

RESOLUTION NO. 923

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

WHEREAS, Stayton Municipal Code (SMC) Chapter 13.12 provides for the establishment of Systems Development Charges (SDCs) upon completion of an analysis of the City's current investment in its wastewater system and the projected capital improvements to be constructed and for the adoption of a methodology explaining how the SDCs are calculated;

WHEREAS, 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 adopted a Wastewater Master Plan in 2006 which included updated capital improvement plans which affect SDCs;

WHEREAS, the Stayton City Council adopted a Wastewater SDC Methodology in 2007 based on the capital improvement plans in the 2006 Wastewater Master Plan;

WHEREAS, the 2007 Wastewater SDC Methodology was based on 2005 estimates of improvement costs that have not been updated for inflation since that time;

WHEREAS, since 2007, the City has implemented many of the recommended wastewater system improvements in the 2006 Wastewater Master Plan;

WHEREAS, it is appropriate and timely that the SDC previously established be amended to reflect updated cost estimates for future improvements and remove completed projects from the future improvements list;

WHEREAS, the City's Planning and Development Department and Public Works Department worked together to update the SDC for Wastewater;

WHEREAS, the City staff issued its report *Wastewater System Development Charge Update*, dated December 1, 2014, with the methodology and schedule of SDCs by meter size and by housing unit;

WHEREAS, the City Council held a public hearing on December 1, 2014 on the proposed Wastewater SDC methodology; and

WHEREAS, the 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 amends, updates, and establishes the methodology and provides the basis for the SDCs on those activities which create the demand for capital improvements used for wastewater.

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 may be required by the City of Stayton or represent a condition of a land use or development approval.

SECTION 3: METHODOGY

The methodology produced by City of Stayton Planning and Development Department and Public Works Department to update the Wastewater SDC is described in the attached reports and, by this reference, hereby made a part of this Resolution.

SECTION 4: FEE

The City amends and updates its SDCs as follows:

A **Wastewater System Development Charge** shall be assessed based upon the size water meter(s) installed at the development except for multiple housing units connected to a shared water meter. For housing on a shared water meter, the Wastewater SDC shall be the greater of the number of housing units multiplied by \$1,748 or the Wastewater SDC for the meter size.

The Wastewater SDC collected in accordance with Chapter 13.12 of the Stayton Municipal Code shall be:

Meter Size	Reimbursement Fee	Improvement Fee	Total Wastewater SDC
¾"	763	1,422	2,186
1"	1,274	2,375	3,650
1 ½"	2,541	3,967	6,508
2"	4,068	6,625	10,693
3"	8,143	11,064	19,206
4"	12,722	18,476	31,198
6"	25,436	30,855	56,291
8"	40,699	51,528	92,228
Multiple Family Dwellings (per unit)	611	1,138	1,748

SECTION 5: EFFECTIVE DATE

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

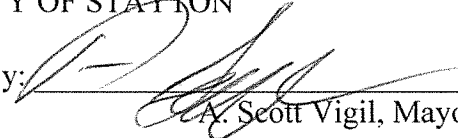
SECTION 6: REVIEW

This Resolution shall be reviewed annually during the month of June and the rates amended as appropriate for the next fiscal year. Consideration shall be given to the rate of inflation for construction as reported in the Engineering News Record, published by the McGraw-Hill companies, as the 20-City Average Construction Cost Index for the period June of the preceding year through May of the current year.

ADOPTED BY THE STAYTON CITY COUNCIL this First day of December 2014.

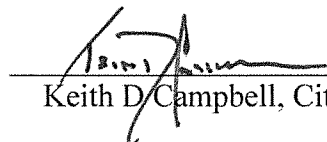
Signed: 12-1, 2014.

CITY OF STAYTON

By:  A. Scott Vigil, Mayor

Signed: 12-2, 2014.

Attest:

 Keith D. Campbell, City Administrator

APPROVED AS TO FORM:

A handwritten signature in black ink, appearing to read "David A. Rhoten", written over a horizontal line.

David A. Rhoten, City Attorney

City of Stayton

**WASTEWATER SYSTEM DEVELOPMENT CHARGE
UPDATE**

December 1, 2014 Draft for City Council Public Hearing

Prepared by the City of Stayton
Public Works and Planning & Development Departments

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SUMMARY

The City of Stayton adopted its current wastewater systems development charge (Wastewater SDC) in February 2007, following the adoption of the *City of Stayton Wastewater Master Plan* (Keller Associates, February 2006). The 2007 SDC Update was prepared by Ray Bartlett, Economic and Financial Analysis, Inc.

The *Wastewater Master Plan* recommends the City correct deficiencies in the existing wastewater system and also recommends the City invest in improvements to the wastewater collection and treatment facilities to serve the needs of the City that will result from future residential, commercial and industrial growth in Stayton's Urban Growth Boundary.

After completion and adoption of the *Wastewater Master Plan*, the City obtained an \$11.3 million loan from the United States Department of Agriculture's Rural Utilities Service to pay for priority wastewater treatment facility upgrades. The terms of the loan provided for \$2.0 million of the loan to be forgiven. In addition to the RUS loan funds, the City has used available wastewater funds to make a total investment of more than \$12.2 million in wastewater system improvements since 2007.

The City adopted a Comprehensive Plan Update in 2013 that incorporated new population projections through 2030. At the time the *Wastewater Master Plan* was developed in 2006, the City assumed Stayton would grow at a rate of 3.35% per year. Projects were identified and prioritized based on this assumed growth rate. Due to the Great Recession, housing growth in Oregon slowed dramatically. In 2009 Marion County prepared an updated coordinated 20-year population forecast for the unincorporated rural areas and the 20 cities in Marion County. The City and County planning departments revised Stayton's growth rate projections downward and adopted a 1.7% growth rate for the City of Stayton. This population forecast has been adopted in the Stayton Comprehensive Plan. The Stayton wastewater system serves the City of Sublimity as well as the City of Stayton. The 2030 Marion County population estimates for Sublimity project 2.5% annual average growth in Sublimity.

At the conclusion of the Comprehensive Plan update process, the City's Comprehensive Plan Update Committee recommended to the City Council that all of the City's systems development charges be reviewed to assure that they reflect recent investments in city infrastructure, properly account for planned improvements and adjust the timing of future projects to account for the new population projections.

The City has reassessed the timing for various wastewater system improvements listed in the *Wastewater Master Plan* (Plan). Overall, the Plan identifies more than \$23 million in capital improvements, to replace existing facilities, and to expand wastewater system facilities to build capacity for growth. This report uses the capital improvements list and other water system data to update the City's Wastewater SDC.

The Wastewater SDC is composed of a reimbursement fee and an improvement fee.

The wastewater system operates with some excess capacity which is available to serve new growth. The value of this excess capacity, less depreciation, is used to calculate the reimbursement fee. Over the past five years, the public works and planning departments have updated the city's fixed asset list for the wastewater system and entered all wastewater distribution pipes into the City's Geographic Information System (GIS). The updated fixed asset list more accurately lists all wastewater system facilities. The reimbursement fee assigns a value of the existing wastewater system facilities to existing users; the value of the excess capacity is the basis of the reimbursement fee.

The improvement fee has also been updated. Projects from the 2007 list of proposed capital improvements that have been completed have been removed from the list, as their value is now included in the calculation of the reimbursement fee. Also removed from the list of proposed capital improvements are those project which are not likely to be constructed before 2035.

Table 1 shows the current and updated wastewater SDC. Overall, the combined wastewater SDC decreases approximately 38% for a single family dwelling.

Table 1 Current and Proposed Wastewater SDC

Meter Size	Current	Proposed Wastewater SDC Fee			Change	
	2007 Wastewater SDC	Reimbursement Fee	Improvement Fee	Total	\$\$	%
¾	3,528	763	1,422	2,186	-1,342	-38.05%
1	5,893	1,274	2,375	3,650	-2,243	-38.06%
1½	11,750	2,541	3,967	6,508	-5,242	-44.61%
2	18,807	4,068	6,625	10,693	-8,114	-43.15%
3	37,649	8,143	11,064	19,206	-18,443	-48.99%
4	58,820	12,722	18,476	31,198	-27,622	-46.96%
6	117,605	25,436	30,855	56,291	-61,314	-52.14%
8	188,174	40,699	51,528	92,228	-95,946	-50.99%
Multi-Family Dwelling (per unit)	2,823	611	1,138	1,748	-1,075	-38.06%

INTRODUCTION

The City of Stayton staff updated the wastewater system development charge methodology in the summer of 2014. As the City has recently completed major improvements to the Wastewater Treatment Facility it has removed projects from the improvements list, recalculated the book value of the existing collection and treatment system, and reassessed the timing for various wastewater system improvements listed in the *Wastewater Master Plan*. While the Plan identifies more than \$23 million in capital improvements, the City has invested more than half of that amount since adoption of the plan and has lowered the population projections for future growth of the City.

This report includes several elements:

1. A review of wastewater projects completed from 2007 to 2014.
2. Wastewater Reimbursement Fee methodology
3. Wastewater Improvement Fee methodology
4. An annual updating process to index the SDC to reflect construction cost inflation

WASTEWATER SYSTEM IMPROVEMENTS COMPLETED 2007 TO 2014

A. Wastewater Master Plan and Phase 1 Projects (2007 to 2013)

Keller Associates prepared the *City of Stayton Wastewater Master Plan* in 2006. The plan includes several elements:

- Wastewater Treatment Plant Evaluation and Recommendations
- Wastewater Collection System Evaluation and Recommendations
- Financing Options and SDC Analysis

At the time the master plan was developed, the City and Keller assumed the City would grow at a rate of 3.35% per year. Projects were identified and prioritized based on this assumed growth rate. Since then the City's Planning Department and Marion County have adopted a 1.7% growth rate for the City.

Following the completion of the *Wastewater Master Plan*, the City sought financing to pay for high priority capital improvements to the wastewater system. The City obtained an \$11.3 million loan from the United States Department of Agriculture's Rural Utilities Service. Slightly over \$2 million of the loan was forgiven by the USDA in the form of a grant.

With the loan funds in hand, the City hired Keller Associates to serve as design engineers for the wastewater treatment plant improvements. Keller recommended the City proceed with a major rehabilitation of the Wastewater Treatment Plant. Project elements included:

- Equalization basin improvements
- Solids handling upgrades
- Batch reactor upgrades
- Sludge processing upgrades
- Ultraviolet treatment upgrades

Other improvements to the wastewater collection and treatment systems completed since adoption of the 2007 SDCs include the Mill Creek Project, new headworks screens, and continued infiltration and inflow reduction. The Mill Creek Project involved the construction of new interceptor sewers, a lift station and force main. Whereas this project serves a specific geographic area within the City, a separate SDC reimbursement fee has been calculated for this project which is assessed only within the Mill Creek service area and the costs of the Mill Creek Project are not

included in this methodology.

Table 2 presents the major improvements to the wastewater collection and treatment system since 2006, the costs of each project and the funding source. Whereas a portion of the USDA funding was a grant, the cost of each component was reduced by the percentage of the total funding package the grant represented. The \$5,836,097 total represents the undepreciated addition to the City's investment in its wastewater system as used for calculating the Wastewater SDC.

Table 2 Wastewater System Improvements Completed 2008-2013

#	Phase I Improvements (SDC Eligible)	Allocation to Growth %	Actual Cost	Share of Grant	Adjusted Cost	SDC Share
6	UV Upgrades	48%	\$235,510	\$192,732	\$235,510	\$92,511
7	New Filter	100%	1,576,022	286,269	1,289,753	1,289,753
10	Batch Fill Basin	48%	1,885,239	342,435	1,542,804	740,546
11	Batch Reactor Upgrades	48%	799,569	145,234	654,336	314,081
12	EQ Basin Improvements	48%	196,549	35,701	160,848	77,207
13	Plant Utility Water System	48%	117,755	21,389	96,366	46,256
17	Repair Liquid Sludge Transfer Pipe	48%	96,830		96,830	46,478
19	Sludge Thickener	48%	772,239	140,270	631,969	303,345
20	Rehab Aerated Storage Tank	48%	44,892	8,154	36,738	17,634
29	New Headworks Screens	100%	209,428		209,428	209,428
32	Cover Existing UV Structure	48%	117,755	21,389	96,366	46,256
33	UV Upgrades -- Phase 2	100%	235,510	42,778	192,732	192,732
37	UV Upgrades -- Phase 3	100%	235,510	42,778	192,732	192,732
38	Class A Solids Drying System	48%	3,055,227	554,952	2,500,275	1,200,132
	Other WWTF Work	48%	1,744,515	316,874	1,427,641	685,268
	Collection System Improvements & Repairs	48%	314,228		314,228	150,829
Total			\$11,636,741	\$2,001,000	\$9,635,776	\$5,836,097

WASTEWATER SDC METHODOLOGY

REIMBURSEMENT FEE

Table 3 shows the cost basis for the reimbursement fee. It is a summary compiled from the City's fixed asset records of the wastewater system. The fixed asset records have been modified to reflect only those assets which are available to serve new growth – sewer mains of 8 inch diameter or smaller have not been included. Also, for assets that were placed in service since the development of the 2007 SDC methodology, only the percentage of the cost associated with growth has been included in the cost basis. The fixed assets on which the wastewater SDCs are based are included as an appendix to this report. The costs are based on the actual cost paid by the City for the improvement, less the amount of any federal or state grants received by the City.

The depreciation period was determined by the City as a part of complying with Governmental Accounting Standard Board's rule No. 34 which requires a straight line annual depreciation method. The expected life of most of these assets is 75 years but range as low as 7 years for some equipment. Table 3 shows the City has invested over \$10 million in SDC eligible costs to construct the wastewater system improvements over the life of the system. This amount is the sum of major investments in the wastewater treatment plant, sewer mains 10" in size or larger, lift stations, etc. Over the life of the wastewater system, depreciation of the listed assets (improvements, buildings & facility improvements, infrastructure) has been \$2,390,388 of the original asset value. Land does not depreciate therefore its net book value equals its original purchase price. In summary, there is a net book value of \$7,767,245 left after depreciation is subtracted. Therefore, the cost basis for the reimbursement fee is \$7,767,245.

Table 3 Cost Basis for Reimbursement Fee

Asset Group	Original Cost¹	Total Depreciation	Net Book Value
Improvements	928,697	796,554	132,143
Buildings	404,649	157,738	246,911
Infrastructure	8,311,793	1,318,090	6,993,703
Equipment	304,895	125,739	179,156
Land	215,332	0	215,332
Totals	10,165,366	2,398,121	7,767,245

¹ In 2014, the City staff updated the depreciation schedule to add projects completed from 2003 through 2013 and updated asset values where the City found more accurate historical information about individual project costs. Source: City of Stayton Fixed Asset Report and Public Works Contract records.

The current wastewater system has a capacity to treat 6.87 million gallons per day (mgd). For the years 2011 through 2013 the average peak day was 5.18 mgd. Table 4 shows the capacity, usage and available capacity for future growth.

The reimbursement fee is based on the cost of wastewater assets divided by the capacity of the system. The cost is the net book value of the system, so the cost per gallon of capacity is \$1.1306 ($\$7,767,245 / 6,870,000 \text{ gpd} = \1.1306).

Table 4 Current Wastewater System Capacity

Stayton Wastewater System	Million Gallons per Day
Current Wastewater Treatment Plant Capacity ¹	6.87
Current Usage ²	5.18
Excess Capacity	1.69

¹ Wastewater Treatment Plant (WWTP) Capacity from Table 2.1 Wastewater Master 2006).

² Maximum daily flow data is based on Keller Associates review of monthly wastewater data for the City of Stayton Wastewater Treatment Plant 2011 to 2013. The 3-year average peak day flow was 5.18 mgd.

The average household produces about 675 gallons of wastewater per day. Table 5 shows the calculation of the reimbursement fee for a single-family household on a 3/4" water meter. Table 5 calculates the water reimbursement fee by multiplying a single household's generation of wastewater by the cost of the wastewater system assets per gallon of capacity. This equals the cost of assets used by the household's connection to the wastewater system: \$763 = (\$1.1306 x 675 gpd) rounded to the nearest dollar.

Table 5 Calculation of Reimbursement Fee Per Single Family Dwelling

#	Stayton Wastewater System	Amount
1	Net Book Value of the Wastewater System	\$7,767,245
2	Capacity Wastewater Treatment Plant Capacity (gallons)	6,870,000
3	Costs per gallon capacity (Line 1 / Line 2)	\$1.1306
4	Single Family Home - Equivalent Residential Unit (ERU) Daily Wastewater Generation (gpd)	675
5	Reimbursement Fee (Line 3 x Line 4)	\$763

To apply this rate to other wastewater users besides a single-family household on a 3/4" water meter, the City uses a schedule of water meter sizes as a surrogate measure of peak daily generation and an average usage for multiple family housing units, as is explained in the Water SDC methodology. Table 6 shows the schedule for the reimbursement fee for different meter sizes.

Table 6 Schedule of Reimbursement Fee by Meter Size and Multi-Family Dwelling Units

Meter Size	Meter Equivalency	2014 Reimbursement Fee
3/4"	1.00	763
1"	1.67	1,274
1 1/2"	3.33	2,541
2"	5.33	4,068
3"	10.67	8,143
4"	16.67	12,722
6"	33.33	25,436
8"	53.33	40,699
Multi-Family Dwellings (per unit based on 3/4" meter)		0.80 611

For multiple-family complexes, the meter size method does not apply equitably. Multiple family complexes may include any number of residential units in a single or multiple building complexes that results in 2 or more housing units sharing one or more meters. On average multiple family housing units generate 80 percent as much wastewater as a single-family household on a 3/4-inch water meter.

As a result, the reimbursement fee for a multiple family complex will be the higher fee of two possible measures:

1. *Option 1: MF Reimbursement Fee = 80% of 3/4" meter rate x # of units:* The number of housing units is multiplied by 80 percent of the reimbursement fee rate for a 3/4-inch meter. A duplex will be charged a reimbursement fee of \$1,222. (2 units x 763 x 80% = \$1,222). An apartment complex with 12 units will be charged \$7,326. (12 units x 763 x 80% = \$7,326).
2. *Option 2: MF Reimbursement Fee = Fee based on meter size for a master meter serving the entire complex.* If the developer installs a single 3" meter to serve to serve a 12-unit apartment complex, then the SDC reimbursement fee for the 3" meter size will be \$ 8,143. Since this is higher than the calculation under Option 1, the developer will be charged an \$8,143 reimbursement fee.

IMPROVEMENT FEE

The improvement fee is based on capital improvements to be built to collect and treat wastewater from future growth in the community. The Wastewater Master Plan recommends the City construct wastewater system capital improvements to correct deficiencies in existing facilities and to expand the wastewater system capacity to serve anticipated growth within the Stayton and Sublimity Urban Growth Boundaries. Whereas the Stayton wastewater system treats Sublimity's wastewater, growth within Sublimity must also be considered.

In 2013, the City Council adopted a Comprehensive Plan Update that incorporates new population projections through 2030. At the time the City of Stayton Wastewater Master Plan was developed in 2006, the City assumed the Stayton/Sublimity area would grow at a rate of 3.35% per year and the City's population would reach 19,200 when the Urban Growth Boundary was built out in 2035. Keller Associates estimated future wastewater demands to serve the expected rapid population growth. Projects were developed and prioritized based on this assumed growth rate.

Due to the Great Recession, housing growth in Oregon slowed dramatically. In 2009 Marion County prepared an updated coordinated 20-year population forecast for the unincorporated rural areas and the 20 cities in Marion County. The City and County planning departments adopted a 1.7% growth rate for the City of Stayton. This population forecast has been adopted in the Stayton Comprehensive Plan. Marion County now projects average annual growth in Sublimity at 2.5% through 2030.

Stayton's population in July 2013 was 7,685 persons and Sublimity's was 2,745, for a combined service area population of 10,430. Using the 1.7% annual growth rate for Stayton and 2.5% growth rate for Sublimity, the combined population is projected to reach 15,861 by 2035 and 20,777 in 2049 at UGB build out.

Table 7 lists all of the recommended capital improvements listed in the *Wastewater Master Plan* that have not been constructed as of July 1, 2014. The Wastewater Master Plan included a cost estimate, prepared in 2005. These cost estimates have been updated to adjusting for inflation by using the Engineering New Record Construction Cost Index. The costs have been adjusted by using the Construction Cost Index for the end of 2013. The estimated construction cost is \$15,542,108 in 2013 dollars. Of the \$15.5 million total cost, \$12,231,463 of the project costs are allocated to growth.

Table 7 Recommended Wastewater System Capital Improvements, Wastewater Master Plan

Project Description	Master Plan	Inflation	Allocation to Growth	
	Estimated 2005\$	Adjustment 2013\$	%	2013\$
Gardner wastewater Shed -- I/I Reduction	250,000	316,072	0%	0
Upgrades to Industrial Lift Station	55,000	69,536	0%	0
Annual Pipeline Replacement	0	0	0%	0
Extend River Outfall	500,000	632,143	48%	303,429
Gardner Road Interceptor	692,000	874,886	61%	533,681
Fern Ridge Interceptor	127,000	160,564	100%	160,564
24-inch Force Main Extension	535,000	676,393	100%	676,393
Purchase T.V. Equipment	400,000	505,715	48%	242,743
Add 3rd Pump to Mill Creek Lift Station	100,000	126,429	100%	126,429
PW Facility -- 50% of Cost	552,800	698,898	48%	335,471
Parallel 2.0 MGD MBR Plant	5,900,000	7,459,291	100%	7,459,291
Purchase of 80 acres for Land Disposal	560,000	708,001	48%	339,840
Land Buffer around WWTP	200,000	252,857	100%	252,857
Ida-Evergreen Interceptor	1,455,000	1,839,537	48%	882,978
Construct 2nd EQ Basin	650,000	821,786	100%	821,786
Odor Control and Bagging for Dryer System		200,000	48%	96,000
Belt Filter Press Rehab		200,000	0%	0
	\$11,976,800	\$15,542,108		\$12,231,463

In addition to the projects that are included in the Wastewater Master Plan, there are two projects in Table 8 that were not included in the Master Plan but are needed now as the result of the improvements constructed between 2007 and 2013. The cost estimates for these two projects are in current dollars.

Each project was evaluated to determine whether or not it is needed to correct an existing deficiency or if the project is partially or entirely needed to serve new growth. The fourth column shows the allocation of each project's cost to growth (and, implicitly to current users).

1. *Projects with no benefit for future growth:* Four of the projects in Table 8 are not needed to serve future growth. These projects must be built regardless of growth to resolve existing problems. All of these costs will be borne by rate payers. For example, the infiltration and inflow correction projects and improvements to the Industrial Park lift station are needed to correct existing system deficiencies. Projects such as these have no benefit for future development (0%) and therefore have no \$\$\$ amount included in the final column. None of these projects' costs are included in the calculation of the wastewater improvement fee.
2. *Projects with proportional benefit to existing users and future growth:* Some projects in Table 8 will benefit some existing users, but are also needed to serve future growth. Projects that partially benefit current users and future growth are pro-rated based on the proportionate benefit to each. The percentage assigned to each project is based on the proportional benefit needed to serve new growth. Several factors were considered: (1) Does the project increase the capacity of the overall wastewater system and enable the City to meet anticipated wastewater demands? and/or (2) Does a collection system project serve a partially developed or a vacant, developable area within the Stayton UGB? Based on the analysis, the percentages of projects that benefit development are 48 or 61%.
3. *Projects with a 100% benefit to future growth:* Some projects in Table 8 are needed entirely to serve new development areas of the City or are needed to expand the capacity of the wastewater treatment or collection systems beyond the existing system capacity. Projects such as adding a new pump at the Mill Creek lift station or a second equalization basin at the treatment facility are in this category. They have been assigned a 100% share of the project cost because the improvements are needed exclusively to serve future growth. In all of these examples, 100% of the project costs are eligible for inclusion in the calculation of the wastewater improvement fee.
4. Future Projects (Not included in the Improvement Fee Calculation): As mentioned above, the Wastewater Master Plan assumed the City would continue to grow at a faster rate than is now projected. This means that some of the improvement projects on the Master Plan's Capital Improvements List may not be necessary within the next 20-year period. The additional land buffer around the treatment plant has not been included in the calculation of the SDC Improvement Fee. During the next Wastewater Master Plan update this project should be re-evaluated to determine if it is needed, should be dropped from the plan or should be modified. At that time, any needed projects should be included in the calculation of an updated wastewater improvement fee.

Based on this analysis, Table 8 identifies \$15,542,108 in wastewater system improvement projects. Of this amount, \$11,978,605 of the project costs is assigned to growth and is used in the calculation for the wastewater improvement fee.

Projects are assigned to either of two categories in order to calculate the wastewater improvement fee. Projects placed in the first category are needed prior to 2035 to serve the projected population of 15,861 persons.

Projects in the second category are not likely to be needed prior to 2035 and are not included in the SDC Improvement Fee calculation.

Table 8 Planned Wastewater System Capital Improvements Cost Basis for Improvement Fee

Project Description	Inflation Adjustment 2013\$	Allocation to Growth		To be Completed in		Capacity Increase (mgd)	SDC \$/gallon
		Master Plan %	2013 \$	2014-2034	2035+		
Extend River Outfall	632,143	48%	303,429	303,429		3.0	0.1011
Gardner Road Interceptor	874,886	61%	533,681	533,681		6.4	0.0834
Fern Ridge Interceptor	160,564	100%	160,564	160,564		6.4	0.0251
24-inch Force Main Extension	676,393	100%	676,393	676,393			0.1057
Purchase T.V. Equipment	505,715	48%	242,743	242,743		6.4	0.0379
Add 3rd Pump to Mill Creek Lift Station	126,429	100%	126,429	126,429		6.4	0.0198
PW Facility -- 50% of Cost	698,898	48%	335,471	335,471		6.4	0.0524
Parallel 2.0 MGD MBR Plant	7,459,291	100%	7,459,291	7,459,291		2.0	0.0524
Purchase of 80 acres for Land Disposal	708,001	48%	339,840	339,840		3.0	0.1133
Land Buffer around WWTP	252,857	100%	252,857		252,857	3.0	
Ida-Evergreen Interceptor	1,839,537	48%	882,978	882,978		3.4	0.2597
Construct 2nd EQ Basin	821,786	100%	821,786	821,786		6.4	0.1284
Odor Control and Bagging for Dryer System	200,000	48%	96,000	96,000		6.4	0.0150
Total	\$15,542,108		\$12,231,463	\$11,978,605	\$252,857		\$2.1073

The capital improvements are further categorized as to the increase in system capacity they will provide. Most of the improvement projects will be needed as part of increasing the system capacity from the current 6.9 mgd to 13.3 mgd, a 6.4 mgd increase. Therefore the cost of the project is divided by 6.4 million to determine the cost per gallon. Some projects would part of improvements that would only increase the system capacity by 3.0 mgd. Their cost is divided by 3,000,000 to determine the per gallon cost.

Using the same household wastewater generation statistics as was used for the reimbursement fee, the improvement fee for a new single-family housing unit using a ¾-inch water meter will be \$1,422 (\$2.1073/gallon x 675 gpd/household = \$1,422). Also, using the equivalent ¾-inch meter equivalents from Table 6 above and the ratio for multiple-family water usage; we derive the schedule of improvement fees by meter size and for multiple-family developments shown in Table 9.

Table 9 Schedule of Improvement Fee by Meter Size and Multi-Family Dwelling Units

Meter Size	Meter Equivalency	Proposed 2014 Improvement Fee
¾"	1.00	1,422
1"	1.67	2,375
1 ½"	3.33	3,967
2"	5.33	6,625
3"	10.67	11,064
4"	16.67	18,476
6"	33.33	30,855
8"	53.33	51,528
Multiple Family Dwellings (per unit)	0.80	1,138

WASTEWATER SYSTEM DEVELOPMENT CHARGE

The wastewater system development charge consists of the reimbursement fee and the improvement fee as shown in Table 10. The total Wastewater SDC is \$2,934 for a ¾-inch water meter.

Table 10 Proposed Wastewater System Development Charge

Meter Size	Reimbursement Fee	Improvement Fee	Total Wastewater SDC
¾"	763	1,422	2,186
1"	1,274	2,375	3,650
1 ½"	2,541	3,967	6,508
2"	4,068	6,625	10,693
3"	8,143	11,064	19,206
4"	12,722	18,476	31,198
6"	25,436	30,855	56,291
8"	40,699	51,528	92,228
Multiple Family Dwellings (per unit)	611	1,138	1,748

ANNUAL UPDATES FOR INFLATION

ORS 223.304 (7) provides that,

"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 the periodic application of an adopted specific cost index or on a modification to any of the factors related to rate that are incorporated in the established methodology."

For the purposes of periodically adjusting the water SDC, the City will determine annually the increase in the 20-City Average Construction Cost Index (CCI) published in the weekly periodical *ENR* published by McGraw Hill, Inc. This publisher's construction (and building) cost index is widely accepted in the engineering and construction industry. *ENR* updates the CCI monthly and provides annual summaries in the July edition.

The formula for updating the SDC each year is as follows:

$$\text{SDC current year} = [(\text{SDC last year}) \times (\text{CCI current year})] / \text{CCI last year}$$

Variables:

CCI current year = Construction Cost Index for the current year

CCI last year = Construction Cost Index for the last year the SDCs were updated

SDC current year = the SDC updated by the CCI

SDC last year = the SDC to be updated

It is recommended that the City Council review the SDC charges annually and make adjustments effective on July 1st.

An initial Council review may take place between January and March after the ENR index is available for the prior calendar year. In reviewing the SDC, the City Council may consider changes to the proposed project list, the ENR index change for the prior year, economic indicators for the Mid-Willamette Valley, current economic conditions in Stayton and the potential impact a change in the SDC fees may have on proposed development in the City. The January to March review also provides sufficient time to notify interested parties 90 days prior to the adoption of a revised SDC methodology as required by ORS 223.

