



## FACT SHEET

# System Development Charges (SDCs)

### Purpose of SDCs

SDCs are **one-time fees** assessed on new development to cover their fair share of the costs of existing and planned sanitary sewer, water, transportation, storm, and parks infrastructure that provides, or will provide, capacity for this growth. SDCs are not assessed on properties which are already developed unless they change use or increase in size and demand. SDCs pay for capital improvement projects only, not operations and maintenance. When determining SDCs, the City of Oregon City follows Oregon State Law (ORS 223.297 – 223.314) which provides guidance in establishing and adopting SDCs in a fair, equitable, and open process.

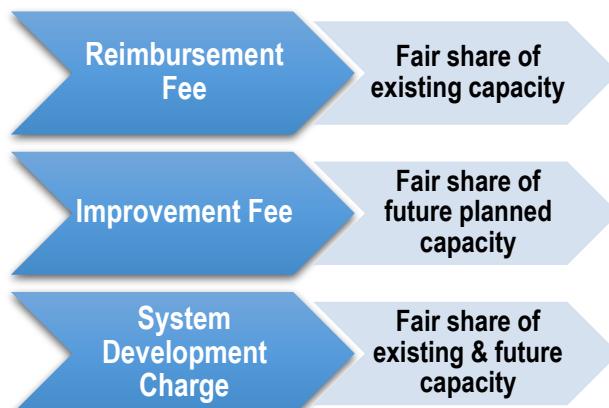
### Determination of SDCs

The City determines how much to collect from new development through SDCs by conducting fee studies periodically. In between studies, the City has increased the SDCs annually on January 1<sup>st</sup> by the Engineering News Record Construction Cost Index for the Pacific Northwest to keep pace with the escalating cost of construction. To improve equitable cost recovery and greater stability in rates and fees over time, the City aims to conduct master plan updates along with fee studies about every ten years.

There are two parts to each SDC: reimbursement and improvement fees. The reimbursement fee recovers the cost of new a development's fair share of existing system assets that created capacity. The improvement fee covers new development's fair share of the cost of future planned capital improvements that create capacity.

### Assessment of SDCs

Assessment of Oregon City SDCs occur at the time the City receives a complete building permit application, or if a building permit is not required, at the time of connection to the City's systems. SDC charges are calculated by Public Works Engineering during the building permit application process and are due at the time of permit issuance.



### History of Oregon City's SDCs

Oregon City assesses a Water, Sanitary Sewer, Storm, Transportation (Vehicle), Transportation (Bike/Ped), and Parks SDC fees. These fees were all implemented in 1991 with the exception of the Transportation (Vehicle) fee which was implemented in 1988 and the Transportation (Bike/Ped) fee which was implemented in 2009, and again modified in 2018. Both the Water and the Sanitary Sewer fees consist of fees recovered for two agencies. Both are paid to Oregon City but the South Fork Water Board (SFWB) and the Tri-City Service District (TCSD) establish their own water and sanitary sewer SDC fees that the City collects on their behalf in addition to the City's fees. The City then passes along the appropriate share of SDCs to these entities.

### More Information

General questions regarding SDCs or questions regarding how SDCs are applied to a specific site or construction project should be directed to Public Works Engineering at 971.204.4601.

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## Q & A

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### Q. How are SDCs calculated?

**A. Transportation:** Includes Vehicle & Bike/Pedestrian fees. The Vehicle fee is calculated based on PM Peak Hour Trips generated by the type of use as identified in the Institute of Transportation Engineers (ITE), *Trip Generation Manual*, 9th Edition. The Bike/Pedestrian fee is based on bike/pedestrian trips and has two components, a general fee charged to all development, and a residential fee charged only to residential development. More information on Transportation SDCs, including uses from the ITE manual, trip rates and Resolution 18-05 are available at <https://www.orcity.org/876/Transportation-SDCs>

**Water:** Includes a City fee and South Fork Water Board (SFWB) fee. The City fee is based on the water connection size, and a weighting factor is applied per equivalent residential unit (ERU). The amount charged per ERU is an established rate whether the use is residential or non-residential. More information on the City water SDC, including a table showing the weighting factors per ERU, is found in Resolution 21-14 which is available at <https://www.orcity.org/884/Water-SDCs>

**Parks and Recreation:** A set fee is identified for residential uses. For non-residential uses, a fee per employee is charged. More information on the Parks and Recreation SDC, including the structure's gross square footage per employee as determined by the *Metro Employment Density Study* established by Resolution 00-21, is available at <https://www.orcity.org/869/Parks-SDCs>

**Sanitary Sewer:** Includes a City fee and Tri-City Service District fee. City fees are charged based on the number of equivalent dwelling units (EDUs) per use. More information on the City Sanitary Sewer SDC, including the basis for EDUs for nonresidential uses, was established by Resolution 05-07 which is available at <https://www.orcity.org/880/Wastewater-SDCs>

**Storm:** The fee is based on the equivalent residential units (ERUs) for the development. ERUs are established by multiplying the property's area range number (ARN) by its development intensity factor (DIF). More information on the City Storm SDC, including ARN and DIF details, are found in Resolution 04-47 which is available at <https://www.orcity.org/871/Stormwater-SDCs>

### Q. How often do SDC rates change?

A. City fees are adjusted annually for inflation at the beginning of each calendar year (January 1). SDCs may also change rates at other times, but particularly at their

SDC review cycle which generally occurs whenever a master plan is completed. City rate changes must be authorized by the City Commission at a public hearing through the adoption of a resolution. Rates charged by the SFWB change annually for inflation at the beginning of the calendar year. Tri-City Service District rates change annually at the beginning of the fiscal year (July 1).

### Q. Are there ways to reduce SDCs?

A. In the event an applicant's development involves the redevelopment of a property, they may be eligible for a reduced SDC. Development and redevelopment within the Mixed Use Downtown and Willamette Falls Downtown Districts, as well as the 7th Street and Molalla Avenue Corridors, may qualify for a discount. Residential uses qualify for a 10% reduction of the Vehicle fee of the TSDC. Maps showing the discount areas are available at <https://www.orcity.org/876/Transportation-SDCs>

### Q. Are SDC credits available?

A. Credits for constructing or dedicating a qualified public improvement as part of a development may be granted by the Public Works Director. Credits may be issued based upon a detailed cost estimate for the anticipated cost of construction including supporting cost documentation and for the over-capacity portion of qualified public improvements located on or contiguous to a development site.

### Q. Can I give or sell my SDC credits?

A. Credits shall be for a particular dollar value as a credit against an SDC assessed on a development. Credits may only be used to defray or pay the SDC for the particular capital improvement system to which the qualified public improvement relates.

Unused credits may be carried forward provided they meet specific criteria including that they must be used by the developer within Oregon City, they must be used for the same type of capital improvement system for which the credit was issued, and they must be used within ten years from the date of issuance. Credits are not negotiable or transferable to any party other than the one to whom they are issued.

### Q. Who do I contact for more information?

A. Contact Public Works Engineering at 971.204.4601 for any questions relating to SDCs.

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