

RESOLUTION NO. 903

**A RESOLUTION AMENDING THE CITY OF STAYTON'S
SYSTEM DEVELOPMENT CHARGES FOR WASTEWATER.**

WHEREAS, the City of Stayton Systems Development Charge (SDC) Code (Stayton Municipal Code (SMC) Chapter 13.12), provides for the establishing of SDCs upon completion of an analysis of capital improvements already constructed and projected capital improvements to be constructed and adoption of a methodology explaining how the SDCs are calculated;

WHEREAS, the SMC Chapter 13.12.220 (2) specifies that such charges shall be set by separate Resolution of the Stayton City Council following a public hearing;

WHEREAS, the Oregon Revised Statutes (ORS) provide the framework for establishing an SDC, and for notification and public hearing of the City of Stayton's intent to impose SDCs;

WHEREAS, the Stayton City Council has adopted the *City of Stayton Wastewater Master Plan* (Keller Associates, 2006) which includes a list of completed and proposed capital improvements which affect SDCs;

WHEREAS, the City adopted Resolution 792 in February 2007 enacting a Wastewater Systems Development Charge; and

WHEREAS, in 2008, the City completed construction of the Mill Creek Pump Station, Force Main and Collection System improvements; and

WHEREAS, Resolution 792 did not include either an SDC improvement fee or an SDC reimbursement fee for the Mill Creek Sewer Project; and

WHEREAS, the City concludes it is appropriate to charge a reimbursement SDC to the properties that directly benefit from the Mill Creek sewer improvements; and

WHEREAS, the City has prepared the enclosed methodology and schedule of SDCs by meter size and by housing unit; and,

WHEREAS, the Stayton City Council provided written notice to interested parties and held a public hearing on September 16, 2013 to consider public testimony on the proposal; and,

WHEREAS, the Stayton City Council has determined that the methodology and rates hereinafter specified and established are just, reasonable and necessary.

NOW THEREFORE, BE IT RESOLVED that:

SECTION 1: AMENDMENT AND UPDATING OF SYSTEM DEVELOPMENT CHARGES

In accordance with SMC Chapter 13.12, this Resolution establishes the methodology and provides the basis for a wastewater reimbursement SDC for the Mill Creek sewer project.

SECTION 2: SCOPE

The SDCs established by this Resolution are separate from, and in addition to, any other applicable taxes, fees, assessments, or charges, including but not limited to SDCs, which are required by the City of Stayton or represent a condition of a land use or development approval.

SECTION 3: METHODOGY

The methodology for the wastewater reimbursement SDC for the Mill Creek sewer project is described in the attached Exhibit “A” and, by this reference, hereby made a part of this Resolution.

SECTION 4: FEE

The City amends and updates its SDCs as follows:

A “**Mill Creek Sewer Reimbursement SDC**” shall be assessed based upon the water meter(s) size installed at the development except for multiple housing units connected to a shared water meter. The Mill Creek Sewer Reimbursement SDC will be imposed on those properties that connect to the City’s sewer collection system and flow into the Mill Creek Pump Station. For multi-family housing on a shared water meter, the Mill Creek Sewer Reimbursement SDC shall be the greater of the number of housing units multiplied by \$536 or the SDC for the meter size.

The Mill Creek Sewer Reimbursement SDC collected in accordance with Chapter 13.12 of the Stayton Municipal Code shall be:

Meter Size	Mill Creek Sewer SDC Reimbursement Fee
¾	\$ 670
1	\$ 1,118
1 ½	\$ 2,229
2	\$ 3,569
3	\$ 7,144
4	\$ 11,161
6	\$ 22,315
8	\$ 35,705
Multiple family dwellings using a single meter	\$ 536

SECTION 5: EFFECTIVE DATE

This Resolution shall become effective upon its adoption by the Stayton City Council.

SECTION 6: REVIEW

This Resolution may be reviewed annually on or before December 1 and the rates amended as appropriate.

ADOPTED BY THE STAYTON CITY COUNCIL this 21st day of October, 2013.

Signed: 10/21, 2013.

CITY OF STAYTON

By:


A. Scott Vigil, Mayor

Signed: 10/22, 2013.

Attest:


Christine Shaffer, City Administrator

APPROVED AS TO FORM:


David A. Rhoten, City Attorney

Exhibit “A”

City of Stayton, Oregon Mill Creek Sewer Project SDC

Methodology for Establishment of a Reimbursement Fee for the Mill Creek Sewer Project

July 2013

Stayton Wastewater Master Plan and Wastewater SDC:

The City of Stayton adopted the *City of Stayton Wastewater Master Plan* (Keller Associates, 2006) to serve as the capital improvement planning study for the City of Stayton wastewater treatment and collection system. As part of the preparation of the Wastewater Master Plan, Keller Associates subcontracted with Economic & Financial Analysis, a financial consulting firm to update the City’s wastewater systems development charge (SDC). In February 2007, the City Council adopted Resolution 792 updating the City’s Wastewater SDC.

Mill Creek Sewer Project:

At the time the Wastewater SDC update was completed in 2007, the City was in the midst of a sewer improvement project to construct the Mill Creek Sewer Project. The project included three components:

1. Mill Creek Sewer Pump Station
2. A sewer force main from the Mill Creek Pump Station to the wastewater treatment facilities
3. A gravity flow sewer collection main to serve the City of Sublimity and the north end of the Stayton Urban Growth Boundary (UGB).

The project was financed with a \$4,382,000 loan from the Oregon Department of Environmental Quality (DEQ) Clean Water State Revolving Loan Fund (SRF) Program. The project was completed and closed out in early 2008. The final cost was \$4,534,237. The balance of the project costs were paid for from the City of Stayton Sewer Fund and the Sewer SDC Fund.

The Mill Creek project provides a sewer collection system which serves the City of Sublimity and the northern portion of Stayton’s Urban Growth Area. Therefore the costs of the project are shared by the cities of Stayton and Sublimity.

The Mill Creek project was broken up into two separate design elements, Phase 1 and Phase 1A, in order to isolate project components and distinguish the benefits provided to each city.

Phase 1: The Phase 1 project includes the Mill Creek Pump Station, a force main from the Mill Creek Pump Station to the wastewater treatment facilities and a portion of the gravity collection system that flows from the connection to the Sublimity system to the Mill Creek Pump Station. This project benefits the City of Sublimity and properties in the northern portion of Stayton's UGB. Therefore, the costs of Phase 1 are shared by the cities of Stayton and Sublimity.

The City of Sublimity agreed to pay a proportionate share of the project costs for the Phase 1 Area of the project because it directly benefits the City of Sublimity and its customers. Keller Associates determined that existing and future development in Sublimity will utilize 44% of the capacity of the improvements. The Sublimity share of \$1,476,200 is approximately 44% of the Phase 1 project costs. Under terms of the Stayton-Sublimity Sewer Agreement, Stayton bills the City of Sublimity a monthly charge for Sublimity's proportionate share of the debt service costs.

Phase 1A: The Phase 1A project includes the sewer collection system that serves the northern section of the Stayton UGB. This sewer collection system benefits properties entirely within Stayton's UGB. Keller Associates determined that 100% of the Phase 1A project costs benefit existing sewer users and future development inside the Stayton UGB.

Methodology for the Mill Creek Reimbursement SDC

The Mill Creek Reimbursement SDC is designed to meet the requirements of Oregon statutes (ORS 223.297 to 223.314) and to comply with the Chapter 13.12 of the Stayton Municipal Code. The City's water SDC update and wastewater SDC update in 2007 describe these statutory requirements.

The Mill Creek Reimbursement SDC is calculated to reimburse the City for a proportionate share of the costs incurred for the design and construction of the Mill Creek Sewer Project that will directly benefit new growth and development which has not connected to the system and is inside the Stayton Urban Growth Boundary (UGB). The fee is based on the original cost of the Mill Creek Sewer Project that was paid for by the City using the DEQ SRF loan and city funds. No portion of the project was paid for with federal or state grants.

I. Mill Creek Sewer Project Service Area inside Stayton UGB

The proposed Mill Creek Reimbursement SDC applies only to new development within the Stayton UGB that will be directly connected to the sewer collection system that flows to the Mill Creek Pump Station.

The Mill Creek Sewer Project serves approximately 1,013 acres inside the Stayton UGB, as shown on Exhibit "A". The Stayton service area includes (1) properties inside the city limits which have existing development connected to the sewer system, (2) vacant undeveloped properties inside the city and outside the city limits, (3) partially developed lands inside and outside the Stayton city limits that have buildings which are not connected to the sewer system, (4) partially developed lands inside and outside the Stayton city limits that have vacant land and the potential for redevelopment or additional development; and (5)

public or undeveloped lands that are not likely to be developed (e.g. public school open space, and wetlands).

II. 2007 Wastewater SDC (Mill Creek Project excluded from SDC Calculations)

The City established its Wastewater SDC in 2007. The Wastewater SDC includes both a reimbursement fee and improvement fee. The *Wastewater System Development Charge Update* (Economic & Financial Analysis, January 29, 2007) was used as the basis for setting the Wastewater SDC. The City reviewed the report and verified that the Mill Creek Project was not included in the Wastewater SDC calculations¹. The proposed Mill Creek Sewer Reimbursement SDC does not duplicate any existing SDC charges.

III. Mill Creek Sewer Project Capacity and Flow Reserved for Growth

Keller Associates was asked to evaluate sewer flows from existing users in Stayton and Sublimity, estimate future sewer flows and establish the design capacity of the Mill Creek Sewer Project.

Prior to construction of the Mill Creek Sewer Project Keller Associates established the design capacities for the Mill Creek Pump Station and Phase I collection system. At that time Keller Associates estimated Sublimity's 2007 sewer flows from existing development and future flows from new growth will use 44% of the system's design capacity. Keller Associates also estimated Stayton's sewer flows from existing development and future flows within the Mill Creek Sewer Project service area will use 56% of the design capacity. Keller's analysis at the time of design concluded 53% of Stayton share of the Phase I improvements was reserved for growth and 49.5% of the Phase IA collection system was reserved for growth.

In 2013, the City's Planning Department and Keller Associates reviewed the original design assumptions and information on the project provided by the City. Several factors and pieces of information were considered, including:

1. Actual construction costs of the Mill Creek Sewer Project versus 2005 budget estimates.
2. Number of housing units (33) connected to the Mill Creek Sewer from 2007 to 2013.
3. A review of available buildable acres by zoning district using 2013 zoning maps.
4. A review of original design assumptions, design capacity and future flows within the Mill Creek Sewer Project Service Area.

The City's and Keller's 2013 review found that the original design assumptions for the Mill Creek Pump Station, existing flows and future flow capacities did not change. Keller also recommended an allocation of Phase I and Phase IA costs based on actual construction costs. The 2013 update concludes 52.9% of the Stayton share of the Phase I improvements is reserved for growth and 49.5% of the Phase IA collection system is reserved for growth in Stayton.

¹ Stayton Wastewater SDC Resolution 792, *Wastewater System Development Charge Update* (Economic & Financial Analysis (January 29, 2007). See Table 5 – "List of Capital Improvements, Capacity and Allocation to Growth": The Mill Creek Sewer Project is listed as "Funded - \$4,482,000", but is not included in the improvement fee calculations. See Appendix -- "List of Capital Assets, Depreciation and Book Value for the City of Stayton Wastewater System.": The Mill Creek Project is not listed as an existing capital asset. These assets were used to calculate the Wastewater Reimbursement Fee.

Table 1 provides a summary of Keller's and the City's conclusions.

Table 1
**Mill Creek Sewer Project
 Flow Reserved for Growth**

Project Component	PHASE 1		PHASE 1A
	Mill Creek Pump Station & Force Main	Mill Creek Gravity Sewer	Stayton UGB Gravity Sewer
Capacity (gpm)	3,250	4,415	1,843
Flow Reserved for Sublimity (44% of Capacity)	1,430	1,943	0
Flow Reserved for Stayton (56% of Capacity)	1,820	2,472	1,843
Existing Stayton Peak Hour Flow (gpm)	(930)	(930)	(930)
Flow Reserved for Stayton Growth	890	1,542	913
% Flow Reserved for Stayton Growth	48.9%	62.4%	49.5%
% Flow Reserved for Stayton Growth (Weighted Average) for Phase 1		52.9%	

IV. Construction Cost Assessed to Growth

The actual construction cost of the Mill Creek Sewer Project was \$4,534,237. Of this amount, \$1,581,402 (35%) can be assigned to future growth in Stayton. Table 2 reviews the construction costs for the project and the share of Phase 1 and Phase 1A which can be allocated to growth within Stayton's UGB.

Table 2
**Mill Creek Sewer Project
 Actual Costs of Project and Allocation of Costs to Growth**

	Phase 1	Phase 1A	TOTALS
Construction	\$3,116,223	\$915,927	\$4,032,150
Engineering	204,533	125,220	329,753
Land Acquisition & Easements	121,788	50,545	172,333
Total Project Cost	\$3,442,545	\$1,091,692	\$4,534,237
Less Sublimity Share (Phase 1 only)	(1,476,200)		(1,476,200)
Stayton Share of Project Costs	\$1,966,345	\$1,091,692	\$3,058,037
% of Stayton's Share Reserved for Growth	52.9%	49.5%	
Project Cost to be Used for SDC Reimbursement Fee	\$1,040,591	\$540,811	\$1,581,402

V. Land Use Analysis and Estimated Growth in Mill Creek Sewer Project Area

The City of Stayton Planning Department calculated the number of equivalent dwelling units which can be developed inside the Mill Creek Sewer Project service area inside the Stayton UGB. This area is shown on Exhibit “A”. The City looked at each tax parcel in the service area and determined whether the parcel was vacant, fully developed, or had redevelopment potential. The number of potential new units on each parcel was calculated based on the land use designation, the number of buildable acres, and then multiplying the parcel acreage by the number of equivalent dwelling units which can be developed when the property is annexed and developed under existing zoning/subdivision regulations. For land outside the city limits, it was assumed that it would be zoned Low Density Residential when annexed.

**Table 3
Estimated EDUs in Mill Creek Project Area**

Land Use	# of Acres	Net Units Per Acre	Equivalent Dwelling Units (EDU)
Single Family Residential- vacant*	324	4.20	1,244
Single Family Residential- redevelopment**	289	3.60	1,040
Multi-Family Residential	4	13.0	52
Commercial***	17	1.17	20
Public****	32		6
TOTALS	667		2,362

* The 324 acres includes 25 acres of wetland. The wetlands are not available for development. The remaining 299 acres of vacant land are considered buildable. The City of Stayton Planning staff analyzed the development/redevelopment potential of lots on a parcel-by-parcel basis to determine the number of housing units which could be added on each parcel if the parcels were developed at a density 4.2 units per acre. Due to odd-shaped parcels and rounding, this analysis resulted in the determination that 1,244 housing units may be built on the 299 acres.

** The 289 acres includes parcels with existing structures. The City of Stayton Planning staff analyzed the development/redevelopment potential of lots on a parcel-by-parcel basis to determine the number of housing units which could be added on each parcel if the parcels were subdivided and/or redeveloped at a density 4.2 units per acre, after subtracting 20,000 sq. ft. for the existing home on parcels that have existing homes. This resulted in an overall density of 3.6 units per acre on the 289 acres and the addition of 1,040 units.

*** Commercial sites were evaluated on a parcel-by-parcel basis. There are 5 small lots zoned for commercial use which the City estimates will have 1.0 EDU each. Two larger parcels are zoned Interchanged Development and have been planned for the development of a hotel/motel (10 EDU) and a family restaurant (5 EDU).

**** Additional development in the P zone based on assumption that existing uses on the Stayton Middle School and Foothills Church parcels will each increase by 50%.

VI. Mill Creek Sewer Project Area – SDC Reimbursement Fee

Table 4 shows the calculations for the reimbursement fee for the Mill Creek Sewer Project based on the project serving an estimated 2,362 new EDU’s. The maximum reimbursement fee which may be charged is \$670. The City proposes to charge \$670.00 per EDU.

Table 4

**Mill Creek Sewer Project
Reimbursement Fee for the City of Stayton**

Construction Cost –	
Proportionate share benefiting new growth	\$1,581,402
Estimated EDU’s in	
Mill Creek Sewer Project Service Area	2362
Cost Per EDU	\$ 670.00
Mill Creek Sewer Reimbursement Fee	\$ 670.00

Non-residential uses will be charged the Mill Creek SDC based on meter size. Multi-family residential uses will be charged at 80% of the single family dwelling SDC rate. The methodology for the Wastewater SDC includes the following discussion of demand by water meter size:

“The average household produces 675 gallons of sewage per day. Stayton’s sewer system is designed to meet peak daily sewage flows. These flows are currently estimated at 442 gallons per capita per day (see page 3-11 Table 3.6, [City of Stayton Wastewater] Collection Facilities Planning Study, February 2006). The wastewater SDC is based on future development contributing only 250 gallons per capita per day [gpcd] (ibid., Table 3.6), about 43 percent less than the current flow. The 250 gpcd is based on “ . . . a future l/l allowance of 100 gpcd was agreed upon [by the City and DEQ] as appropriate for the Stayton/Sublimity area given the nature of the climate, high water table, and geography of the study area” (ibid., page 3-10, subsection 3.4.2¶ 4). Most single-family households upon which the 675 gallons of usage is based use a ¾-inch water meter. . .”

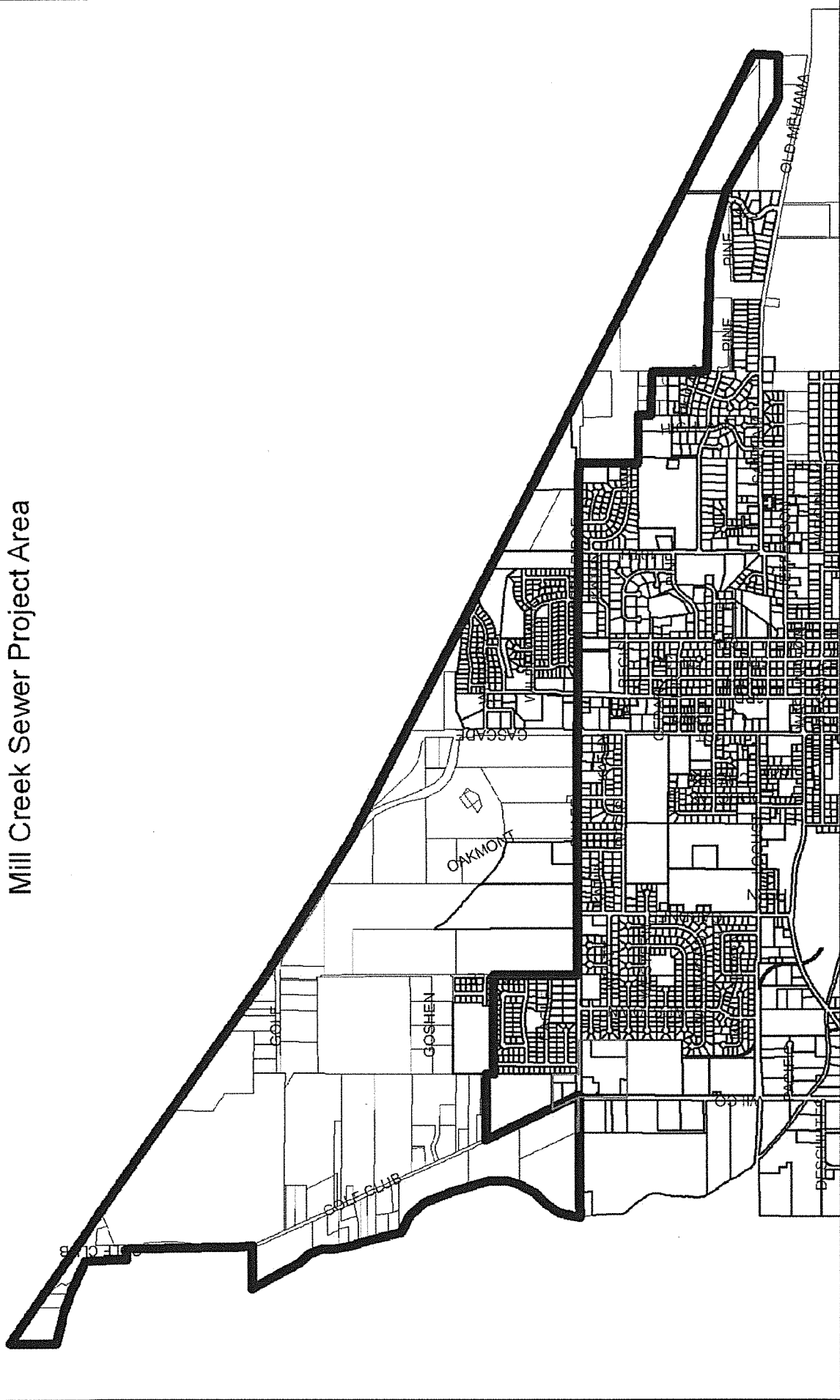
As meter sizes increases for residential and non-residential customers, the amount of sewage flow also increases. Similar to the water SDC, the wastewater SDC varies by meter size based on the capacity of the meter with one exception. The exception is multi-family households in which several housing units are connected to a single meter, usually larger than ¾-inch. For these uses, the reimbursement fee is based on the number of housing units multiplied by . . . 80% of the reimbursement fee for a ¾-inch meter. Multi-family households use less water and produce 20% less sewage than a single-family house.”

Table 5 summarizes the reimbursement fee by meter size and for multi-family dwellings.

Table 5
Mill Creek Project Sewer SDC by Meter Size

Meter Size	Equivalent $\frac{3}{4}$ Meters	Mill Creek Sewer SDC Reimbursement Fee
$\frac{3}{4}$	1.00	\$ 670
1	1.67	\$ 1,118
1 $\frac{1}{2}$	3.33	\$ 2,229
2	5.33	\$ 3,569
3	10.67	\$ 7,144
4	16.67	\$ 11,161
6	33.33	\$ 22,315
8	53.33	\$ 35,705
Multiple family dwellings using a single meter, per dwelling unit	80%	\$ 536

Exhibit A
Mill Creek Sewer Project Area



1 inch equals 2,000 feet