



STAFF REPORT

Meeting Type: City Council Work Session
Meeting Date: March 18, 2024
From: Kelly O'Neill Jr., Development Services Director
Todd Chase, FCS Group
Subject: Transportation System Development Charge (SDC) Update

DECISION TO BE MADE:

This work session is an opportunity to ask FCS Group clarifying questions on the Transportation SDC Report and provide feedback on how you would prefer to proceed regarding Transportation SDCs. Based on the discussion at this work session and as requested by the City Council, staff will prepare a separate work session to discuss all fees related to construction in the city of Sandy, including Transportation SDCs. This separate work session will occur prior to advancing the Transportation SDC Report to adoption so that the City Council can have a comprehensive understanding of all City fees impacting development.

BACKGROUND / CONTEXT:

The existing Transportation SDC Methodology was adopted by City Council in July 2016. The City of Sandy signed an agreement with DKS Associates and FCS Group to update the Transportation SDCs in October 2022. After the adoption of the TSP in the summer of 2023, FCS Group started working on the SDC Methodology based on the planned transportation capital improvements as adopted by the City Council. Staff informed FCS Group of the Council's stated desire to consider a reimbursement component as part of this update.

Related planning initiatives include updates of the City of Sandy's Transportation System Plan, Economic Opportunities Analysis, and Housing Capacity Analysis. These documents support continued growth and development within the city of Sandy as it anticipates adding over 2,520 jobs and 6,740 residents over the next 20 years.

To help address the transportation facility needs generated by new growth, FCS Group has created the Transportation SDC Report (Exhibit A) which includes current Comprehensive Plan and TSP findings and addresses Oregon and City regulations for updating the City's Transportation SDCs for new development. Chapter 15.28 of the Sandy Municipal Code authorizes and governs the imposition and expenditure of Transportation SDCs in Sandy. This chapter acknowledges that the City may need to modify its code to allow for proposed changes to the Transportation SDCs from time to time.

Specifically, SMC 15.28.050 indicates the following regarding SDC methodology:

Sec. 15.28.050. - Methodology.

A. The methodology used to establish the reimbursement fee shall consider the cost of then-existing facilities, prior contributions by then-existing users, the value of unused capacity, rate-making principles employed to finance publicly owned capital improvements, and other relevant factors identified by the council. The methodology shall promote the objective that future systems users shall contribute no more than an equitable share of the cost of then-existing facilities.

B. The methodology used to establish the improvement fee shall consider the cost of projected capital improvements needed to increase the capacity of the systems to which the fee is related.

C. The methodology used to establish the improvement fee or the reimbursement fee, or both, shall be contained in a resolution adopted by the council.

KEY CONSIDERATIONS / ANALYSIS:

The Sandy Transportation SDC Report (Exhibit A) addresses all known state and local requirements for the establishment and update of the City of Sandy's local transportation SDCs. The Transportation SDC Report builds upon the findings contained in the Sandy TSP, the Sandy Housing Capacity Analysis, and Economic Opportunities Analysis, and other long-range planning documents. These supporting documents have been subjected to prior review and input from the public as well as the City Planning Commission and City Council, with findings that are utilized to document the future growth needs of the city.

The Transportation SDC Report includes a summary of prior transportation improvements that the City has constructed to maintain and enhance the level of service for current and future residents and employees within the city of Sandy. The cost of these prior improvements forms the basis for the transportation reimbursement SDC calculation.

The Sandy TSP provides a long-range list of future planned transportation capital improvements that are needed to address anticipated increases in travel demand within the city. This forms the basis for the Sandy transportation capital improvement plan and related costs over the next 20 years. The Transportation SDC Report includes a range of improvement fee calculations that reflect varying levels of implementation of the CIP based on a prioritized list of improvements.

A summary of the draft maximum defensible Transportation SDCs for the City is provided in the following table. The associated SDC rates are based on projected change in net new average daily person trips by development type, consistent with the prior SDC methodology used by the City.

DRAFT Sandy Transportation SDC Rates by Alternative

	A. High Priority Projects Only	B. Medium & High Priority Projects	C. Low, Medium & High Priority Projects	D. All TSP Projects Total
Calculated TSDC per Person Trip End				
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	\$ 226.12	\$ 510.64	\$ 755.87	\$ 2,409.65
Reimbursement Fee per Trip End	\$ 100.49	\$ 100.49	\$ 100.49	\$ 100.49
Compliance Fee per Trip End	\$ 2.13	\$ 2.13	\$ 2.13	\$ 2.13
Total SDC per Trip End (rounded)	\$ 328.75	\$ 613.26	\$ 858.50	\$ 2,512.27
<i>Equivalent New TSDC Rate per SFR:</i>	\$ 5,208	\$ 9,716	\$ 13,601	\$ 39,800
Current Sandy TSDC rates per SFR:	\$ 4,826	\$ 4,826	\$ 4,826	\$ 4,826

SFR = single family residence.

BUDGET IMPACT:

While the actual amount of growth and development in Sandy over the next 20 years is impossible to determine, the assumptions contained in supporting long-range planning documents, and draft Transportation SDC rate calculations indicate the new rates would provide a positive impact on Sandy’s budget for transportation system improvements over the next 20 years. The range in increased transportation revenue or equivalent level of system capacity value varies from approximately \$1.8M with Alternative A, \$23.1 M with Alternative B, and \$41.5 M with Alternative C. According to FCS Group, no significant increase in net new transportation revenue is expected with Alternative D as the required SDC rates would be so high that they would likely negate potential future development in the City.

Potential Increase in Transportation Revenue or Capacity over 20 years	A. High Priority Projects Only	B. Medium & High Priority Projects	C. Low, Medium & High Priority Projects	D. All TSP Projects Total
Potential Increase in SDC Value Generated with new Rates*	\$ 1,800,000	\$ 23,100,000	\$ 41,500,000	Note 1

* Based on 74,887 new person trips over 20 years. Alts. A, B & C exclude any reduction in future growth as rates increase.

Note 1: an increase in TSDC rates at the level assumed by Alt. D will likely negate potential future development.

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RECOMMENDATION:

Provide staff and FCS Group with input on what Transportation SDC you prefer so that staff can prepare a future work session to discuss all fees related to development.

LIST OF ATTACHMENTS / EXHIBITS:

- Exhibit A. Transportation SDC Report
- Presentation Slides