



# REQUEST FOR COUNCIL ACTION

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**Title:** System Development Charge Capital Projects List

**Preferred Agenda:** March 9, 2021

**Submitted By:** Blair Larsen, Community & Economic Development Director

**Reviewed By:** Ray Towry, City Manager

**Type of Action:** Resolution  X  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:** Resolution No. 8 for 2021, Adopting a System Development Charges Capital Projects List  
Exhibit A Sweet Home SDC Capital Projects List

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**Purpose of this RCA:**

The purpose of this RCA is to adopt a System Development Charges Capital Projects List.

**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 \$1,839 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.

On February 9<sup>th</sup>, 2021, a public hearing was held to review the proposed System Development Charge Methodology. The City's SDC consultant and City Staff answered questions from the Council and the public about the methodology. There were no public comments in opposition to the proposed SDC Methodology.

At the February 9<sup>th</sup> City Council meeting, an amended SDC Ordinance was presented to, and approved by the City Council. The third and final reading of that ordinance will take place at the March 9<sup>th</sup> meeting, and the ordinance will take effect April 8, 2021.

The next step is to adopt a revised System Development Charge Methodology, Capital Improvement List, and Rate Schedule, each by resolution.

A Capital Projects List is a required part of SDCs. The List is used to help determine the rates, and SDC funding can only be used on projects included in an adopted SDC Capital Projects List.

**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 Capital Projects List adopts no changes in rates, but items on the list are part of the formula for determining the maximum SDC rates. Rates are proposed to be determined by a separate resolution. Therefore, this resolution has no financial impact in and of itself.

**Elements of a Stable Solution:**

A stable solution includes approval of a resolution adopting a Systems Development Charge Capital Projects List.

**Options:**

1. Do Nothing—The Council could choose to do nothing at this time and adopt no SDC Capital Projects List. This would prevent the City from being able to legally assess System Development Charges.
2. Adopt Resolution No. 8 for 2021, A Resolution Adopting a System Development Charges Capital Projects List—By adopting the proposed resolution, the projects upon which SDCs are based would be set, and the City could set SDC rates and begin collecting fees. Those fees in turn can be spent on the projects contained in the SDC Capital Projects List.
3. Direct Staff to make Changes to the Proposed Capital Projects List—The Council may choose to direct Staff to make changes to the Proposed Capital Projects list and adopt it at a later time.

**Recommendation:**

Staff recommends option 2: Motion to adopt Resolution No. 8 for 2021, A Resolution Adopting a System Development Charges Capital Projects List.