

ORDINANCE BILL NO. 2 FOR 2021

ORDINANCE NO. ____

SWEET HOME ORDINANCE PERTAINING TO SYSTEM DEVELOPMENT CHARGES

WHEREAS, the City of Sweet Home has undertaken a complete review of its system development charges in order to ensure its compliance with state law; and

WHEREAS, it is important to the City that costs of growth are equitably and rationally shared by new growth and development activities.

NOW THEREFORE,

The City of Sweet Home does Ordain as follows:

Section 1. The title of Sweet Home Municipal Code Chapter 13.12 titled WATER AND SEWER HOOKUP FEES AND SYSTEM DEVELOPMENT CHARGES is changed to read SYSTEM DEVELOPMENT CHARGES.

Section 2. Sweet Home Municipal Code § 13.12.010 PURPOSE is amended to read as follows:

The purpose of the system development charge is to impose a portion of the cost of capital improvements for water, wastewater, storm water, transportation and parks upon those development(s) that create the need for or increase the demands on capital improvements, consistent with State law.

Section 3. Sweet Home Municipal Code § 13.12.020 Definitions for the following defined words shall be amended to read as follows:

CAPITAL IMPROVEMENTS. Public facilities or assets used for the following:

1. Water supply, treatment, and distribution;
2. Wastewater collection, transmission, treatment, and disposal;
3. Drainage and flood control;
4. Transportation; or
5. Parks and recreation.

PERMITTEE. The person to whom a building permit, development permit, a permit or plan approval to connect to the sanitary sewer, stormwater or water system, or right-of-way access permit is issued.

SYSTEM DEVELOPMENT CHARGE. A reimbursement fee, an improvement fee or a combination thereof assessed or collected at the time of increased usage of a capital improvement or issuance of a development permit or building permit, or connection to the capital improvement.

1. A SYSTEM DEVELOPMENT CHARGE includes that portion of a sanitary sewer, storm sewer or water system connection charge that is greater than the amount necessary to reimburse the city for its average cost of inspecting and installing connections with water, wastewater and/or stormwater facilities.
2. A system development charge does not include fees assessed or collected as part of a local improvement district or a charge in lieu of a local improvement district assessment or the cost of complying with requirements or conditions imposed by a land use decision.

Section 4. Sweet Home Municipal Code § 13.12.030 SYSTEM DEVELOPMENT CHARGE ESTABLISHED is amended to include the following subsection (C):

- C. Systems development charges for each system may be automatically adjusted on the first day of July of each calendar year. The City Recorder shall make the adjustment based upon the Seattle Construction Cost Index published by Engineering News Record (ENR) by calculating the percentage increase/decrease in the index for the period since the last adjustment and then applying that percentage increase/decrease in the index for the period since the last adjustment and then applying that percentage to the figures used to calculate the systems development charge and any credits.

Section 5. Sweet Home Municipal Code § 13.12.040 METHODOLOGY is amended to read as follows:

- A. The methodology used to establish or modify the reimbursement fee shall promote the objective that future systems users shall contribute no more than an equitable share of the cost of then-existing facilities. The methodology used to establish or modify a reimbursement fee shall, where applicable, be based on:
 1. Ratemaking principles employed to finance publicly owned capital improvements;
 2. Prior contributions by existing users;
 3. Gifts or grants from federal or state government or private persons;
 4. The value of unused capacity available to future system users or the cost of the existing facilities and
 5. Other relevant factors identified by the City Council.
- B. The methodology used to establish or modify an improvement fee shall demonstrate consideration of the estimated cost of projected capital improvements identified in an improvement plan (see §13.12.070 of this chapter) that are needed to increase the capacity of the systems to which the fee is related. The methodology shall be calculated to obtain the cost of capital improvements for the projected need for system capacity for future system users.
- C. The methodology used to establish or modify the improvement fee or the reimbursement fee, or both, shall be contained in a resolution adopted by the City Council.
- D. A change in the amount of a reimbursement fee or an improvement fee is not a modification of the system development charge if the change in amount is based on:
 1. A change in project costs, including the cost of materials, labor, or real property; or
 2. The periodic application of one or more specific cost indexes or other periodic data sources, including the cost index identified in §13.12.030(C) of this chapter. A specific cost index or periodic data source must be:
 - a. A relevant measurement of the average change in prices over an identified time period for materials, labor, real property, or a combination of the three;

- b. Published by a recognized organization or agency that produces the index or data source for reasons that are independent of the system development charge methodology; and
- c. Incorporated as part of the established methodology or identified and adopted by the City Council in a separate resolution, or if no other index is identified in the established methodology, then the index stated in §13.12.030(c) of this chapter.

Section 6. Sweet Home Municipal Code § 13.12.070 IMPROVEMENT PLAN is amended to read as follows:

- A. Prior to the establishment of a system development charge, the Council shall adopt a plan that includes a list of:
 - 1. The capital improvements that the City Council intends to fund in whole or in part with improvement fee revenues;
 - 2. The estimated cost and time of construction of each improvement and the percentage of that cost eligible to be funded with improvement fee revenues.
- B. In adopting this plan, the City Council may incorporate by reference all or a portion of any public facilities plan, master plan, capital improvements plan or similar plan that contains the information required by this section.
- C. The Council may modify the plan and list at any time. If a system development charge will be increased by a proposed modification to the list to include a capacity increasing public improvement the City Council will:
 - 1. At least 30 days prior to adoption of the proposed modification, provide written notice to persons who have requested notice pursuant to § 13.12.120 of this chapter; and
 - 2. Hold a public hearing if a written request for a hearing is received within seven days of the date of the proposed modification.

Section 7. Sweet Home Municipal Code § 13.12.100 EXEMPTIONS is amended to read as follows:

The following are exempt from System Development Charges:

- A. Additions to single-family dwellings that do not constitute the addition of a dwelling unit, as defined by the state's Uniform Building Code.
- B. An alteration, addition, replacement or change in use that does not increase the parcels or structures use of the public improvement facility.
- C. Municipal projects or any other development which is being financed by City funds.
- D. Housing for low-income or elderly persons which is exempt from real property taxes under state law.

Section 8. Sweet Home Municipal Code § 13.12.110 CREDITS, subsections (E), (F), (G), and (H) are amended and subsection (I) is added to read as follows:

- E. Notwithstanding subsections A. through D. above, the city may provide for a credit against the improvement fee, the reimbursement fee or both, for capital improvements constructed as part of the development which reduce the development's demand upon existing capital improvements and/or the need for future capital improvements, or a credit based upon any other rationale the Council finds reasonable.
- F. Notwithstanding subsections A. through D. above, the city may provide a credit against the improvement fee, the reimbursement fee, or both, for the dedication of land to the city, not including public rights-of-way, for the future expansion of the City's Water,

Wastewater, Stormwater, Transportation, or Parks systems, however this credit shall only be applied toward the system (Water, Wastewater, Stormwater, Transportation, or Parks) for which the land is dedicated.

- G. Credits shall not be transferable from one development to another.
- H. Credits shall not be transferable from one type of system development charge to another.
- I. Credits shall be used within ten years from the date the credit is given.

Section 9. Sweet Home Municipal Code § 13.12.170 PROHIBITED CONNECTION is amended to read as follows:

No person may connect to the water, wastewater, stormwater, or transportation systems of the city unless the appropriate system development charge has been paid or the lien or installment payment method has been applied for and approved.

Passed by the Council and approved by the Mayor this __ day of _____, 2021.

Mayor

ATTEST:

City Manager – Ex Officio City Recorder