



REQUEST FOR COUNCIL ACTION

Title: Amended System Development Charges Ordinance

Preferred Agenda: February 9, 2021

Submitted By: Blair Larsen, Community & Economic Development Director

Reviewed By: Ray Towry, City Manager

Type of Action: Resolution ____ Motion Roll Call ____ Other ____

Relevant Code/Policy: SHMC Chapter 13.12: Water and Sewer Hookup Fees and System Development Charges

Towards Council Goal: Aspiration III: Viable and Sustainable Infrastructure; Goal 1: Infrastructure

Attachments: SDC Ordinance—Track Changes
SDC Ordinance—Final

Purpose of this RCA:

The purpose of this RCA is to amend SHMC Chapter 13.12, Water and Sewer Hookup Fees and System Development Charges.

Background/Context:

System Development Charges (SDCs) are fees assessed on new development to pay for the new development's use of the capacity of City infrastructure. SDCs are highly regulated under state law. The City's current System Development Charges amount to approximately \$1,800 per single family home, and only pay for water and wastewater infrastructure. Sweet Home's fees are among the lowest in the State, and have not changed since 2005. Since August, 2019, the City has been working to update its SDCs in order to treat current ratepayers and residents fairly, and obtain the revenue necessary to maintain our infrastructure's capacity and meet the demands of new development.

Before revised System Development Charge Methodology, Capital Improvement List, and Rates can be adopted, the ordinance must be updated to bring it into compliance with current state law, and allow for Stormwater, Transportation, and Parks SDCs in addition to the existing Water and Wastewater SDCs.

The Challenge/Problem:

How does the City update its System Development Charge Ordinance to better meet the City's goals and service citizens' interests?

Stakeholders:

- Sweet Home Residents – Residents deserve well-maintained City infrastructure that meets their needs and improves their quality of life. Residents also deserve not to have the infrastructure capacity they have paid for given away without compensation.
- Property Developers – Developers build where there is adequate infrastructure capacity, a market for their developments, and where they can make a profit. SDCs that continue to provide infrastructure, but are not so high as to remove the ability to make a profit, serve the combined interests of developers and residents.
- Sweet Home City Council – The City Council has a goal to provide viable and sustainable infrastructure that serves development and improves residents' quality of life.
- Sweet Home City Staff—City Staff have an interest in ordinances that empower them to meet the Council's goals.

Issues and Financial Impacts:

This ordinance adopts no changes in rates, but allows for rate changes to be made by resolution in the future. Therefore, it has no financial impact in and of itself. A future resolution will be needed to adopt new SDC rates, and that resolution will have a financial impact.

Elements of a Stable Solution:

A stable solution includes the approval of an amended SDC ordinance that will meet the Council's goals.

Update for March 9, 2021:

At the February 9, 2021 Council meeting, the Council voted to approve the amended ordinance and move it to a First Reading, after which the Council voted in favor of advancing the ordinance to a Second Reading at the following Council meeting. At the February 23rd Council meeting, the Council voted to advance the ordinance to a third and final reading at the March 9th, 2021 City Council Meeting.

Options:

1. Do Nothing – The Council could choose to do nothing at this time, and leave the SDC ordinance as it currently exists. This will prevent the adoption of a new SDC methodology, capital improvement list, and rate structure.
2. Adopt the amended SDC Ordinance as Presented– This will allow the City's efforts to update its SDCs to progress.
3. Adopt the amended SDC Ordinance with Changes – The Council may choose to direct Staff to make changes to the proposed SDC Ordinance, and then adopt it.
4. Direct Staff to Research Other Options – The Council may direct staff to research other ways to accomplish its goals.

Recommendation:

Staff recommends option 2: Motion to Adopt the amended SDC Ordinance as Presented.