25
- Sanitary Sewer SDC = \$6,126.36
- Parks Fee In-Lieu = \$17,384.84 (charged when land is not dedicated)

# School Excise Tax

Since May 2007, the State of Oregon has allowed school districts to impose a construction excise tax on projects that result in a new structure or additional square footage to an existing structure. The City of Sandy administers this tax for the Oregon Trail School District.

The Oregon Trail School District currently charges the following:

- \$1.00 per square foot for residential construction
- \$0.50 per square foot for non-residential construction (commercial and industrial)



# Trade Permit fees

The Building Division charges the following for a 2,300 square foot single-family home:

- \$4,459.10 for plan review and inspections of all Building Permit related components of the home construction (based on valuation)
- \$690.00 for plan review and inspections of all Plumbing Permit related components of the home construction (based on number of bathrooms)
- \$215.00 for inspections of Mechanical Permit related components, such as the furnace, heat pump, gas fireplace, etc. (based on appliance type and number)
- \$423.36 for State of Oregon Building Division Surcharge (transferred to the State)
- \$546.00 for inspections of Electrical Permit components (charged by Clackamas County)

# Planning and Public Works Fees

The Planning Division charges the following:

- \$1,385 for plan review, coordination, and inspections, including grading and erosion control

The Public Works Department charges the following:

- \$596.00 for water meter and inspections

# Total permit fees for single-family home

The total City fees with payment of parks fee in-lieu to construct a single-family home that is approximately 2,300 square feet is currently \$51,625.00.

Exhibit C

The total City fees without payment of parks fee in-lieu to construct a single-family home that is approximately 2,300 square feet is currently \$34,240.16.

Exhibit D



# Discussion and Direction

# SDC Methodology and Fees

- The methodology establishes the maximum fee that can be charged, but the Council can adopt a fee in any amount equal to or less than the maximum allowed.



# Proposed Increase for Transportation SDC

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
<b>Cost Basis:</b>				
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
<b>Total Cost Basis</b>	<b>\$ 24,618,996</b>	<b>\$ 45,925,281</b>	<b>\$ 64,290,336</b>	<b>\$ 188,136,613</b>
<b>Proj. Growth in Daily Person-Trip Ends</b>	<b>74,887</b>	<b>74,887</b>	<b>74,887</b>	<b>74,887</b>
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
<b>Total SDC per Trip End (rounded)</b>	<b>\$ 329</b>	<b>\$ 613</b>	<b>\$ 858</b>	<b>\$ 2,512</b>
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

Current rate for single-family home = \$4,826.00

# Potential Rates for Park SDC Increases

Fiscal Year	Implementation Date	Single-Family	Multi-Family	Mobile Home
2022	Existing	\$3,717.00	\$2,495.00	\$2,495.00
2023	1/1/2023	\$8,897.09	\$6,596.64	\$7,166.22
2024	7/1/2023	\$8,897.09	\$6,596.64	\$7,166.22
2024	7/1/2023	\$12,117.67	\$8,984.50	\$9,760.26
Winter 2023/2024	Revisits SDC Implementation			
2025	7/1/2024	\$12,117.67	\$8,984.50	\$9,760.26
2026	7/1/2025	\$13,727.96	\$10,178.43	\$11,057.28
2027	7/1/2026	\$15,338.25	\$11,372.37	\$12,354.30
2028	7/1/2027	\$16,948.55	\$12,566.30	\$13,651.32
2029	7/1/2028	\$18,558.84	\$13,760.23	\$14,948.34
2030	7/1/2029	\$20,169.13	\$14,954.16	\$16,245.36
2031	7/1/2030	\$21,779.42	\$16,148.09	\$17,542.38
2032	7/1/2031	\$23,389.71	\$17,342.02	\$18,839.40
2033	7/1/2032	\$25,000.00	\$18,535.95	\$20,136.41

Current rate for single-family home = \$8,897.09