

EUGENE CITY COUNCIL

AGENDA ITEM SUMMARY



Adoption of Resolution Adopting Inflationary Adjustments to Systems Development Charges for Parks System, Local Wastewater System, Stormwater System, and Transportation System

Meeting Date: June 24, 2013
Department: Public Works
www.eugene-or.gov

Agenda Item Number: 2C
Staff Contact: Nancy Burns
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ISSUE STATEMENT

The City Council is asked to approve a resolution adopting cost adjustments to Systems Development Charges (SDCs) for the parks, local wastewater, stormwater, and transportation systems. The proposed adjustments follow adopted policy for implementing periodic adjustments to SDCs based on adopted cost indices. The current proposal reflects a two-year adjustment period.

Section 2.4 of the SDC Methodologies requires that revisions to fees by more than five percent shall be established by resolution of the City Council.

BACKGROUND

Council Action History

Effective May 7, 2007, the council adopted the System Development Charges (SDC) Methodologies by Resolution No. 4900. Resolution No. 4900 was most recently amended by the council through Resolution Nos. 4929, 4977, and 4991.

Cost adjustments to the local wastewater, stormwater, and transportation SDCs have most recently been adopted by Administrative Order No. 58-11-01-F, effective June 1, 2011. Cost adjustments to the parks SDCs have most recently been adopted by Resolution No. 5031, effective June 1, 2011.

This action is being placed on the Consent Calendar because the resolution adopts standard periodic adjustments following policies and procedures previously adopted by the council.

Financial Considerations

SDCs provide a funding mechanism to account for the costs and value of infrastructure system capacity required by new development. The SDC Methodologies adopted by the council provide for periodic adjustments to SDCs to further account for changes in construction and land costs. Periodic adjustments allow SDCs to more closely reflect current costs of providing system capacity

to new development.

The proposed adjustments to the local wastewater, stormwater, and transportation SDCs are based on the 20-city national average Construction Cost Index as published by the Engineering News-Record (ENR CCI) and results in an increase of 5.1 percent to these systems SDCs.

The proposed adjustment to the parks SDC is based on two adopted cost indices: 1) as with other local systems, the ENR CCI is used to adjust park development costs; and 2) the Lane County Assessment & Taxation Office's (LCA&T) published Certified Ratio Study is used to adjust park land acquisition costs. Use of applicable adjustment factors from the published 2011 and 2012 Certified Ratio Studies (reflecting sales in calendar years 2010 and 2011 respectively) reflects an average no-net change in costs of Eugene area vacant residential and recreational land over that 24-month adjustment period.

The combined effect of applying these two indices to the parks SDC is that rates for residential development types increase approximately 2.4 percent while rates for nonresidential development types increase approximately 2.0 percent. The difference in parks SDC rate adjustments between residential and nonresidential categories is related to the different effect of the inflationary adjustments on the park bond and property tax SDC credit calculation versus the gross (pre-credit) SDC calculation.

The proposed local SDC cost adjustments are proposed to be effective on the same date (July 1, 2013) as cost adjustments to the regional wastewater SDCs, as requested by the Metropolitan Wastewater Management Commission (MWWC), which the City Manager intends to adopt administratively. The effect of the proposed changes to both regional and local SDC rates on a typical single-family development results in a +3.66 percent increase of total SDCs assessed, from \$8,942.99 to \$9,270.44 (+\$327.45).

A comparison of total SDCs currently assessed for a typical single-family home in other various Oregon communities is provided below. Variations with Eugene SDCs are noted:

- Portland: \$15,977 (water SDC collected not included);
- Springfield: \$15,098 (effective July 1, 2013 and includes Willamalane park SDC)
- Bend: \$12,465 (no stormwater SDC);
- Salem: \$9,285 (water SDC collected not included);
- Medford: \$8,189 (no stormwater SDC).

Council Goals/Action Priorities

This agenda item relates to the council's goal of Fair, Stable and Adequate Financial Resources.

Timing

Local SDCs were last adjusted in June 2011, reflecting ENR CCI adjustments through December 2010 and LCA&T's Certified Ratio Study data through December 2009. The proposed cost adjustments, based on the ENR CCI through December 2012 and LCA&T Certified Ratio Study data through December 2011, provides for a timely update of SDC rates.

While the Eugene Code and Oregon SDC statutes do not require notice of adoption by resolution of cost adjustments based on an adopted cost index, a notice has been provided as a courtesy to interested persons. The notice was published in the Register-Guard on June 7, 2013, and posted, along with the draft resolution and exhibit, at Eugene City Hall and the Public Works Engineering lobby. This information has also been made available at the City's web site at www.eugene-or.gov/SDC. The adjusted rates are proposed to go into effect on July 1, 2013.

RELATED CITY POLICIES

The council has adopted by resolution Growth Management Policy #14 which provides that development shall be required to pay the full cost of extending infrastructure and services. The Eugene Code, Chapter 7, prescribes the process for development, adoption and administration of SDCs, providing for adoption of methodologies related to SDCs. The council has adopted by resolution the SDC Methodologies which provide for periodic adjustment of Eugene's SDCs based on adopted cost indices. The methodologies provide that the City Manager may adopt fee changes based on an adopted index by administrative order so long as the fees are not revised by greater than five percent. Per the methodologies, revisions to fees by more than five percent shall be established by resolution of the council.

COUNCIL OPTIONS

1. Adopt the resolution providing cost adjustments to Systems Development Charges for the park system, local wastewater system, stormwater system, and transportation system.
2. Take no action on the resolution.
3. Direct the City Manager to prepare other adjustments to local SDC rates.

CITY MANAGER'S RECOMMENDATION

The City Manager recommends adoption of the resolution providing cost adjustments to Systems Development Charges for the park system, local wastewater system, stormwater system, and transportation system.

SUGGESTED MOTION

Move to adopt the resolution providing cost adjustments to Systems Development Charges for parks system, local wastewater system, stormwater system, and transportation system.

ATTACHMENTS

- A. Proposed Resolution and Exhibit

FOR MORE INFORMATION

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