

**Draft MINUTES**  
**SDC/CET Study Advisory Committee**  
**Meeting No. 2**  
**Newport City Hall Conference Room A**  
**March 21, 2017**  
**10:00 a.m.**

**Advisory Committee Members Present:** Jim Patrick, Sandra Roumagoux, Dustin Capri, Rich Bellow, and Jeff Waarvick

**Advisory Committee Members Absent:** John Oksenholt, Dean Sawyer, Joanne Troy, Allen Wells, and David Craig.

**FSC Group Consultants Present:** Todd Chase, and Tim Wood

**City Staff Present:** City Manager, Spencer Nebel; Finance Director, Mike Murzynsky; Public Works Director, Tim Gross; Community Development Director (CDD) Derrick Tokos; and Executive Assistant, Sherri Marineau.

**Community Members Present:** Dietmer Goebel, and Gloria Tucker.

1. **Call to Order.** Tokos calls the meeting to order at 10:07 a.m.

2. **New Business.**

A. **Prior Meeting Summary:** Tokos presented a summary report for the prior meeting. Tokos reports back to Capri concerning his sewer extension question from the last meeting. There no way to reasonably work up the project at this time as it needs a capital plan to do so. It needs to be worked into the sewer master plan. Chase mentioned that the .7% annual growth rate was mentioned in the last meeting and more work is needed on it. The annual average growth rate is consistent with the population growth rate but actual dwelling growth rate will be higher. The annual average growth rate will be around 1% instead of .7%. Tokos listed projects that are funded. He noted they are outside of what is normally figured and was factored in.

Chase noted correction to the February 22<sup>nd</sup> minutes. The first paragraph stated transportation EDUs based on daily trips but it should read daily person trips. Change that Tim Gross “exited” not “exists”. The minutes mentioned homes under 600 feet won’t be charged because they would be considered ADUs. After review, it was determined that ADUs will be charged and new methodologies have that factored in.

B. **Revised Capital Improvement Program.** Tokos reviewed the revised plan. Chase would like the Advisory Committee to consider the discounts. The standard sizes of homes were described. Chase reviewed the costs of SDCs for different sized single family dwellings using SDC discounts. A discussion ensued regarding the impact that larger vs. smaller homes have on the system and how charges are determined. Tokos said we need to have a defensible methodology to distinguish between smaller and larger homes. Capri asked how ADUs fall on the chart. Tokos said it will be calculated on a square footage basis and will be reflecting the three categories on an average number so we can show that an average number is based on different sizes. It will be calculated off of the square footage of the dwelling. The first 1,900 square feet will be charged the first rate, then next 1,901 to 3,500 square feet would be charged the second rate, and the remaining square footage would be charged the third rate. ADUs would get a discount on water and sewer because they share the same meter.

Chase asked the AC if they are okay with keeping the current discounts in place. Patrick is okay with Parks but feels Transportation needs to be ramped up over time. Tokos explained how Parks and Transportation SDC funds have been leveraged. SDCs won’t fund a project but are a contribution to the project costs. A discussion ensued regarding Transportation and Park SDC fund utilization. Gross stated that he never relies on SDCs for project funding.

Chase asked the AC if they are okay with how the residential numbers are landing. He explained the AC is the first to see the lists and he would like to put the list on the web for others to comment. Capri asked if garages are included in the square footage. No, it is the livable floor area. Chase explained garages will be included in storm water SDC calculations. Capri asked that this be clear on the report. Chase said it will be made clear.

C. **Draft SDC Results.** Non-residential rates are covered. A discussion ensued regarding the current restaurant EDUs and Options A & B for new draft SDCs. Chase reviewed differences between Options A & B. He pointed out that if a restaurant is a part of mixed a use project, he thinks there should be a methodology that charges a

supplemental charge. Gross asked why there is such a steep discount on Transportation SDCs for the given scenario. Tokos said it is discount across all categories for Transportation. If we charge full rate on Transportation SDCs we would price out new development. Tokos explained it allows the City to match other funding sources. Patrick asked if there could be a distinction between residential and commercial. Chase explained you are not supposed to, but some cities do. He gave examples of why fees would be waived. Bellow asked if prices for SDCs are the same between building new and remodeling. No. Tokos explained that preexisting structure projects would get credits. Gross has concerns about the 90% discount and feels it is something to consider. Tokos thinks the AC should look at other examples.

A discussion ensued regarding methodologies for restaurants and their impacts to the systems. Patrick suggested the AC phase charges up to 20% over time. Tokos suggested looking at other options before deciding.

SDC Options for apartments (60 units) are covered. Capri asked if this category could be considered at a lower Transportation rate. Tokos said the value and construction costs for 60-unit apartment complexes are pretty substantial at about 5.7 million. With current methodologies, SDC savings will increase the larger the size of the build. Bellow asked how it correlates for smaller projects. Tokos lists examples of projects that have paid SDCs already and have credits. Chase said if City had CETs on housing, they could use some of their funds to write down some of these charges for developers. The residential is capped at 1%. Tokos said we could go with an EDU equivalency for the smaller numbers and a meter equivalency for larger projects. Tokos will check into where the break point is.

Primary School Addition SDC methodologies are covered. Chase reports that Newport's school EDUs are really high. Bellow gives an example of if the Yaquina Bay Elementary added a gym, it would not be adding to student numbers and impact to the system. Gross pointed out that it says schools have zero Park impact but they utilize City facilities. If you build recreational facilities as part of the school, that could apply as a credit toward Park impact. Conversely, schools provide park amenities as well and there should be some balance there. Tokos said the assumption for the methodology is they generally provide their own recreational facilities. Bellow stated that schools will be adding onto what they have instead of new buildings because there is nowhere to build. There needs to be a balance between Parks and the school impact. Chase asked about the OSU housing project. Housing is paying for SDCs but the campus isn't. Tokos will look into Parks in consideration to schools. Bellow asked Tokos to look at the credits with costs being \$250,00 per classroom. Chase reiterates that the AC will look into the school issue with Parks and look at a Transportation credit as opposed to a 90% discount.

Capital improvement projects are reviewed. 62% of the projects could be funded with SDCs with a basis of 12 million for the SDCs. Chase explained that projects can be added to the list and assumptions can be change on projects at any time, as long as you are not increasing the SDCs as a result of a bump up. Chase covered the three recommendations for non-residential SDCs. Gross explained that he is already working on a creation of a pervious surface area database in GIS. They are only doing it on a commercial basis as residences have a single EDU and basically follows zoning. Gross thinks it is tough to determine compacted impervious service areas. Chase suggested it should only apply to non-residential. There was a question if multi-family is non-residential. There needs to be specific methodology for multi-family. Gross thinks a rate credit for private construction and maintenance of qualified public facilities needs to be removed.

Capital projects for Transportation are reviewed. Chase said that the consideration of a 20% discount could be good. Gross stated it is easier to defend a high Transportation SDC rather than a Water SDC. Nebel asked for rationality for the 13.21% figure. Chase explained it is the eligible growth share percentage and is the minimum you can put on any project. He noted the project list is there as a place holder. Projects can be updated as long as we stay within the numbers.

Exhibit 2.6 EDUs are covered with changes noted. Chase stated there are a few modifications that will need to be done.

- D. Draft CET Results.** Chase presented the residential and non-residential structure construction values. Multi-family units fall under non-residential although there weren't many multi-family units that fall under these values. CET revenue analysis is based on construction values of the past years. Chase said you wouldn't want to do a CET unless you are doing scenarios A or B. A pie chart on how CET expenditures are broken down was presented. If the City does CETs, they will need to make an agreement on what a payment incentive would be, but it doesn't have to be worked out now. We just need to determine if there is room to put a CET in place. Gross gives examples of how funds can be utilized instead of just giving a payment. Tokos said there would be an agreement on how funds are used. Someone will have to follow up on this. Capri asked if SDCs could be waived for affordable housing. Tokos said most jurisdictions don't waive. Chase explained if it is deed restricted housing, you could not charge a minimum and use CET funds to pay the SDCs. Gross feels taking

funds to pay yourself is a slippery slope. Bellow asked why tax abatement couldn't be looked at for affordable housing. Tokos explained that the Planning Commission is already working on this for low income housing. The Planning Commission has heard that there are no modest revenue streams for affordable housing.

Apartment development cost analysis scenarios are reviewed. Property tax abatements would only be for 10 years. Nebel referenced Bend as an example. Capri is worried about the City getting in the business of developing. Tokos explained that the City would be a conduit instead of a developer. Capri asked how the City Council will make the decision on how these funds are used. Tokos said a public vetting process would most likely happen. Bellow asked if they could look at forgiving SDCs instead of adding a CET tax. Tokos said we are showing here that we could put a CET in place without increasing the current level of development costs. We can look into SDCs for affordable housing but it is limited to new development. Waarvick asked if there is any research on what generates more housing in the end, whether it is XET or reduction in SDCs. Tokos said we are bringing forth a range of different strategies, recognizing that some strategies work better than some, as opposed to others. Policy makers have been struggling on how to get nonresident businesses engaged in affordable housing. CETs are a way for businesses to contribute. Gross said CETs are a different thing and shouldn't be a part of the SDC discussion. Tokos said CETs are looked at as a way to drive down SDC costs. Nebel thinks it would be beneficial to have someone from Bend come talk the AC about their program.

Tokos presented examples of costs with and without CET charges. The cost factors for restaurants are quite considerable. Capri has reservations with the City giving money to development through CETs instead of a credit of SDCs. Nebel thinks it would be helpful to know how the program would work and if it is appropriate for the City. Chase will bring information from Bend to the next meeting. Capri asked if affordable housing has to pay CETs. Chase said it is unclear, but if it is deed restricted, he says to waive it. They will be paying SDCs though. They can't charge market rents, so they are contributing. Gross asked if there is historical information about affordable housing trends. Nebel said a woman did some research and said over the years affordable housing has been a problem. Planning documents have shown this has been an issue over the years. We also have the issue of not having land to develop. CETs would have to be collected over a year before anything would be determined and the process would have to be mapped out on how the funds would be accessed. Gross is concerned that we are decreasing SDCs and replacing with CETs.

2. **Adjournment.** Having no further discussion, the meeting adjourned at 12:22 p.m.

Respectfully submitted,

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Sherri Marineau,  
Executive Assistant



City of Newport

SYSTEM DEVELOPMENT  
CHARGE METHODOLOGY  
DRAFT REPORT

April 11, 2017

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# ACKNOWLEDGEMENTS

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This work is made possible through the sincere input by City staff and the Newport SDC/CET Ad-hoc Advisory Committee. We appreciate the time and attention dedicated to this work by the following people:

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Dustin Capri    Capri Architecture  
David Craig    Oregon State University Housing  
Jim Patrick    Newport Planning Commission  
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# SECTION I: INTRODUCTION

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This city of Newport SDC Methodology Report takes into account up-to-date growth forecasts, long-range capital improvements and local SDC calculation procedures. Newport's current system development charges (SDCs) were adopted in 2007, and subsequently indexed for inflation. Since the prior SDC methodology was adopted, the City completed several capital improvements, and has updated its public facility master plans for water (2008), wastewater (update in process), transportation (2012) and stormwater (update in process).

This section of the SDC Methodology Report describes the policy context and project scope upon which the City may create a new SDC that complies with Oregon legal requirements.

## A. SYSTEM DEVELOPMENT CHARGES

Oregon Revised Statutes (ORS) 223.297 to 223.314 authorize local governments to establish system development charges (SDCs), one-time fees on all new development paid at the time of development. SDCs are paid by developers or property owners that change a use of a parcel or structure that generates additional transportation demand.

SDCs are intended to recover a fair share of the cost of existing and planned facilities that provide capacity to serve future growth. Cities can, and most do, implement SDCs on water, wastewater, sewer, parks, stormwater, and transportation infrastructure.

ORS 223.299 defines two types of SDCs:

- ◆ A reimbursement fee that is designed to recover “costs associated with capital improvements already constructed, or under construction when the fee is established, for which the local government determines that capacity exists”
- ◆ An improvement fee that is designed to recover “costs associated with capital improvements to be constructed”

ORS 223.304(1) states, in part, that a reimbursement fee must be based on “the value of unused capacity available to future system users or the cost of existing facilities” and must account for prior contributions by existing users and any gifted or grant-funded facilities. The calculation must “promote the objective of future system users contributing no more than an equitable share to the cost of existing facilities.” A reimbursement fee may be spent on any capital improvement related to the system for which it is being charged (whether cash-financed or debt-financed) and on the costs of compliance with Oregon's SDC law.

ORS 223.304(2) states, in part, that an improvement fee must be calculated to include only the cost of projected capital improvements needed to increase system capacity for future users. In other words, the cost of planned projects that correct existing deficiencies or do not otherwise increase capacity for future users may not be included in the improvement fee calculation. An improvement fee may be spent only on capital improvements (or portions thereof) that increase the capacity of the

system for which it is being charged (whether cash-financed or debt-financed) and on the costs of compliance with Oregon’s SDC law.

## B. SDC OVERVIEW

In general, SDCs are calculated by adding a reimbursement fee component and an improvement fee component—both with potential adjustments. Each component is calculated by dividing the eligible cost by growth in units of demand. The unit of demand becomes the basis of the charge. Below are details on the components and how they may be adjusted. **Exhibit 1.1** shows this calculation in equation format:

Exhibit 1.1 – SDC Equation						
$\frac{\text{Eligible costs of available capacity in existing facilities}}{\text{Units of growth in demand}}$	+	$\frac{\text{Eligible costs of capacity-increasing capital improvements}}{\text{Units of growth in demand}}$	+	$\frac{\text{Pro-rata share of costs of complying with Oregon SDC law}}{\text{Units of growth in demand}}$	=	$\text{SDC per unit of growth in demand}$

### B.1 Reimbursement Fee

The reimbursement fee is the cost of available capacity per unit of growth that such available capacity will serve. In order for a reimbursement fee to be calculated, unused capacity must be available to serve future growth. For facility types that do not have excess capacity, no reimbursement fee may be calculated. **This SDC methodology recommends that Newport’s reimbursement SDCs be discontinued at this time.**

### B.2 Improvement Fee

The improvement fee is the cost of planned capacity-increasing capital projects per unit of growth that those projects will serve. The unit of growth becomes the basis of the fee. In reality, the capacity added by many projects serves a dual purpose of both meeting existing demand and serving future growth. To compute a compliant improvement fee, growth-related costs must be isolated, and costs related to current demand must be excluded.

**This SDC methodology is similar to the prior adopted methodology in use of the capacity approach to allocate costs to the improvement fee basis.**<sup>1</sup> Under this approach, the cost of a given capital project is allocated to growth by the portion of total project capacity that represents capacity for future users. That portion, referred to as the improvement fee eligibility percentage, is multiplied by the total project cost to determine that project’s improvement fee cost basis.

### B.3 SDC Cost Basis Adjustments

Most cities in Oregon include two types of SDC cost basis adjustments that are allowed under Oregon law. The deduction of current SDC fund balances reduces the fee basis. The other adjustment increases the SDC cost basis by including administrative costs of complying with the

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<sup>1</sup> Two alternatives to the capacity approach are the incremental approach and the causation approach. The incremental approach is computationally complicated because it requires the computation of hypothetical project costs to serve existing users. Only the incremental cost of the actual project is included in the improvement fee cost basis. The causation approach, which allocates 100 percent of all growth-related projects to growth is often vulnerable to legal challenge.

SDC program. **This methodology includes both types of adjustments in the determination of the charges.**

Current SDC fund balances are shown in Exhibit 1.1.

**Exhibit 1.1**

Current Newport SDC Fund Balances	
	Fund Balance
Water	\$346,501
Sewer	\$313,859
Transportation	\$262,381
Stormwater	\$141,824
Parks	\$167,205

**Source:** City of Newport, FY 2015/16 audit.

ORS 223.307(5) authorizes the expenditure of SDCs for “the costs of complying with the provisions of ORS 223.297 to 223.314, including the costs of developing system development charge methodologies and providing an annual accounting of system development charge expenditures.” To avoid spending monies for compliance that might otherwise have been spent on growth-related projects, this report includes an estimate of compliance costs in the SDC calculation.

## C. CREDITS, EXEMPTIONS AND DISCOUNTS

The City of Newport SDC procedures for credits, exemptions and discounts are to be found in the Newport Municipal Code Chapter 12-15. The following narrative is provided for context.

### C.1 Credits

A credit is a reduction in the amount of the SDC for a specific development. ORS 223.304 requires that credit be allowed for the construction of a qualified public improvement which: is required as a condition of development approval; is identified in the City’s capital improvements program; and either is “not located on or contiguous to property that is the subject of development approval,” or is located “on or contiguous to such property and is required to be built larger or with greater capacity than is necessary for the particular development project....”

Additionally, a credit must be granted “only for the cost of that portion of an improvement which exceeds the minimum standard facility size or capacity needed to serve” the particular project up to the amount of the improvement fee. For multi-phase projects, any “excess credit may be applied against SDCs that accrue in subsequent phases of the original development project.”

In addition to these credit policies required by state law, the City may consider amendments to its current credit policy (please refer to Newport municipal code Chapter 12-15) and adopt credit policies that: provide a greater credit amount than required by state law; establish a system providing for the transferability of credits; provide a credit for a capital improvement not identified in the City’s SDC Capital Improvement Plan; or provide a share of the cost of an improvement by other means.

State statute [ORS 223.304(5)(d)] provides a sunset clause for credits limiting their use to not later than 10 years from the date the credit is given.

SDC credits that comply with the state's minimum credit policy do not create an SDC revenue gap. A policy that provides SDC credits above the legal minimum usually decreases SDC revenues and reduces the likelihood of the City to complete its long range capital improvement program.

## C.2 Exemptions

The City may exempt specific classifications of development, such as minor building alterations or Accessory Dwelling Units (ADUs) from the requirement to pay SDCs. The City may not arbitrarily exempt customers or customer types from SDCs; it must have a cost or demand-based justification.

## C.3 Discounts

The City can also apply discounts to SDCs based on local policy preference. For example, the City of Newport currently discounts parks SDCs by a factor of 50% and transportation SDCs by a factor of 90%. These discounts were based on the perceived inability for the market to bear the full weight of the SDC charges.

Many cities in Oregon may also apply a cost-based SDC reduction for area-specific SDCs, such as downtown locations, when development in such designated locations is expected to generate relatively lower public facility system demand in comparison to other locations.

It should be noted that the use of discounts usually results in under-collection of future SDC revenues. If discounts are used, it is recommended that cities prepare contingency plans to identify other funding sources for foregone revenues (i.e., state or federal grants, urban renewal funds, or new local funding sources such as voter-approved G.O. bonds).

## C.4 SDC Phase-In Strategies

**This SDC Methodology Report identifies the maximum SDCs that Newport can charge; as well as the recommended SDCs that the City should charge in year 1 (FY 2017/18) after discounts are applied.**

Newport can opt to phase-in the maximum defensible SDC amount over time by charging an established percentage of the maximum SDC each year. It should be noted that doing so will decrease total SDC revenue and require additional funding sources for the City to complete the SDC project list. Additional funding sources to supplant revenues lost from foregone SDCs could include street utility fee surcharges, a local option levy, local improvement districts, reimbursement districts, or developer/property owner right of way dedications.

## D. INDEXING

Oregon law (ORS 223.304) also allows for the periodic indexing of SDCs for inflation, as long as the index used is:

- “(A) A relevant measurement of the average change in prices or costs 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 in a separate ordinance, resolution or order.”

The City of Newport currently indexes its SDCs annually. **It is recommended that the City index its charges to the *Engineering News Record Construction Cost Index 20-city average* and continue to adjust its charges annually.**

## E. OTHER SDC STATUTORY PROVISIONS

Other applicable provisions of the Oregon SDC legislation, include:

- SDCs must be based on an adopted local capital improvement program/plan (CIP) or comparable planning effort that lists qualified public improvements to be funded with SDCs and the estimated timing, cost and SDC-eligible share of each improvement to be funded with SDCs. The current CIPs that serve as the SDC cost basis used in this report are included in the Appendix.
- SDC revenues must be deposited into a dedicated individual account with annual accounting of revenues and expenditures. The annual accounting effort must include a list detailing the amount spent on each project funded, in whole or in part, by SDC revenues, including costs attributed to complying with the SDC legislation.
- Creation of an administrative appeals procedure, in accordance with the legislation, whereby a citizen or other interested party may challenge any expenditure of SDC revenues.
- Preclusion against challenging the SDC methodology after 60 days from the enactment of or revision to the SDC ordinance or resolution.

## F. SDC APPEALS PROCESS

While this methodology report includes a wide assortment of residential and non-residential customer types and assumptions for calculating SDCs, it cannot address all potential development or customer types and system demand levels. Please refer to the Newport Municipal Code (Chapter 12.15) for more detailed procedures for appealing SDCs, determining SDC credits and other procedures.

## G. UPDATING NEWPORT'S SDCS

The City contracted with FCS GROUP to perform a transportation SDC update. FCS GROUP (consultant) has led the development of SDCs throughout Oregon in over 30 cities, and leads SDC training workshops hosted by the Oregon League of Cities. This methodology report using the following general approach:

- ◆ **Framework for Charges.** In this step, consultant and City staff confirmed the approach to be used and the water, wastewater, storm drainage, transportation and parks components to be included in the analysis.
- ◆ **Technical Analysis.** In this step, consultant and City staff identified the recoverable portion of water, wastewater, storm drainage, transportation and parks facility costs and calculated SDC rates.
- ◆ **SDC Meetings and Public Education.** As part of this new SDC update, the City established an SDC Advisory Committee that included a cross-section of community stakeholder groups, including: Newport City Council and Planning Commission representatives; City public works and finance staff; Lincoln County School District; Housing Authority of Lincoln County; and private engineers, architects, lawyers, real estate brokers and construction contractors. This

advisory committee met on four separate occasions to provide input to the City and consultant regarding interim SDC assumptions and report recommendations.

- ◆ **Methodology Report Preparation.** In this step, the calculation of the SDC rates are set forth and included in this report.
- ◆ **Jurisdiction Review.** In this step, the consultant compared the calculated SDC to the current fee and with other cities in Oregon. Key findings indicate that Newport's SDCs will continue to be on the low-end of the cost spectrum, with certain SDCs increasing and others decreasing.

The following sections provide detailed SDC calculation methods for each public facility type, including: water, wastewater, stormwater, transportation and parks.

## SECTION II: WATER SDCs

This section provides the rationale and calculations supporting the proposed water SDCs.

### A. GROWTH CALCULATION

Growth is the denominator in SDC calculation and measured in units that most directly reflect the source of demand. For water SDCs, the most applicable unit of growth is Equivalent Dwelling Units (EDUs). For water, the EDU assumptions and calculations are based on an annual average growth rate of 1.02%, which reflects the forecasted increase in housing units within the City of Newport over the 2015 to 2035 time frame (provided in **Appendix A-1**).

As indicated in **Exhibit 2.1**, there are currently an estimated 4,463 water customers served by the City of Newport, including 3,509 residential customers and 954 non-residential customers. According to Newport water usage statistics, these customers consume approximately 613 million gallons of water, which equates to 54,467 annual gallons per residential customer. Current equivalent dwelling units (EDUs) are calculated based on the total annual water usage divided by the average residential water demand (613,078,000 / 54,467), which equates to 11,256 EDUs. Future EDUs are assumed to increase at annual average growth rate of 1.02%, increasing to 13,792 by year 2037. The projected 20-year EDU growth of 2,536 units results in an average growth share of 18.4%. The average growth share is a measure of total water system demand that will be consumed by future growth and equates to the minimum cost share of any SDC eligible improvement.

#### Exhibit 2.1

Newport Water Demand and EDU Growth Forecast						
	2017 customers	Usage Per Customer (000 gallons)	Water Usage (000 gallons)			
Residential Customers	3,509	54.5	191,127			
Non-Res. Customers	954	442.3	421,951			
Total or Avg.	4,463	137.4	613,078			
Total System EDUs	Est. 2017	Proj. 2037	EDU Growth 2017-	Avg. Growth Share	AGR	Unit
<b>EDUs (Total Usage / Avg. Res. Demand)</b>	11,256	13,792	<b>2,536</b>	18.4%	1.02%	EDU

**Source:** City of Newport water customer data (2016); housing unit growth forecasts (Appendix A-1); compiled by FCS GROUP.

\*Consumption assumed constant across years.

Abbreviations: EDU = equivalent dwelling unit. AGR = annual average growth rate.

### B. IMPROVEMENT FEE COST BASIS

Newport's Water System Master Plan (2008) and neighborhood planning documents provide a detailed CIP with identification of the projects required to meet the growth needs of the City. The portion of each project that can be included in the improvement fee cost basis is determined by the extent to which each new project creates capacity for future users. As indicated in **Exhibit 2.2**, there are 9 water improvement projects that have been identified in local plans and studies that are required

to address 2017-2037 EDU growth in the City of Newport. The total cost of these capital projects is estimated at approximately \$10,731,000 (2017 dollars). The SDC eligible portion of these projects equates to 52% of the total cost or \$5,619,458.

During the study process, the City staff and Advisory Committee identified two public facility improvements that were included in the water master plan but are expected to be implemented outside the 20-year planning horizon. Those projects are also reflected in **Exhibit 2.2.**, and include the Agate Beach Upper Storage Tank (\$2.26M) and the King Ridge Storage Tank (\$3.29M).

**Exhibit 2.2**

Water SDC Capital Improvement Plan and Fee Cost Basis (2017 - 2037 time frame)					
Project Number	Description	Total Cost	SDC Eligible Growth	SDC Cost Share	Source Document
			Share %		
W1	12-inch Redundant Bay Crossing, East Option	\$3,028,961	25%	\$757,240	2008 Master Plan
W2	NE 40th and Golf Course Drive Water Line Replacement	\$505,792	25%	\$126,448	2008 Master Plan
W3	US 101 - NE 36th to NE 40th Water Line	\$296,956	50%	\$148,478	2008 Master Plan
W4	US 101 - NE 40th to Circle Way Water Line Replacement	\$660,968	50%	\$330,484	2008 Master Plan
W5	East Newport Water Line Extensions	\$2,721,270	100%	\$2,721,270	2008 Master Plan
W6	Idaho Point Water Line Replacement and Looping	\$745,461	25%	\$186,365	2008 Master Plan
W7	Harborton to SE 50th Water Line Extension	\$312,500	100%	\$312,500	2006 SB Nbhd Plan
W8	SE 50th to SE 62nd Water Line	\$562,500	100%	\$562,500	2006 SB Nbhd Plan
W9	Water Meter Conversion to Touch Read Meters	\$1,896,690	25%	\$474,172	2008 Master Plan
<b>Total</b>		<b>\$10,731,097</b>	<b>52%</b>	<b>\$5,619,458</b>	
Other Planned Improvements Not Included in the SDC Cost Basis*					
W10	Agate Beach Upper Storage Tank 1.0 MG GFS	\$2,259,130	n/a	\$0	2008 Master Plan
W11	King Ridge Storage Tank 1.0 MG GFS	\$3,288,795	n/a	\$0	2008 Master Plan

Source: City of Newport staff input as of 2/28/17, compiled by FCS GROUP. \* denotes projects expected to occur beyond 20-years.

**D. SDC FUND BALANCE**

The City’s existing SDC fund balances are deducted from the improvement fee cost basis to determine the adjusted SDC cost basis. **Exhibit 1.1** indicates the total water SDC fund balance (\$346,501) is deducted from the SDC cost basis.

**E. COMPLIANCE COST BASIS**

ORS 223.307(5) authorizes the expenditure of SDCs on “the costs of complying with the provisions of ORS 223.297 to 223.314, including the costs of developing system development charge methodologies and providing an annual accounting of system development charge expenditures.” The compliance cost estimates includes expenditures such as water system plan updates and methodology updates over the next 20 years. This SDC methodology assumes compliance costs remain consistent with the prior adopted SDC Methodology, which equates to 4.18% of the total SDC cost bases.



## F. SDC CALCULATION

As indicated in **Exhibit 2.2**, after deducting current fund balances, the adjusted SDC cost basis includes \$5,272,927 for growth eligible water improvements over 20 years. When this amount is divided by the expected 2,536 increase in water EDUs, it results in an SDC of \$2,079 per EDU for the SDC improvement fee. The 4.33% compliance cost results in an additional \$87/EDU charge, bringing the total water SDC to \$2,166 per EDU (before discounts).

### Exhibit 2.2

Water SDC Calculation			
<b>Improvement Fee</b>			
Capacity Expanding CIP	\$	5,619,458	
Less Existing Fund Balance	\$	(346,501)	
SDC Cost Basis	\$	5,272,957	
Growth to End of Planning Period		2,536	EDU
Improvement Fee	\$	2,079	per EDU
<b>Total System Development Charge</b>			
Reimbursement Fee	\$	-	per EDU
Improvement Fee	\$	2,079	per EDU
SDC Subtotal	\$	2,079	per EDU
plus: Administrative	4.18%	\$ 87	per EDU
<b>Total SDC before discount</b>	<b>\$</b>	<b>2,166</b>	<b>per EDU</b>

## G. WATER SDC ADMINISTRATION PROCEDURES

The SDC established above is based on a cost per EDU or cost per single family detached dwelling. For most residential developments, a plan review must be performed to determine the number of EDUs included in a development.

### G.1. Residential SDCs

For residential developments that will result in additional EDUs, this SDC methodology includes a variation in SDCs based on size and type of dwelling unit. Single family detached homes have a wide range in size and water system demand requirements. Analysis of the relative demand generated by various (small, standard, and large) home sizes is included in **Exhibit 2.3**.

Exhibit 2.3: City of Newport, Adjustments by Single Family Home Size			
Type	ADUs (600 SF)	Small Home (601 to 1,900 SF)	Large Home (over 3,500 SF)
Water	*	0.63	1.38
Sewer	*	0.63	1.38
Transportation	0.50	0.50	1.47
Stormwater**	0.70	0.84	1.41
Parks	0.47	0.47	1.58

**Source:** Compiled by FCS GROUP based on Appendix B-1, B-2 and B-3. \* Note, water and sewer SDCs are not applied to ADUs since Newport Municipal Code requires ADUs to hookup to primary residence water and sewer. \*\* Actual stormwater charge may be less or more depending upon construction plans.

**Abbreviations:** SF = usable floor area (excludes unfinished attics, garages and carports); ADU = accessory dwelling unit.

These factors, when applied to the SDC per EDU for single family homes, results in an SDC charge that varies by home size, and one that can be assessed based on square footage, as indicated in **Exhibit 2.4**. After applying the recommended 10% discount, the resulting SDCs would be \$0.98/SF for the first 1,700 SF; \$0.77/SF for 1,701 to 2,900 SF; and \$0.61/SF for the area above 2,900 SF.

Exhibit 2.4: Prior vs. New SDC Comparisons per Single Family Dwelling					
	Current SDC	New SDC			
		ADUs (600 SF)	Small Home (less than 1,700 SF)	Standard Home (1,701 to 2,900 SF)	Large Home (over 2,900 SF)
<b>New Avg. SDC (without discount)</b>	\$2,413	*	\$1,354	\$2,166	\$2,978
<b>Water SDC Per Sq.Ft.</b>	n/a	*	\$1.08	\$0.87	\$0.71
<b>Recommended SDC (FY 2017/18 after discount)</b>					
<b>Discount</b>	0%	10%	10%	10%	10%
Water SDC per SF		*	\$0.98	\$0.77	\$0.61

Source: prior tables. \* note, water SDC is not required since Newport Municipal Code requires ADUs to connect to the primary residence water meter.

Using this approach, single family attached structures, such as duplexes and row-houses would be assessed based on the “small home” SDC rate per square foot rate of \$0.98. For residential additions that include the addition of plumbing fixtures, the “small home” SDC rate per SF should be charged.

Other types of new residential developments, such as apartments, SDCs are to be assessed based on meter size, using the EDU conversion factors shown in **Exhibit 2.5**.

**Exhibit 2.5**

Meter Size Characteristics		
	Maximum Continuous Flow (gpm)	Flow/SDC EDU Factor
<b>Disc or Compound Meters</b>		
3/4"	15	1.00
1-inch	25	1.67
1 1/2 inch	50	3.33
2-inch	80	5.33
3-inch	160	10.67
4-inch	250	16.67
6-inch	500	33.33
8-inch	800	53.33
<b>Turbine Meters</b>		
4-inch	315	21.00
6-inch	700	46.67
8-inch	1,200	80.00

G.2. Other Non-Residential SDCs

For non-residential developments, water SDCs are to be assessed based on EDUs added using the conversion table provided as **Exhibit 2.6**. When a specific land use is not included in Exhibit 2.6, or if the table does not fit the application well, meter size equivalency factors should be used. Staff should review the new customer’s land use plans carefully to ensure that the proper meter size is being utilized in the new property.

**Exhibit 2.6**

Enterprise	EDUs	Units
Apartments	N/A	See meter sizing assessment table
Apparel Store	0.2	Per 1,000 sqft.
Athletic Club	0.3	Per 1,000 sqft.
Auto Care	0.1	Per service bay
Auto Parts Sales	0.2	Per 1,000 sqft.
Auto Sales	0.2	Per 1,000 sqft.
Bank, Drive-in	0.3	Per 1,000 sqft.
Bank, Walk-in	0.3	Per 1,000 sqft.
Building Material and Lumber Store	0.2	Per 1,000 sqft.
Cab Company	0.2	Per 1,000 sqft.
Car Wash, Automated	N/A	See meter sizing assessment table
Car Wash, Self Service	0.7	Per stall
Cemetery	0.2	Per 1,000 sqft.
Church	0.2	Per 1,000 sqft.
Convenience Market (24 hrs.)	0.2	Per 1,000 sqft.
Convenience Market (15-16 hrs.)	0.2	Per 1,000 sqft.
Convenience Market w/ Gasoline Pumps	0.2	Per 1,000 sqft.
Day Care	0.2	Per student
Drinking Establishment	0.7	Per 1,000 sqft.
Furniture Store	0.2	Per 1,000 sqft.
Hardware/Paint	0.2	Per 1,000 sqft.
Health/Fitness Club	0.3	Per 1,000 sqft.
Hospital	1	See meter sizing assessment table
Industrial	1	See meter sizing assessment table
Library	0.2	Per 1,000 sqft.
Lodge/Fraternal	0.3	Per 1,000 sqft.
Manufacturing	0.2	Per 1,000 sqft.
Medical/Dental Office	0.4	Per 1,000 sqft.
Mini-Warehouse Storage and Warehouses	0.1	Per 1,000 sqft.
Mobile Home Park	0.75	Per dwelling unit
Motel/Hotel without kitchenette	0.4	Per room
Motel/Hotel with kitchenette	0.6	Per room
Nursery Garden Center	0.2	Per 1,000 sqft.
Nursing Home	0.3	Per bed
Office Building	0.2	Per 1,000 sqft.
Retail Establishment, Shopping Center, Grocery, Etc.	0.2	Per 1,000 sqft.
Post Office	0.2	Per 1,000 sqft.
Quick Lubrication Vehicle Stop	0.1	Per bay
Recreational Facility, Multipurpose	0.3	Per 1,000 sqft.
Restaurant, any type*	N/A	See meter sizing assessment table
Schools (K through 12)	1	Per 625 gross sqft.
Schools (post secondary)	1	Per 625 gross sqft.
Service Station	0.1	Per bay
Service Station w/Convenience Market	0.1	Per pump
Single Family Detached Housing	1	Per house
Fish Processing Facility	N/A	See meter sizing assessment table
Pools and Aquatic Facilities	N/A	See meter sizing assessment table
Brewery	N/A	See meter sizing assessment table
Movie Theater	0.3	Per 100 seats
Commercial/Coin-op Laundry	N/A	See meter sizing assessment table

\* Note, if in mixed-use building with shared water meter, restaurants will also be assessed 1 EDU per 500 SF.

## SECTION III: WASTEWATER SDCs

This section provides the rationale and calculations supporting the proposed wastewater SDCs.

### A. GROWTH CALCULATION

Growth is the denominator in SDC calculation and measured in units that most directly reflect the source of demand. For wastewater SDCs, the most applicable unit of growth is Equivalent Dwelling Units (EDUs). **It should be noted, that given the difference in customer service area and unique demand profile and supply characteristics (such as wastewater infiltration & inflow) the EDUs for wastewater do not equate to the EDUs for water.** For these reasons, direct comparisons between water and wastewater EDU assumptions should be avoided.

As indicated in **Exhibit 3.1**, there are currently an estimated 3,910 wastewater customers served by the City of Newport, including 3,316 residential customers and 594 non-residential customers. According to Newport water usage statistics, these customers require approximately 559,206 million gallons of wastewater treatment, which equates to 39,556 annual gallons per residential customer. Current equivalent dwelling units (EDUs) are calculated based on the total annual wastewater usage divided by the average residential demand (559,206,000 / 39,556), which equates to 14,137 EDUs.

The EDU assumptions and calculations are based on an annual average growth rate of 1.02%, which reflects the forecasted increase in housing units within the City of Newport over the 2015 to 2035 time frame (provided in **Appendix A-1**).

Future EDUs are assumed to increase to 17,322 by year 2037. The projected 20-year EDU growth of 3,185 units results in an average growth share of 18.4%. The average growth share is a measure of total wastewater system demand that will be consumed by future growth and equates to the minimum cost share of any SDC eligible improvement.

#### Exhibit 3.1

Newport Wastewater Demand and EDU Forecast						
	2017 customers	Annual Usage Per Customer (000 gallons)	Est. 2017 Water Usage (000 gallons)			
Residential Customers (service connections)	3,316	39.6	131,168			
Non-Res. Customers (commercial)	594	720.6	428,038			
Total or Avg.	3,910	143.0	559,206			
Total System EDUs	Est. 2017	Proj. 2037	Growth 2017- 2037	Avg. Growth share	AGR	Customer Unit
<b>EDUs (Total Usage / Avg. Res. Demand)</b>	14,137	17,322	3,185	18.4%	1.02%	EDU

Source: City of Newport wastewater customer data (2016); housing unit growth forecasts (Appendix A-1); compiled by FCS GROUP.

\*Consumption assumed constant across years.

Abbreviations: EDU = equivalent dwelling unit. AGR = annual average growth rate.

## B. IMPROVEMENT FEE COST BASIS

Newport’s Wastewater System Master Plan (update in process) and neighborhood planning documents provide a detailed CIP with identification of the projects required to meet the growth needs of the City. The portion of each project that can be included in the improvement fee cost basis is determined by the extent to which each new project creates capacity for future users. As indicated in **Exhibit 3.2**, there are 13 wastewater improvement projects that have been identified in local plans and studies that are required to address 2017-2037 EDU growth in the City of Newport. The total cost of these capital projects is estimated at approximately \$19,466,700. The SDC eligible portion of these projects equates to 62% of the total cost or \$12,064,320.

During the study process, the City staff and Advisory Committee identified seven public facility improvements that were included in wastewater master plans but are expected to be implemented outside the 20-year planning horizon. Those projects are also reflected in **Exhibit 3.2.**, and include \$9.4 M in capital costs.

### Exhibit 3.2

Newport Wastewater SDC Capital Improvement Program and Fee Cost Basis: 2017 to 2037					
Project Number	Description	Total Cost	SDC Eligible Growth Share %	SDC Cost Share	Source Document
WW1	NE Avery Street - Upsize gravity sewer from the Bayfront force main to the Northside pump station	\$1,230,000	5%	\$ 61,500	Draft Master Plan
WW2	NW Nye Street - Upsize and rehabilitate gravity sewer from the Big Creek force main to the Northside pump station	\$1,140,000	11%	\$ 125,400	Draft Master Plan
WW3	Nye Beach pump station - Upgrade capacity to 2.74 mgd	\$2,828,000	10%	\$ 282,800	Draft Master Plan
WW4	Bayfront pump station - Upgrade to 2.59 mgd	\$3,224,000	28%	\$ 902,720	Draft Master Plan
WW5	NE Harney Street gravity sewer	\$740,000	100%	\$ 740,000	1990 Public Facilities Plan
WW7	NE 70th Place gravity sewer	\$371,000	100%	\$ 371,000	1990 Public Facilities Plan
WW9	Benson Road gravity sewer	\$1,722,600	100%	\$ 1,722,600	1990 Public Facilities Plan
WW10	Bayfront pump station - Upgrade force main to 14-inch diameter	\$490,000	28%	\$ 137,200	Draft Master Plan
WW11	Northside pump station - Upgrade capacity to 9.2 mgd	\$2,780,000	100%	\$ 2,780,000	Draft Master Plan
WW14	Harborton to SE 50th Sewer Line Extensions	\$754,800	100%	\$ 754,800	2006 SB Nbhd Plan
WW15	SE 50th to SE 62nd Sewer Line	\$1,979,500	100%	\$ 1,979,500	2006 SB Nbhd Plan
WW16	SE 62nd - Construct new pumpstation	\$1,000,000	100%	\$ 1,000,000	2006 SB Nbhd Plan
WW17	Wilder Phase 5 Sewer Line	\$1,206,800	100%	\$ 1,206,800	2006 SB Nbhd Plan
<b>Total</b>		<b>\$ 19,466,700</b>	<b>62%</b>	<b>\$12,064,320</b>	
Other Planned Improvements Not Included in the SDC Cost Basis*					
WW6	NE 52nd Street gravity sewer	\$259,000	n/a	\$0	1990 Public Facilities Plan
WW8	Yaquina Heights Drive gravity sewer	\$ 1,426,600	n/a	\$0	1990 Public Facilities Plan
WW12	SE Running Springs Drive pump station - Upgrade capacity to 0.27 mgd	\$ 1,178,000	n/a	\$0	Draft Master Plan
WW13	SE Running Springs Drive Upgrade force main to 14-inch diameter	\$ 330,000	n/a	\$0	Draft Master Plan
WW18	Surfland/Airport - Construct new gravity system	\$ 4,620,000	n/a	\$0	Draft Master Plan
WW19	Surfland/Airport - Construct new pump station	\$ 1,000,000	n/a	\$0	Draft Master Plan
WW20	Surfland/Airport - Construct new force main	\$ 612,000	n/a	\$0	Draft Master Plan

Source: City of Newport staff input as of 2/28/17, compiled by FCS GROUP. \* denotes projects expected to occur beyond 20-years.

## D. SDC FUND BALANCE

The City’s existing SDC fund balances are deducted from the improvement fee cost basis to determine the adjusted SDC cost basis. **Exhibit 1.1** indicates the total water SDC fund balance (\$313,859) is deducted from the SDC cost basis.

## E. COMPLIANCE COST BASIS

ORS 223.307(5) authorizes the expenditure of SDCs on “the costs of complying with the provisions of ORS 223.297 to 223.314, including the costs of developing system development charge methodologies and providing an annual accounting of system development charge expenditures.” The compliance cost estimates includes expenditures such as water system plan updates and methodology updates over the next 20 years. This SDC methodology assumes compliance costs remain consistent with the prior adopted SDC Methodology, which equates to 4.18% of the total SDC cost bases.

## F. SDC CALCULATION

As indicated in **Exhibit 3.2**, after accounting for the current SDC fund balance, the adjusted SDC cost basis includes \$12,064,320 for growth eligible wastewater improvements over 20 years. When this amount is divided by the expected 3,185 increase in wastewater EDUs, it results in an SDC of \$3,689 per EDU for the SDC improvement fee. The compliance cost results in an additional \$154/EDU charge, bringing the total wastewater SDC to \$3,843 per EDU.

**Exhibit 3.2**

<b>Wastewater SDC Calculation</b>			
<b>Improvement Fee</b>			
Capacity Expanding CIP		\$	12,064,320
Less Existing Fund Balance		\$	(313,859)
SDC Cost Basis		\$	11,750,461
Growth to End of Planning Period			3,185 EDU
Improvement Fee		\$	3,689 per EDU
<b>Total System Development Charge</b>			
Reimbursement Fee		\$	- per EDU
Improvement Fee		\$	3,689 per EDU
SDC Subtotal		\$	3,689 per EDU
plus: Administrative Cost Recovery	4.18%	\$	154 per EDU
<b>Total SDC before discount</b>		<b>\$</b>	<b>3,843 per EDU</b>

## G. WASTEWATER SDC ADMINISTRATION PROCEDURES

The SDC established above is based on a cost per EDU or cost per single family detached dwelling. For most residential developments, a plan review must be performed to determine the number of EDUs a development will require.

## G.1. Residential SDCs

For residential developments that will result in additional EDUs, this SDC methodology includes a variation in SDCs based on size and type of dwelling unit. Single family detached homes have a wide range in size and wastewater system demand requirements. Analysis of the relative demand generated by various (small, standard, and large) home sizes is included in **Exhibit 2.3**.

These factors, when applied to the SDC per EDU for single family homes, results in an SDC charge that varies by home size, and one that can be assessed based on square footage, as indicated in **Exhibit 3.3**. After applying the recommended 10% discount, the resulting SDCs would be \$1.82/SF for the first 1,700 SF; \$1.44/SF for 1,701 to 2,900 SF; and \$1.16/SF for the area above 2,900 SF.

Exhibit 3.3: Prior vs. New SDC Comparisons per Single Family Dwelling					
	Current SDC	New SDC			
		ADUs (600 SF)	Small Home (less than 1,700 SF)	Standard Home (1,701 to 2,900 SF)	Large Home (over 2,900 SF)
New Avg. SDC (without discount)	\$3,969	*	\$2,402	\$3,843	\$5,284
Wastewater SDC Per Sq.Ft.	n/a	*	\$ 1.92	\$ 1.54	\$ 1.26
<b>Recommended SDC (FY 2017/18 after discount)*</b>					
<b>Discount</b>	0%	10%	10%	10%	10%
Wastewater SDC per SF		*	\$1.82	\$1.44	\$1.16

Source: prior tables. \* note, wastewater SDC is not required since Newport Municipal Code requires ADUs to connect to the primary residence sewer.

Using this approach, single family attached structures, such as duplexes and row-houses would be assessed based on the “small home” SDC rate per square foot rate of \$1.82. For residential additions that include the addition of plumbing fixtures, the “small home” SDC rate per SF should be charged.

For other types of new residential developments, such as apartments, SDCs are to be assessed based on meter size, using the EDU conversion factors shown in **Exhibit 2.5**.

## G.2. Other Non-Residential SDCs

For other types of non-residential developments, wastewater SDCs are to be assessed based on EDUs added using the conversion table provided as **Exhibit 2.6**. When a specific land use is not included in Exhibit 2.6, or if the table does not fit the application well, meter size equivalency factors should be used. Staff should review the new customer’s land use plans carefully to ensure that the proper meter size is being utilized in the new property.

## SECTION IV: STORM DRAINAGE SDCs

This section provides the rationale and calculations supporting the proposed storm drainage (aka. Stormwater) SDCs.

### A. GROWTH CALCULATION

Growth is the denominator in SDC calculation and measured in units that most directly reflect the source of demand. For storm drainage SDCs, the most applicable unit of growth is Equivalent Dwelling Units (EDUs). **Given the difference in customer demand profile characteristics the EDUs for stormwater do not equate to the EDUs for water or wastewater.** For these reasons, direct comparisons between stormwater and other EDU assumptions should be avoided.

As indicated in **Exhibit 4.1**, there are currently an estimated 4,106 storm drainage customers served by the City of Newport, including 3,204 residential (single family) customers and 902 other customers. According to Newport storm drainage statistics, single family customers, on average, generate 2,727 square feet of impervious surface area (ISA) per customer.

Current equivalent dwelling units (EDUs) are calculated based on the number of single family customers (3,204). According to the Newport Storm Drain Master Plan (2016), it is expected that 2,280 EDUs will be added over the next 20 years and this change in demand is expected to generate 6,217,560 SF of ISA. The change in future EDUs results in an average SDC growth share of 41.6%. The average growth share is a measure of total storm drainage system demand that will be consumed by future growth and equates to the minimum cost share of any SDC eligible improvement.

#### Exhibit 4.1

Newport Storm Drainage Demand and EDU Forecast							
Customer Type	2017 Customer*	Impervious	Est. 2017	Proj. 2037	Growth		Customer Unit
		Area Per Customer (SF)*	Impervious Area (SF)	Impervious Area (SF)	2017-2037	AGR	
Single Family ERUs (includes SFD and mobile homes)	3,204	2,727	8,737,308	13,872,402	5,135,094		
Other (non-single family residential)	902				1,082,466		
<b>Total</b>	<b>4,106</b>				<b>6,217,560</b>		
<b>Total System EDUs</b>			Est. 2017	Proj. 2037	Growth 2017-2037	AGR	Growth share
<b>Total EDUs</b>			3,204	5,484	<b>2,280</b>	2.72%	41.6%

**Source:** Compiled by FCS based on City of Newport data, and impervious area assumptions; growth consistent with Appendix A-1.

\* customer data derived from City of Newport Stormwater Utility database, December 2016.

\*\* ISA and ERU data derived from City of Newport, Storm-Drain Master Plan Documents, 2016.

Abbreviations: EDU = equivalent dwelling unit. AGR = annual average growth rate. ISA = impervious surface area.

### B. IMPROVEMENT FEE COST BASIS

Newport's Storm Drain Master Plan and related planning documents provide a detailed CIP with identification of the projects required to meet the growth needs of the City. The portion of each project that can be included in the improvement fee cost basis is determined by the extent to which



each new project creates capacity for future users. As indicated in **Exhibit 4.2**, there are 8 storm drainage improvement projects that have been identified in local plans and studies that are required to address 2017-2037 EDU growth in the City of Newport. The total cost of these capital projects is estimated at approximately \$3,266,251. The SDC eligible portion of these projects equates to 83% of the total cost or \$2,714,673.

**Exhibit 4.2**

Newport Stormwater SDC Capital Improvement Program and Fee Cost Basis: 2017 to 2037					
Project Number	Description	Total Cost	SDC Eligible	SDC Cost	
			Growth Share %	Share	Source Document
SD1	525 feet of 24-inch pipe along NE 73rd Street	\$243,075	50%	\$ 121,537	Draft Master Plan
SD2	124 feet of 30-inch pipe north of NW 60th Street	\$71,442	100%	\$ 71,442	Draft Master Plan
SD3	270 feet of 12-inch & 18-inch pipe along Lucky Gap Street	\$108,347	41.58%	\$ 45,046	Draft Master Plan
SD4	655 feet of culverts crossing Yaquina Bay Boulevard	\$221,220	100%	\$ 221,220	Draft Master Plan
SD5	Install 677 feet of 12, 15, and 24-inch pipe along SW Coho, SW 29th and SW 28th Street	\$679,356	50%	\$ 339,678	Draft Master Plan
SD6	Drainage ditch development, rehabilitation, and access improvements	\$1,795,182	100%	\$ 1,795,182	Draft Master Plan
SD7	55 feet of 24-inch culvert crossing SE 35th Street	\$39,385	100%	\$ 39,385	Draft Master Plan
SD8	170 feet of 36-inch pipe crossing Hwy 101 (Jack & Bore)	\$108,244	75%	\$ 81,183	Draft Master Plan
<b>Total</b>		<b>\$ 3,266,251</b>	<b>83%</b>	<b>\$ 2,714,673</b>	

Source: City of Newport staff input as of 2/28/17, compiled by FCS GROUP.

## D. SDC FUND BALANCE

The City’s existing SDC fund balances are deducted from the improvement fee cost basis to determine the adjusted SDC cost basis. **Exhibit 1.1** indicates the total stormwater SDC fund balance (\$141,824) is deducted from the SDC cost basis.

## E. COMPLIANCE COST BASIS

ORS 223.307(5) authorizes the expenditure of SDCs on “the costs of complying with the provisions of ORS 223.297 to 223.314, including the costs of developing system development charge methodologies and providing an annual accounting of system development charge expenditures.” The compliance cost estimates includes expenditures such as water system plan updates and methodology updates over the next 20 years. This SDC methodology assumes compliance costs remain consistent with the prior adopted SDC Methodology, which equates to 4.18% of the total SDC cost bases.

## F. SDC CALCULATION

As indicated in **Exhibit 4.3**, after deducting the current SDC fund balance, the adjusted SDC cost basis includes \$2,572,849 for growth-eligible storm drainage improvements over 20 years. When this amount is divided by the expected 2,280 increase in EDUs, it results in an SDC of \$1,128 per EDU for the SDC improvement fee. The compliance cost results in an additional \$47/EDU charge,

bringing the total stormwater SDC to \$1,176 per EDU. Given the planned increase of 6,217,560 SF in ISA over the next 20 years, the storm drainage SDC equates to \$0.43 per SF of ISA (\$2,572,849 / 6,217,560).

**Exhibit 4.3**

<b>Storm Drainage SDC Calculation</b>	
<b>Improvement Fee</b>	
Capacity Expanding CIP	\$ 2,714,673
Less Existing Fund Balance	\$ (141,824)
SDC Cost Basis	\$ 2,572,849
Growth to End of Planning Period	2,280 EDU
Improvement Fee	\$ 1,128 per EDU
<b>Total System Development Charge</b>	
Reimbursement Fee	\$ - per EDU
Improvement Fee	\$ 1,128 per EDU
SDC Subtotal	\$ 1,128 per EDU
plus: Administrative Cost Recovery	4.18% \$ 47 per EDU
<b>Total SDC per EDU</b>	<b>\$ 1,176 per EDU</b>
Increase in Impervious Surface Area (ISA) sq. ft.	6,217,560 ISA
<b>Total SDC per ISA sq.ft.</b>	<b>\$ 0.43 per ISA SF</b>

## G. SDC ADMINISTRATION PROCEDURES

Assessment of the storm drainage SDCs is a relatively simple process since it would be based on the amount of impervious surface area that is added by a new development activity.

### G.1. Residential SDCs

For single family development that will result in additional impervious surface area, this SDC methodology includes a variation in SDCs based on size and type of dwelling unit. Single family detached homes have a wide range in size and stormwater system demand requirements. Analysis of the relative demand generated by various (small, standard, and large) home sizes is included in **Exhibit 2.3**.

These factors, when applied to the SDC per EDU for single family homes, results in an average estimated SDC charge that varies by home size, as indicated in **Exhibit 4.4**. No discount in stormwater SDCs are recommended at this time.

<b>Exhibit 4.4: Prior vs. New SDC Comparisons per Single Family Dwelling</b>					
	Current SDC	New SDC			
		ADUs (600 SF)	Small Home (less than 1,700 SF)	Standard Home (1,701 to 2,900 SF)	Large Home (over 2,900 SF)
<b>Stormwater SDC per Unit (average)</b>	\$857	\$827	\$992	\$1,176	\$1,653
<b>Stormwater SDC Per ISA Sq.Ft.</b>	\$ 0.32	\$ 0.43	\$ 0.43	\$ 0.43	\$ 0.43

Source: prior tables.

For other types of new residential developments, such as duplexes or apartments, SDCs are to be assessed based on net increases in impervious surface area.

## G.2. Non-Residential SDCs

It is recommended that all non-residential development be assessed on a unit basis per square foot of net new impervious surface area. Using this method, a site plan for each new development must be reviewed to determine the amount of impervious surface area added. The resulting assessment will be equitable for each case presented to the City for consideration.

Specifically, non-residential development would be assessed at the incremental rate of \$0.43 per square foot of impervious surface area added. Accommodations may be made, on a case-by-case basis, for efforts to mitigate runoff impacts by removal of existing impervious surface or the use of pervious surface materials.

During the study process, it was noted that the City currently does not charge stormwater SDCs for construction projects that add impervious surface area yet do not require a building permit (such as paving a gravel parking lot). It is also observed that while the prior adopted SDC methodology recommends that “accommodations be made, on a case-by-case basis, for efforts to mitigate runoff impacts” such as detention systems, use of pervious surface materials and others. Given these issues, this SDC methodology report recommends:

- Clarification in the definition of “impervious surface area” to include: paved areas as well as compact gravel surface areas. Hence, the resulting SDCs will be determined based on the net change in ISA as defined above.
- Creation of a pervious surface area database for the City of Newport using Geographic Information Systems (GIS). This new GIS layer would be used to determine any net change in ISA that results of new construction (through tracking of site grading permits, and site development) and used on a case-by-case basis to calculate SDCs, that result in a net increase in ISA regardless of building permit requirements.
- For private construction and maintenance of qualified public facilities that mitigate stormwater runoff, such as detention ponds and the use of pervious surface materials, it is recommended that the city implement a new stormwater utility rate approach that provides a “rate credit” on their monthly bills.

## SECTION V: TRANSPORTATION SDCs

This section provides the rationale and calculations supporting the proposed transportation SDCs.

### A. GROWTH CALCULATION

Growth is the denominator in the improvement fee calculations, measured in units that most directly reflect the source of demand. For transportation SDCs, the most applicable and administratively feasible unit of growth is trips.

Newport’s prior transportation SDC took into account average weekday person trips and added an EDU conversion assumption that resulted in a 90% reduction in the SDC. The proposed SDC methodology also utilizes an average daily vehicle trip-end (ADT) basis for calculating future trip growth, with no EDU conversion. The recommended approach is one used by practically every jurisdiction in Oregon and is considered to be widely accepted as fair practice since the SDCs are directly tied to the net new vehicle trip generation attributed to a development.

**Exhibit 5.1** shows the growth in ADTs during the planning period based on detailed assumptions provided in the Appendix (see Appendix A-2 and A-3). The mix of residential and non-residential land uses within the City of Newport generated approximately 155,952 average daily vehicle trips (in and out) during year 2015. It is expected that future ADTs will grow at 1.02% annually, resulting in 35,860 net new ADT between year 2017 and 2037. This amount of growth results in an SDC growth share of 18.39%. The growth share equates to the minimum cost share of any SDC eligible improvement.

#### Exhibit 5.1

Newport Transportation Customer Base (average daily vehicle trips)						
	2015 est.	2017 est.	2037 proj.	20-Year Growth Forecast	Growth as a % of Future Customers	Annual Avg. Growth Customer Rate* Unit
Residential Uses	43,476	44,368	54,365	9,997	18.39%	1.02% Vehicle Trip
Non-Res. Uses	112,477	114,786	140,649	25,863	18.39%	1.02% Vehicle Trip
<b>Total</b>	<b>155,952</b>	<b>159,154</b>	<b>195,014</b>	<b>35,860</b>	<b>18.39%</b>	Vehicle Trip

**Source:** compiled by FCS GROUP based on Appendix A-2 and A-3. \* Reflects adopted growth rate for population.

### B. IMPROVEMENT FEE COST BASIS

Newport’s Transportation System Plan and related subarea plans were used to determine the improvement fee cost basis for planned capacity-increasing capital improvements. The portion of each project that can be included in the improvement fee cost basis is determined by the extent to which each new project creates capacity for future users. As indicated in **Exhibit 5.2**, there are 20 street improvements and multiple pedestrian improvements that have been identified in local transportation plans and studies that are required to address 2017-2037 trip growth in the City of Newport. The total cost of these capital projects is estimated at \$32,547,253 (2016 dollars). The SDC eligible portion of these projects equates to 62% of the total cost or \$20,083,567.

During the study process, the City staff and Advisory Committee identified nine improvements that were included in various plans but are expected to be implemented outside the 20-year planning horizon or eligible for state funding (with a local match). Those projects are also reflected in **Exhibit 5.2.**, and include \$42.4 M in capital costs.

**Exhibit 5.2**

Newport Transportation SDC Capital Improvement Program and Fee Cost Basis, 2017 to 2037					
Project Number	Description	Total Cost	SDC Eligible Growth Share %	SDC Cost Share	Source Document
1	US 101 at 73rd Street - Traffic Signal	\$527,599	50%	\$263,800	SDC Methodology
2	Extend Biggs Street to NW 60th and Improve 60th to US 101	\$197,850	50%	\$98,925	SDC Methodology
3	Reconstruct NE 60th/Biggs btwn Hazel Ct and 60th	\$104,434	50%	\$52,217	SDC Methodology/TSP
4	NE 57th Street Area Improvements	\$299,970	50%	\$149,985	SDC Methodology/TSP
5	NW 56th Street Area Improvements	\$707,410	50%	\$353,705	SDC Methodology/TSP
7	US 101 at 36th Street - Traffic Signal	\$659,500	50%	\$329,750	SDC Methodology
10	NE Harney Street - 7th to NE 32nd Street	\$9,232,991	42%	\$3,877,856	SDC Methodology
12	Extend NE 6th Street to Newport Hts Road	\$1,866,480	75%	\$1,399,860	SDC Methodology/TSP
13	NE Harney Street - US 20 to 3rd Street	\$915,464	20%	\$183,093	SDC Methodology/TSP
16	US 101 at US 20 - Signal revisions realign Olive	\$1,244,320	20%	\$248,864	SDC Methodology/TSP
17	Sidewalk Along NW 6th street - Coast to Nye Street (both sides)	\$203,313	50%	\$101,657	SDC Methodology/TSP
19	US 101 at Hurbert - Widen street to provide left turn	\$267,649	100%	\$267,649	SDC Methodology
20	Extend SW Abbey to Elizabeth Street	\$156,651	75%	\$117,488	SDC Methodology/TSP
21	US 101 at Abbey - Traffic Signal	\$356,866	50%	\$178,433	SDC Methodology
22	Sidewalk Along Elizabeth Street - 2nd to Gov't (west side)	\$161,095	50%	\$80,548	SDC Methodology/TSP
24	Moore Road at SE Bay Blvd realignment and channelization	\$395,699	18.39%	\$72,764	SDC Methodology
26	Ash Street at SE 40th Street, extend to approx. 1,200-feet south	\$1,636,503	100%	\$1,636,503	TSP
27	Complete Harborton to SE 50th Street loop	\$3,760,000	100%	\$3,760,000	2006 SB Nbhd Plan
28	New SE 50th Street Segment - Existing road to SB State Park Entrance	\$1,738,715	50%	\$869,358	TSP
29	New Road from SE 50th Street to SE 62nd Street at US 101	\$5,573,887	100%	\$5,573,887	TSP
30	Sidewalk Improvements in Key Pedestrian Areas 2	\$2,540,857	18.39%	\$467,228	TSP
<b>Total</b>		<b>\$32,547,253</b>	<b>62%</b>	<b>\$20,083,567</b>	
Other Planned Improvements Not Included in the SDC Cost Basis*					
6	SE 50th to SE 62nd Sewer Line	\$14,443,000	n/a	\$0	SDC Methodology/TSP
8	Extend NW Nye Street to Oceanview Drive	\$791,400	n/a	\$0	SDC Methodology
9	Sidewalk/Bikeway along Big Creek Road - 12th to Harney/sidewalk on 12th	\$227,755	n/a	\$0	SDC Methodology/TSP
11	Bike lanes on Eads Street - NE 12th to NE 3rd and NE 3rd	\$161,095	n/a	\$0	SDC Methodology/TSP
14	Reconstruct NE 3rd Street btwn Eads and Harney	\$269,973	n/a	\$0	SDC Methodology/TSP
15	US 20 widen to five lanes US 101 to Moore Drive	\$6,594,993	n/a	\$0	SDC Methodology
18	US 101 at Angle - Traffic Signal	\$527,599	n/a	\$0	SDC Methodology
23	Connect SE 1st Street btwn Douglas and Fogarty	\$329,749	n/a	\$0	SDC Methodology
25	US 101 widen to five lanes bridge to SE 123rd	\$19,074,463	n/a	\$0	SDC Methodology

**Source:** City of Newport staff input as of 2/28/17, compiled by FCS GROUP. Note, project 30 sidewalk improvements are identified in Appendix C.

## C. SDC FUND BALANCE

The City’s existing SDC fund balances are deducted from the improvement fee cost basis to determine the adjusted SDC cost basis. **Exhibit 1.1** indicates the total transportation SDC fund balance (\$262,381) is deducted from the SDC cost basis.

## E. COMPLIANCE COST BASIS

ORS 223.307(5) authorizes the expenditure of SDCs on “the costs of complying with the provisions of ORS 223.297 to 223.314, including the costs of developing system development charge methodologies and providing an annual accounting of system development charge expenditures.” The compliance cost estimates includes expenditures such as water system plan updates and methodology updates over the next 20 years. This SDC methodology assumes compliance costs remain consistent with the prior adopted SDC Methodology, which equates to 4.18% of the total SDC cost bases.

## F. SDC CALCULATION

As indicated in **Exhibit 5.3**, after deducting the SDC fund balance, the adjusted SDC cost basis includes \$19,821,186 for growth-eligible transportation improvements over 20 years. When this amount is divided by the expected 35,860 increase in ADTs, it results in an SDC of \$553 per vehicle trip for the SDC improvement fee. The compliance cost results in an additional \$23/ADT charge, bringing the total transportation SDC to \$576 per vehicle trip.

Given the average increase of 9.45 vehicle trips per new single family detached dwelling unit (per ITE trip generation rates provided in Appendix D), the transportation SDC for an “average” or standard single family home would be \$5,440 (before discounts or credits).

**Exhibit 5.3**

<b>Transportation SDC Calculation</b>			
<b>Improvement Fee</b>			
Capacity Expanding CIP		\$ 20,083,567	
Less Existing Fund Balance		\$ (262,381)	
SDC Cost Basis		\$ 19,821,186	
Growth to End of Planning Period		35,860	Vehicle Trip
Improvement Fee		\$ 553	per Vehicle Trip
<b>Total System Development Charge</b>			
Reimbursement Fee		\$ -	per Vehicle Trip
Improvement Fee		\$ 553	per Vehicle Trip
SDC Subtotal		\$ 553	per Vehicle Trip
plus: Administrative Cost Recovery	4.18%	\$ 23	per Vehicle Trip
<b>Total SDC per Vehicle Trip</b>		\$ 575.84	per Vehicle Trip
Total SDC per Vehicle Trip (before discount)		\$ 575.84	
<b>Total SDC per Vehicle Trip (after discount)</b>		\$ 115.17	discount 0.8
Increase in Vehicle Trips per Single Family Dwelling Unit		9.45	
Total SDC per Single Family Dwelling Unit (before discount)		\$ 5,440	
<b>Total SDC per single family dwelling unit (after discount)</b>		\$ 1,088	discount 0.8

In light of the relatively high cost of future transportation projects, a change in the current discount rate (from 90% to 80%) is recommended. In light of the fact that many of the transportation improvements in Newport would benefit the state highway system, it is anticipated that a local cost share of amounting to 10% to 20% could possibly leverage non-local transportation funding.

## G. SDC ADMINISTRATION PROCEDURES

Assessment of the transportation SDCs should be based on average daily person trips added to the transportation system.

### G.1. Residential SDCs

For single family development that will result in additional vehicle trips, this SDC methodology includes a variation in SDCs based on size and type of dwelling unit. Single family detached homes have a wide range in size and system demand requirements. Analysis of the relative demand generated by various (small, standard, and large) home sizes is included in **Exhibit 2.3**.

These factors, when applied to the average SDC per EDU for single family homes, results in an SDC charge that varies by home size; and one that can be assessed based on square footage of net new floor area, as indicated in **Exhibit 5.4**. After applying the recommended 80% discount, the resulting SDCs for new single family homes would be: \$0.44/SF for the first 1,700 SF; \$0.41/SF for 1,701 to 2,900 SF; and \$0.38/SF for the area above 2,900 SF.

The choice of assessment methods for new single family homes is to be based on the size of the unit added. For additions to existing development, the SDC may be assessed based on square footage of floor area added.

For other types of new residential developments, such as duplexes or apartments, SDCs are to be charged based on Institute of Transportation Engineers (ITE) *Trip Generation Manual* Land Use Classifications for dwelling types (e.g., single family detached, townhomes, apartments), which are provided in **Appendix D**.

Exhibit 5.4: Prior vs. New SDC Comparisons per Single Family Dwelling					
	Current SDC	New SDC			
		ADUs (600 SF)	Small Home (less than 1,700 SF)	Standard Home (1,701 to 2,900 SF)	Large Home (over 2,900 SF)
<b>Avg. SDC (without discount)</b>					
Transportation SDC per Unit	\$11,120	\$2,738	\$2,738	\$5,165	\$7,988
Transportation SDC per floor area (Sq.Ft.)	n/a	\$4.56	\$2.19	\$2.07	\$1.90
Transportation SDC per ADVT	n/a	\$575.84	\$575.84	\$575.84	\$575.84
<b>Recommended SDC (FY 2017/18 after discount)*</b>					
<b>Discount</b>	90%	80%	80%	80%	80%
Transportation SDC per Unit (average)	\$1,112	\$547.64	\$547.64	\$1,033.02	\$1,597.59
Transportation SDC per floor area (Sq.Ft.)	n/a	\$0.91	\$0.44	\$0.41	\$0.38
Transportation SDC per ADVT	n/a	\$115.17	\$115.17	\$115.17	\$115.17

\* assumes SDC discount equates to difference between current SDC and new avg. SDC.

## G.2. Non-Residential SDCs

It is recommended that all non-residential development be assessed on the trip generation rates per unit of new development using the land use table provided in **Appendix D**. Using this method, a site plan for each new development must be reviewed to determine the amount of net new trips added. The resulting assessment will be equitable for each case presented to the City for consideration.

Specifically, non-residential development would be assessed during the first year of SDC implementation at the incremental rate of \$115.17 per net new average daily vehicle trip.



## SECTION VI: PARKS SDCs

This section provides the rationale and calculations supporting the proposed parks SDCs.

### A. GROWTH CALCULATION

Growth is the denominator in SDC calculation and measured in units that most directly reflect the source of demand. For parks SDCs, the most applicable unit of growth is the combination of housing and lodging units (customer units).

As indicated in **Exhibit 6.1**, there are currently an estimated 7,551 customer units served by the City of Newport, including 5,869 housing units and 1,682 lodging units.

Customer unit growth over the next 20 years is expected to equate to 1.02% annually. This results in an increase of 1,149 customer units over the next 20-years, and results in an average SDC growth share of 13.21%. The average growth share is a measure of total parks system demand that will be consumed by future growth and equates to the minimum cost share of any SDC eligible improvement.

#### Exhibit 6.1

Newport Parks Customer Base Estimates and Growth Forecast						
	2015 est.	2017 est.	2037 proj.	Growth 2017-2037	Growth as % of Future Customers	Annual Avg. Growth Customer Rate* Unit
Housing Units	5,751	5,869	6,639	770		1.02% Units
Lodging Units	n/a	1,682	2,061	379		1.02% Units
<b>Resident &amp; Lodging Units</b>		<b>7,551</b>	<b>8,700</b>	<b>1,149</b>	<b>13.21%</b>	Units

**Source:** Compiled by FCS based on housing unit estimates and growth forecasts in Appendix A-1; and City of Newport (2017 lodging room count).

### B. IMPROVEMENT FEE COST BASIS

Newport's Parks Master Plan, subarea planning documents and stakeholder input during the SDC update process, were used to provide a detailed CIP with identification of the projects required to meet the growth needs of the City. The portion of each project that can be included in the improvement fee cost basis is determined by the extent to which each new project creates capacity for future users. As indicated in **Exhibit 6.2**, there are 15 park improvement projects that have been identified and are required to address 2017-2037 growth in the City of Newport. The total cost of these capital projects is estimated at approximately \$6,168,913. The SDC eligible portion of these projects equates to 46% of the total cost or \$2,826,670.

## Exhibit 6.2

Newport Parks SDC Capital Improvement Program and Fee Cost Basis, 2017 to 2037					
Project Number	Description	Total Cost	Eligible Growth	SDC Cost	Source Document
			Share %	Share	
P1	West Agate Beach Park Development	\$551,973	25%	\$ 137,993	Newport SDC update
P2	Sam Moore Park Upgrade	\$364,780	25%	\$ 91,195	Newport SDC update
P3	Big Creek Reservoir Trail Development	\$270,890	100%	\$ 270,890	Newport SDC update
P4	Frank Wade Park Upgrades	\$340,371	13.21%	\$ 44,963	Newport SDC update
P5	Sport Complex Design	\$26,381	50%	\$ 13,190	Newport SDC update
P6	Sport Complex Construction	\$1,318,999	50%	\$ 659,500	Newport SDC update
P7	Ocean-to-Bay Trail Acquisition	\$131,900	50%	\$ 65,950	Newport SDC update
P8	Ocean-to-Bay Trail Development	\$329,749	50%	\$ 164,875	Newport SDC update
P9	South Beach Trail Acquisition*	\$416,715	50%	\$ 208,358	Newport SDC update
P10	South Beach Trail Development	\$461,649	50%	\$ 230,825	Newport SDC update
P11	Southeast 40th Street Area Park Acquisition**	\$469,990	50%	\$ 234,995	Newport SDC update
P12	Big Creek Park Upgrades and Expansion	\$581,187	50%	\$ 290,594	Newport SDC update
P13	Mombetsu Park Upgrade	\$105,520	13.21%	\$ 13,939	Newport SDC update
P14	Yaquina Bay Bridge Park Improvements	\$584,386	50%	\$ 292,193	Newport SDC update
P15	Coastal Gully Open Space	\$214,423	50%	\$ 107,212	Newport SDC update
<b>Total</b>		<b>\$6,168,913</b>	<b>46%</b>	<b>\$ 2,826,670</b>	

Source: City of Newport staff input as of 2/28/17, compiled by FCS GROUP.

\* Partial expenditure. Purchased Guin Open Space for \$23,000 in 2012

\*\* Reduced to Account for Wilder Twin Park Acquisition (Res No 3523)

## D. SDC FUND BALANCE

The City's existing SDC fund balances are deducted from the improvement fee cost basis to determine the adjusted SDC cost basis. **Exhibit 1.1** indicates the total parks SDC fund balance (\$141,824) is deducted from the SDC cost basis.

## E. COMPLIANCE COST BASIS

ORS 223.307(5) authorizes the expenditure of SDCs on "the costs of complying with the provisions of ORS 223.297 to 223.314, including the costs of developing system development charge methodologies and providing an annual accounting of system development charge expenditures." The compliance cost estimates includes expenditures such as water system plan updates and methodology updates over the next 20 years. This SDC methodology assumes compliance costs remain consistent with the prior adopted SDC Methodology, which equates to 4.18% of the total SDC cost bases.

## F. SDC CALCULATION

As indicated in **Exhibit 4.3**, the adjusted SDC cost basis includes \$2,659,465 for growth-eligible parks improvements over 20 years. When this amount is divided by the expected 1,149 increase in customer units, it results in an SDC of \$2,414 per customer unit for the SDC improvement fee. The compliance cost results in an additional \$97/unit charge, bringing the total parks SDC to \$2,411 per customer.

**Exhibit 6.3**

<b>Parks SDC Calculation (before discounts or credits)</b>	
<b>Improvement Fee</b>	
Capacity Expanding CIP	\$ 2,826,670
Less Existing Fund Balance	\$ (167,205)
SDC Cost Basis	\$ 2,659,465
Growth to End of Planning Period	1,149 Units
Improvement Fee	\$ 2,314 per Units
<b>Total System Development Charge</b>	
Reimbursement Fee	\$ - per Units
Improvement Fee	\$ 2,314 per Units
SDC Subtotal	\$ 2,314 per Units
plus: Administrative Cost Recovery	4.18% \$ 97 per Units
<b>Total SDC per Units</b>	<b>\$ 2,411 per Units</b>
Total SDC per Unit (before discount)	\$ 2,411
Total SDC per Unit (after discount)	\$ 1,205 w/50% discount

The recommended parks SDC discount of 50% is consistent with Newport’s current SDC policy. Also, the ability to utilize SDC funding (after discounts) to leverage other local funding, state grants or other funding appears feasible at this time.

## G. SDC ADMINISTRATION PROCEDURES

Assessment of the parks SDCs is a relatively simple process as indicated below.

### G.1. Residential SDCs

For new single family developments, this SDC methodology includes a variation in SDCs based on size and type of dwelling unit. Single family detached homes have a wide range in size and parks system demand requirements. Analysis of the relative demand generated by various (small, standard, and large) home sizes is included in **Exhibit 2.3**.

These factors, when applied to the average parks SDC per standard size single family homes, results in an SDC charge that varies by home size; and one that can be assessed based on square footage of net new floor area; or impervious surface area, as indicated in **Exhibit 6.4**. After accounting for the continuation of the 50% discount, the resulting parks SDC per SF of floor area would be: \$0.45.

<b>Exhibit 6.4: Prior vs. New SDC Comparisons per Single Family Dwelling</b>					
	Current SDC	New SDC			
		ADUs (600 SF)	Small Home (less than 1,700 SF)	Standard Home (1,701 to 2,900 SF)	Large Home (over 2,900 SF)
<b>Avg. SDC (without discount)</b>					
Parks SDC per Unit	\$5,286	\$1,137	\$1,137	\$2,274	\$3,821
Parks SDC per floor area (Sq.Ft.)	n/a	\$1.90	\$0.91	\$0.91	\$0.91
<b>Recommended SDC (FY 2017/18 after discount)*</b>					
<b>Discount</b>	50%	50%	50%	50%	50%
Parks SDC per Unit (average)	\$2,643	\$569	\$569	\$1,137	\$1,910
Parks SDC per floor area (Sq.Ft.)	n/a	\$0.95	\$0.45	\$0.45	\$0.45

\* assumes SDC discount equates to difference between current SDC and new avg. SDC.

Using this approach, single family attached structures, such as duplexes and row-houses would be assessed based on the “small home” SDC rate.

For other types of new residential developments, such as apartments, SDCs are to be assessed based on the small home rate (after discounts) of \$0.45 per SF.

## G.2. Non-Residential SDCs

For lodging developments, it is recommended that the parks SDC be charged on a square foot of floor area basis that is consistent with the ADU rate (after discount) of \$0.45 per SF.

It is recommended that all other non-residential development (excluding lodging units) be exempt from the parks SDC.

It should be noted that the conversion of residential dwellings to vacation rental dwellings or (VRDs) is not expected to create an increase in parks demand, and would be exempt from the parks SDC.

## SECTION VII: SUMMARY

This section provides additional information comparing current SDCs with proposed SDCs for residential and non-residential developments in the City of Newport.

### A. RESIDENTIAL SDCS

This SDC methodology report includes recommendations for revising Newport's maximum defensible SDCs, as well as recommendations for year 1 SDCs after applying discounts for parks and transportation.

The resulting total (average) SDCs per typical single family home in Newport are shown in **Exhibit 7.1**. As noted, the recommended SDC for an average single family home would be approximately \$8,877, down 19% from the current SDC amount of \$10,994.

#### Exhibit 7.1

City of Newport, Current vs. Draft SDC Comparison, Avg. Single Family Rates before Adjustments for Unit Size				
Type	Current SDC (after discounts)	New Avg. SDC (before discounts)	Recommended FY 2017/18 SDC (average after discounts)	Notes
Water	\$2,413	\$2,166	\$1,949	Assumes 10% discount
Sewer	\$3,969	\$3,843	\$3,459	Assumes 10% discount
Transportation	\$1,112	\$5,440	\$1,088	Current discount reduced from 90% to 80%
Stormwater	\$857	\$1,176	\$1,176	Current charge of \$0.32 per SF would increase to \$0.43 SF of ISA
Parks	\$2,643	\$2,411	\$1,205	Current & recommended fee reflect 50% discount.
<b>Total</b>	<b>\$10,994</b>	<b>\$15,036</b>	<b>\$8,877</b>	

Source: Compiled by FCS GROUP. Abbreviations: GPD - gallons used per day; ISA - square feet of impervious surface area.

The recommended level of discounts included in this SDC methodology are shown in **Exhibit 7.2**

#### Exhibit 7.2

SDC Charge Summary, Single Family Rates, After Discounts (Average)						
Type	Reimburse- ment Fee	Improvement Fee	Compliance Fee	Total SDC	Discounts	
Water	\$ -	\$ 1,871	\$ 78	\$ 1,949	10%	
Sewer	\$ -	\$ 3,320	\$ 139	\$ 3,459	10%	
Transportation	\$ -	\$ 1,044	\$ 44	\$ 1,088	80%	
Stormwater	\$ -	\$ 1,128	\$ 47	\$ 1,176	0%	
Parks	\$ -	\$ 1,157	\$ 48	\$ 1,205	50%	
<b>Total</b>				<b>\$ 8,877</b>		

Source: Compiled by FCS GROUP. Abbreviations: GPD - gallons used per day; ISA - square feet of impervious surface area. ADVT = avg. daily vehicle trip.

As noted, this SDC methodology report recommends varying the SDC by single family dwelling unit size since size has been found to have a bearing on system demand. Using the examples provided in **Exhibit 7.3**, the resulting SDCs would range from: \$5,488 for a 1,250 SF dwelling; \$10,265 for a 2,500 SF dwelling; and \$14,054 for a 4,200 SF dwelling. In comparison, the existing SDCs in Newport are currently \$10,994 per dwelling unit, regardless of its size.

ADUs are currently charged for transportation, parks and stormwater impacts at the apartment rate. Water and wastewater SDCs are not assessed since the Newport Municipal Code requires ADUs to

connect to the primary residence water meter and sewer line. This SDC study recommends that charge per ADU be \$1,944 per dwelling unit, which is significantly lower than Newport’s current SDC of \$3,595 per ADU<sup>2</sup> (\$0 for water and sewer, \$1,112 x 0.68 for transportation, \$857 for stormwater, and \$2,643 x .75 for parks).

Under the new SDC methodology, single family attached dwellings such as duplexes and row houses would be charged the “small home” dwelling unit SDC rates.

Under the new SDC methodology, apartments and other types of non-exempt residential developments not listed above would be charged based on net new floor area constructed, using the SDC unit costs shown in **Exhibit 7.3**.

### Exhibit 7.3

Current vs. New SDC Comparisons per Single Family Home (with floor area sq.ft. rates)						
Type	Current SDC (after discounts)	Current SDC with NO Discounts	New SDCs After Discounts**			
			SDCs per ADU SF (600 SF)	SDC: Small Home (less than 1,700 SF)	SDC: Standard Home (1,701 to 2,900 SF)	SDC: Large Home (over 2,900 SF)
Water	\$2,413	\$2,413	\$0.00	\$0.97	\$0.78	\$0.64
Sewer	\$3,969	\$3,969	\$0.00	\$1.73	\$1.38	\$1.13
Transportation	\$1,112	\$11,120	\$0.91	\$0.44	\$0.41	\$0.38
Stormwater*	\$857	\$857	\$1.38	\$0.79	\$0.47	\$0.39
Parks	\$2,643	\$5,286	\$0.95	\$0.45	\$0.45	\$0.45
<b>Total Per SFD</b>		<b>\$23,645</b>	<b>\$3.24</b>	<b>\$4.39</b>	<b>\$3.50</b>	<b>\$3.00</b>
<b>Total Per SFD</b>	<b>\$10,994</b>		<b>\$1,944</b>	<b>\$5,488</b>	<b>\$10,265</b>	<b>\$15,565</b>
<b>Home Size in Example (SF)</b>			<b>600</b>	<b>1,250</b>	<b>2,500</b>	<b>4,200</b>

Source: Compiled by FCS GROUP based on Appendix C. \* Stormwater charge may be less or more depending upon construction plans. \*\* see discount table assumptions.

Abbreviations: SF = usable floor area (excludes unfinished attics, garages and carports). ADU = accessory dwelling unit.

### Examples<sup>3</sup>

**Example 1: construction of a 2,500 SF home.** Results in an SDC charge of \$4.39 for the first 1,700 SF (\$7,463) plus 800 SF charged at \$3.50/SF (\$2,800) for a total SDC charge of approximately \$10,263.

**Example 2: construction of a 4,200 SF home.** Results in an SDC charge of \$4.39 for the first 1,700 SF (\$7,463), the next 1,200 SF is charged at \$3.50/SF (\$4,200), and the remaining 1,300 SF is charged \$3.00/SF (\$3,900) for a total SDC charge of approximately \$15,563.

Example 3: construction of a 600 SF accessory dwelling unit. Results in an SDC charge of \$3.24/SF for 600 SF for a total charge of \$1,944.

## B. NON-RESIDENTIAL SDCS

In light of the city’s desire to maintain a competitive cost environment for attracting private apartment and restaurant development and public investment, three development prototypes were evaluated. The following tables provide a comparison of the current SDCs with the proposed SDCs

<sup>2</sup> Current Newport SDC for ADU assumes \$0 for water and sewer, \$1,112 x 0.68 for transportation, \$857 for stormwater, and \$2,643 x .75 for parks.

<sup>33</sup> Note, these figures may not add up exactly to the amounts shown in Exhibits due to rounding.

for 2,500 SF restaurant, a 60-unit apartment, and a 10,000 square foot school addition under two options. The SDC options reflect the maximum defensible SDC amount and the recommended SDC amount after discounts are applied. Option A shows the proposed SDCs after discounts are applied to transportation and parks elements. Option B indicates a maximum defensible SDC amount based on the new SDC methodology contained in this report.

### Restaurant Example

**Exhibit 7.4** reflects that current restaurant SDC assumptions vs. future SDCs. The findings indicate that the current SDCs would result in a total estimated SDC of \$94,665 for a 2,500 square foot restaurant (after discounts). The proposed Option A (after discounts but before credits) would result in an estimated total SDC of \$30,082. A primary difference is that the new SDC for water and sewer would be based on meter size, while the prior SDC is based on an EDU conversion rate.

If the discounts are excluded, the maximum defensible SDC for restaurants under a new methodology that is based on EDU conversion rates and no discounts is estimated at \$75,181.

It should be noted, that this SDC study examined other methods that considered a higher SDC adjustment for restaurants based on their wastewater discharge and level of treatment required. The results indicate that such an approach may be justified based on the effluent discharge levels. However, the resulting SDCs would likely be on par or higher than the current SDC amounts. Hence, such an approach is not being recommended at this time. Instead, it is recommended that the costs of wastewater treatment be recouped through the city’s utility rate structure.

### Exhibit 7.4

Newport, Current vs. Draft SDC Comparisons (before credits**)			
Restaurant (2,500 SF)			
Type	Current SDC (after discounts) Notes	Option A. New SDCs w/ Meter Size Approach, after discounts* Notes	Option B. Max Defensible SDCs (without discounts) Notes
Water	\$24,130 4 EDUs x 2.5 x \$2,413	\$6,498 1.5" m (3.33 x \$2,166 x .9)	\$7,220 1.5" m (3.33 x \$2,166)
Sewer	\$39,690 4 EDUs x 2.5 x \$3,969	\$11,529 1.5" m (3.33 x \$3,843 x .9)	\$12,810 1.5" m (3.33 x \$3,843)
Transportation	\$29,885 10.75 x 2.5 x \$1,112	\$10,773 37.42 ADVT x 2.5 x \$575.84 x .20	\$53,870 37.42 ADVT x 2.5 x \$575.84
Stormwater (3k ISA)	\$960 3,000 ISA x \$0.32	\$1,281 3,000 ISA x \$0.43	\$1,281 3,000 ISA x \$0.43
Parks	\$0 n/a	\$0 n/a	\$0 n/a
<b>Total</b>	<b>\$94,665</b>	<b>\$30,082</b>	<b>\$75,181</b>

**Source:** Compiled by FCS GROUP based on Appendix C. \* Stormwater charge may be less or more depending upon construction plans. \*\* see discount table assumptions.

**Abbreviations:** SF = usable floor area (excludes unfinished attics, garages and carports)  
ISA = impervious surface area.

### Apartment Example

**Exhibit 7.5** reflects that current apartment SDC assumptions vs. future SDCs. The findings indicate that the current SDCs would result in a total estimated SDC of \$264,379 for a 60-unit apartment (after discounts but before credits). The proposed Option A would result in an estimated total SDC of approximately \$179,432.

If the discounts are excluded, the maximum defensible SDC for restaurants under a new methodology that is based on EDU conversion rates and no discounts for transportation or parks is estimated at approximately \$399,619.

### Exhibit 7.5

Newport, Current vs. Draft SDC Comparisons Apartment (60 units)			
Type	SDC: Meter Size Method (after discounts) Notes	Option A. New Draft SDCs w/ Meter Size Approach, after discounts* Notes	Option B. Max Defensible SDCs (without discounts) Notes
Water	\$25,739 3" m (10.67 x \$2,143)	\$20,794 3" m (10.67 x \$2,166 *.9)	\$23,104 3" m (10.67 x \$2,166)
Sewer	\$42,336 3" m (10.67 x \$3,969)	\$36,894 3" m (10.67 x \$3,843 *.9)	\$40,993 3" m (10.67 x \$3,843)
Transportation	\$45,370 60 EDUs x .68 x \$1,112	\$44,915 6.5 ADVT x 60 x \$575.84 x .20	\$224,576 6.5 ADVT x 60 x \$575.84
Stormwater (100k ISA)	\$32,000 100,000 ISA x \$0.32	\$42,714 100,000 ISA x \$0.43	\$42,714 100,000 ISA x \$0.43
Parks	\$118,935 60 EDUs x .75 x \$2,643	\$34,116 60 DUs x \$1,137 x .5	\$68,231 60 DUs x \$1,137
<b>Total</b>	<b>\$264,379</b>	<b>\$179,432</b>	<b>\$399,619</b>

**Source:** Compiled by FCS GROUP based on Appendix C. \* Stormwater charge may be less or more depending upon construction plans. \*\* see discount table assumptions.

**Abbreviations:** SF = usable floor area (excludes unfinished attics, garages and carports)  
ISA = impervious surface area.

### Primary School Addition Example

**Exhibit 7.6** reflects that current school addition SDC assumptions vs. future SDCs. The findings indicate that the current SDCs would result in a total estimated SDC of \$263,305 for a 10,000 square foot addition (before credits). The proposed Option A, would result in an estimated total SDC of \$125,757. Note, the primary difference in the two methods is that the new proposed method uses a revised EDU conversion assumption that results in fewer EDUs than with the current method.

If the discounts are excluded, the maximum defensible SDC for the school addition under a new methodology that is based on EDU conversion rates and no discounts for transportation or parks is estimated at \$143,577.

### Exhibit 7.6

Newport, Current vs. Draft SDC Comparisons Primary School Addition (10,000 Sf)			
Type	Current SDC (after discounts) Notes	Option A. New Draft SDCs w/ Meter Size Approach and New EDU Assumptions after discounts* Notes	Option B. Max Defensible SDCs (current EDU assumptions and no discounts) Notes
Water	\$96,520 40 EDUs x \$2,413	\$31,191 16 EDUs x \$2,166 x .9	\$34,656 16 EDUs x \$2,166
Sewer	\$158,760 40 EDUs x \$3,969	\$55,341 16 EDUs x \$3,843 x .9	\$61,490 16 EDUs x \$3,843
Transportation	\$3,225 10 EDUs x .29 x \$1,112	\$32,819 7.12 ADVT x 10 x \$575.84 x .20	\$41,023 7.12 ADVT x 10 x \$575.84
Stormwater (15k ISA)	\$4,800 15,000 ISA x \$0.32	\$6,407 15,000 ISA x \$0.43	\$6,407 315,000 ISA x \$0.43
Parks	\$0	\$0	\$0
<b>Total</b>	<b>\$263,305</b>	<b>\$125,757</b>	<b>\$143,577</b>

**Source:** Compiled by FCS GROUP based on Appendix C. \* School EDU conversion assumes 1 EDU per 625 SF of floor area (vs. 179 feet currently). \*\* See discount table assumptions.

**Abbreviations:** SF = usable floor area (excludes unfinished attics, garages and carports)  
ISA = impervious surface area.

## C. COMPARISON WITH OTHER CITIES

The following **Exhibit 7.7** provides a comparison of the current SDCs with the proposed SDCs for single family dwelling units in selected cities. As noted, Newport is currently on the low-end of the range for SDC charges for cities in Oregon, with a total estimate of \$10,994 per dwelling unit.

With this new SDC methodology, the average SDC in Newport could be \$15,036.



However, if we apply the recommended discounts for parks and transportation, and adjust the SDC by dwelling unit size, the resulting total estimated SDCs for Newport would range from:

- Small Home (1,700 SF): \$5,488
- Standard Home (2,500 SF): \$10,265
- Large Home (4,200 SF): \$15,565

**Exhibit 7.7**

SDC Comparison per Single Family Detached Home						
City	Transportation	Parks	Storm	Sewer	Water	Total
Milwaukie	\$1,921	\$3,985	\$845	\$1,075	\$1,788	\$9,614
Saint Helens	\$2,383	\$1,362	\$709	\$3,738	\$2,511	\$10,703
<b>Newport (current)</b>	<b>\$1,112</b>	<b>\$2,643</b>	<b>\$857</b>	<b>\$3,969</b>	<b>\$2,413</b>	<b>\$10,994</b>
Lincoln City	\$718	\$2,066	\$409	\$5,822	\$2,044	\$11,059
Lebanon	\$1,773	\$3,247	\$213	\$3,894	\$2,330	\$11,457
Ashland	\$2,044	\$1,041	\$461	\$1,750	\$7,398	\$12,693
Hood River	\$1,835	\$3,072	\$662	\$1,902	\$5,919	\$13,390
Cottage Grove	\$1,794	\$2,031	\$742	\$1,328	\$7,848	\$13,743
Corvallis	\$2,471	\$5,197	\$205	\$5,456	\$1,964	\$15,292
Depoe Bay	\$2,976	\$634	\$1,472	\$4,666	\$5,645	\$15,393
Brookings	\$1,537	\$1,718	\$1,044	\$10,710	\$2,419	\$17,428
Silverton	\$3,984	\$4,901	\$879	\$5,014	\$5,504	\$20,282
<b>Newport (recommended SDC @ 1,250 SF)</b>	<b>\$548</b>	<b>\$569</b>	<b>\$992</b>	<b>\$2,162</b>	<b>\$1,218</b>	<b>\$5,488</b>
<b>Newport (recommended SDC @ 2,500 SF)</b>	<b>\$1,211</b>	<b>\$1,334</b>	<b>\$1,379</b>	<b>\$4,056</b>	<b>\$2,184</b>	<b>\$10,265</b>
<b>Newport (recommended SDC @ 4,200 SF)</b>	<b>\$1,974</b>	<b>\$2,361</b>	<b>\$2,043</b>	<b>\$5,876</b>	<b>\$3,311.91</b>	<b>\$15,565</b>

**Source:** Compiled by FCS GROUP (4/1/2017). Note, actual stormwater SDC will vary by impervious surface area.

# APPENDICES

## Appendix A, Growth Assumptions

**Table A-1**

**Newport Population and Dwelling Unit Forecasts, select years**

	2000	2010	2015	2020	2025	2030	2037	AGR 2000-2015	AGR 2015-2037
Population	9,532	10,030	10,440	10,849	11,259	11,668	12,241	0.61%	0.73%
Dwellings	5,034	5,539	5,760	6,072	6,393	6,724	7,203	0.90%	<b>1.02%</b>
Residents per Dwelling	1.89	1.81	1.81	1.79	1.76	1.74	1.70	-0.29%	-0.29%

**Source:** Census estimates (2000, 2010); 2037 forecast extrapolated by FCS GROUP.

Abbreviations: AGR = average annual growth rate.

### Appendix A-2

**Housing Units and related Average Daily Vehicle Trips, City of Newport**

Housing	ITE Land Use Code	ADTs per unit	Housing Units	ADT (trips)
1-unit, detached	210	9.45	2,916	27,548
1-unit, attached	230	5.65	284	1,605
2 units	230	5.65	374	2,114
3 or 4 units	230	5.65	450	2,543
5 to 9 units	220	6.50	498	3,237
10 to 19 units	220	6.50	160	1,040
20 or more units	220	6.50	348	2,262
Mobile home	240	4.90	542	2,657
Boat, RV, van, etc.	240	4.90	96	471
<b>Total</b>			<b>5,668</b>	<b>43,476</b>

**Source:** U.S. Census (2011-15 ACS) and ITE Handbook 9th Edition, compiled by FCS GROUP.

**Appendix A-3**

**Analysis of Jobs and Related Average Daily Vehicle Trips, City of Newport**

Employment Sector	ITE Land Use Code	ADTs per job	Jobs	ADT (trips)
Agriculture, Forestry, Fishing and Hunting	140	1.70	43	73
Mining, Quarrying, and Oil and Gas Extraction	140	1.70	28	48
Utilities	110	2.26	93	210
Construction	140	1.70	195	331
Manufacturing	140	1.70	345	586
Wholesale Trade	130	2.60	62	161
Retail Trade	815	30.69	939	28,814
Transportation and Warehousing	30	5.33	46	245
Information	710	2.48	77	191
Finance and Insurance	912	25.63	140	3,588
Real Estate and Rental and Leasing	710	2.48	92	228
Professional, Scientific, and Technical Services	710	2.48	208	516
Management of Companies and Enterprises	710	2.48	7	17
Admin. & Support, Waste Mgmt. and Remediation	710	2.48	189	469
Educational Services	530	15.42	518	7,988
Health Care and Social Assistance	720	7.03	1,001	7,037
Arts, Entertainment, and Recreation	430	21.59	169	3,649
Accommodation and Food Services	310	13.27	1,097	14,557
Other Services (excluding Public Administration)	710	2.48	245	608
Public Administration	710	2.48	755	1,872

**Total (2014)** 6,249 71,188

**Total Intra-City Avg. Daily Vehicle Trip-ends (2015 est.)\*** **71,915**

**Adjusted Total Avg. Daily Vehicle Trips (2015 est.)\*\*** **112,477**

**Source:** U.S. Census On the Map and ITE Handbook 9th Edition, compiled by FCS GROUP. \* Based on annual avg. growth rate of 1.02%.

\*\* Assumes 58% trip inflow adjustment.

## Appendix B – System Demand Assumptions

**Table B-1**

**Water and Wastewater Adjustment Factors for Single Family Dwelling Units**

Home Size Category	Dwelling Unit Size Range (living area sq.ft.)	Avg. Home Size (SF)	Avg. People Per Dwelling (Adjusted for Local Conditions)	Max # of Occupants	Primary Fixtures*
Small	under 1,700 SF	1,250	1.04	8	5
Standard	1,701 to 2,900 SF	2,500	2.07	10	8
Large	over 2,900 SF	4,200	3.48	16	11
<b>Total/Average</b>		<b>2,650</b>	<b>-</b>		<b>8</b>

\* primary fixture assumptions:

Water Closets	Lavatory	Shower	Total
2	2	1	5
3	3	2	8
4	4	3	11

Source: Building code calculator; complies with 2013-2016 IBC/IPC/CPC requirements.

**Table B-2**

**Stormwater Impervious Surface Area Assumptions (SF)**

Impervious Area Assumptions	Standard			
	ADUs (600 SF)	Small Home (under 1,700 SF)	Home (1,701 to 2,900 SF)	Large Home (over 2,900 SF)
Roof top	600	1,000	1,250	1,750
Parking	350	350	350	500
<b>Total</b>	<b>950</b>	<b>1,350</b>	<b>1,600</b>	<b>2,250</b>
<b>Relative ISA Factor</b>	<b>0.704</b>	<b>0.844</b>	<b>1.000</b>	<b>1.406</b>

**Table B3**

**Transportation and Parks Adjustment Factors by Single Family Dwelling Size**

**Parks SFD Adjustment Factors**

Home Size Category	Dwelling Unit Size Range (living area sq.ft.)	Avg. Home Size (SF)	ADVT per 1,000 SF	ADVT per Dwelling	TSDC Adjustment Factor (revenue neutral)	Parks SFD Adjustment Factors	
						Avg. People Per Dwelling (Adjusted for Local Conditions)	Parks SDC Adjustment Factor
Small	under 1,700 SF	1,250	4.28	5.36	<b>0.50</b>	1.04	<b>0.47</b>
Standard	1,701 to 2,900 SF	2,500	4.04	10.10	<b>0.95</b>	2.07	<b>0.94</b>
Large	over 2,900 SF	4,200	3.72	15.62	<b>1.47</b>	3.48	<b>1.58</b>
<b>Total/Average</b>		<b>2,650</b>	<b>4.02</b>	<b>10.64</b>		2.20	

Source: compiled by FCS Group based on: National Association of Home Builders, *Characteristics of Home Buyers*, Feb. 8, 2013; and National Cooperative Highway Research Program, *Report 365: Travel Estimation Techniques for Urban Planning*, 1998. Census, ACS 2011-15 avg. household size; **Abbreviations:** ADVT = average daily vehicle trips; TSDC = Transportation System Development Charge.

Appendix C – Sidewalk Improvement Program, City of Newport

Newport Transportation SDC Sidewalk Capital Improvement Program, 2017 to 2037						
Project	Location	Description	Total Cost	SDC Eligibility	SDC Cost	
					Share	Source Document
NW 11th Street	NW Spring Street to US 101	Complete sidewalk gaps on both sides of the street	\$ 144,430	100%	\$ 144,430	2008 Ped. Bike Plan
NW 6th Street	NW Coast Street to NW Nye Street	both sides	\$ 203,313	100%	\$ 203,313	2008 Ped. Bike Plan
NE 12th Street	US 101 to NE Benton Street	Complete sidewalk gaps on south side	\$ 66,660	100%	\$ 66,660	2008 Ped. Bike Plan
NE 7th Street	US 101 to NE Eads Street	one side of the street	\$ 144,430	100%	\$ 144,430	2008 Ped. Bike Plan
NE 4th Street	US 101 to NE Douglas Street	both sides of the street	\$ 188,870	100%	\$ 188,870	2008 Ped. Bike Plan
NE 3rd Street	NE Eads Street to NE Harney Street	Complete sidewalk gaps on both sides	\$ 155,540	100%	\$ 155,540	2008 Ped. Bike Plan
SE 1st Street	US 101 to SE Douglas Street	south side	\$ 116,655	100%	\$ 116,655	2008 Ped. Bike Plan
SE 2nd Street	SE Benton Street to SE Douglas Street	south side	\$ 51,106	100%	\$ 51,106	2008 Ped. Bike Plan
SE Benton Street	SE 1st Street to US 20	west side	\$ 19,998	100%	\$ 19,998	2008 Ped. Bike Plan
SE 2nd Street	SE Fogarty Street to SE Harney Street	south side	\$ 49,995	100%	\$ 49,995	2008 Ped. Bike Plan
SE 4th Street	SE Fogarty Street to SE Harney Street	south side	\$ 49,995	100%	\$ 49,995	2008 Ped. Bike Plan
SE Harney Street	SE 4th Street to SE 2nd Street	east side	\$ 43,329	100%	\$ 43,329	2008 Ped. Bike Plan
SW Harbor Drive	SW Bay Street to SW 11th Street	west side	\$ 56,661	100%	\$ 56,661	2008 Ped. Bike Plan
SW Neff Way / SW Alder St.	US 101 to SW 2nd Street	both sides	\$ 188,870	100%	\$ 188,870	2008 Ped. Bike Plan
SW Elizabeth Street	SW Government Street to SW Abbey Street	west side	\$ 161,095	100%	\$ 161,095	2008 Ped. Bike Plan
SE 35th Street	SE Ferry Slip Road to end of street	one side	\$ 444,400	100%	\$ 444,400	2008 Ped. Bike Plan
NW Nye Street	NW 15th Street to SW 2nd Street	Construct bicycle lanes on both sides of street and complete sidewalk gaps on east side of street	\$ 216,645	100%	\$ 216,645	2008 Ped. Bike Plan
NE 7th Street	NE Eads Street to NE 6th Street	Construct bicycle lanes and sidewalks on both sides of street and sidewalks on south side of street	\$ 238,865	100%	\$ 238,865	2008 Ped. Bike Plan
<b>Total</b>			\$ 2,540,857		\$ 2,540,857	

Source: City of Newport, capital improvement plan as of Feb. 28, 2017.

### Appendix D – Average Daily Vehicle Trip Generation & SDC Assumptions for New Development

ITE Code	Land Use	Unit	Daily Trips				Trip Categories			Adjusted Trip Rates	\$ 115.17		
			Weekday	Saturday	Sunday	Average	Primary	Pass Diverted		Total		Daily	TSDC per Unit
								By	Linked				
21	Commercial Airport	CFD	122.21	113.04	137.71	123.11	100%			100%	123.11	\$14,179	
30	Intermodal Truck Terminal	Acre	81.90	17.28	10.79	62.51	100%			100%	62.51	\$7,199	
110	General Light Industrial	1,000 SFGFA	6.97	1.32	0.68	5.26	100%			100%	5.26	\$606	
130	Industrial Park	1,000 SFGFA	6.83	2.49	0.73	5.34	100%			100%	5.34	\$615	
140	Manufacturing	1,000 SFGFA	3.82	1.49	0.62	3.03	100%			100%	3.03	\$349	
151	Mini-Warehouse	1,000 SFGFA	2.50	2.33	1.78	2.37	100%			100%	2.37	\$273	
160	Data Center	1,000 SFGFA	0.99			0.99	100%			100%	0.99	\$114	
210	Single-Family Detached Housing	Dwelling unit	9.52	9.91	8.62	9.45	100%			100%	9.45	\$1,088	
220	Apartment	Dwelling unit	6.65	6.39	5.86	6.50	100%			100%	6.50	\$749	
230	Residential Condominium/Townhouse	Dwelling unit	5.81	5.67	4.84	5.65	100%			100%	5.65	\$651	
240	Mobile Home Park	ODU	4.99	5.00	4.36	4.90	100%			100%	4.90	\$564	
254	Assisted Living	Bed	2.66	2.20	2.44	2.56	100%			100%	2.56	\$295	
310	Hotel	Room	8.17	8.19	5.95	7.86	100%			100%	7.86	\$905	
320	Motel	Room	5.63			5.63	100%			100%	5.63	\$648	
411	City Park	Acre	1.89		16.74	6.13	100%			100%	6.13	\$706	
417	Regional Park	Acre	4.57	5.65	6.44	4.99	100%			100%	4.99	\$575	
430	Golf Course	Acre	5.04	5.82	5.88	5.27	100%			100%	5.27	\$607	
444	Movie Theater with Matinee	Movie screen	348.33	546.86	420.71	387.03	100%			100%	387.03	\$44,573	
492	Health/Fitness Club	1,000 SFGFA	32.93	20.87	26.73	30.32	100%			100%	30.32	\$3,492	
495	Recreational Community Center	1,000 SFGFA	33.82	9.10	13.60	27.40	100%			100%	27.40	\$3,156	
520	Elementary School	1,000 SFGFA	15.43	5.23	2.14	12.07	59%	41%		100%	7.12	\$820	
522	Middle School/Junior High School	1,000 SFGFA	13.78	4.67	1.91	10.78	59%	41%		100%	6.36	\$733	
530	High School	1,000 SFGFA	12.89	4.37	1.79	10.09	59%	41%		100%	5.95	\$685	
540	Junior/Community College	1,000 SFGFA	27.49	11.23	1.21	21.41	100%			100%	21.41	\$2,466	
560	Church	1,000 SFGFA	9.11	10.37	36.63	13.22	100%			100%	13.22	\$1,523	
565	Day Care Center	1,000 SFGFA	74.06	6.21	5.83	54.62	33%	67%		100%	18.02	\$2,076	
590	Library	1,000 SFGFA	56.24	46.55	25.49	50.46	100%			100%	50.46	\$5,812	
610	Hospital	1,000 SFGFA	13.22	10.18	8.91	12.17	100%			100%	12.17	\$1,402	
620	Nursing Home	1,000 SFGFA	7.60	6.19	6.30	7.21	100%			100%	7.21	\$831	
710	General Office Building	1,000 SFGFA	11.03	2.46	1.05	8.38	100%			100%	8.38	\$965	
720	Medical-Dental Office Building	1,000 SFGFA	36.13	8.96	1.55	27.31	100%			100%	27.31	\$3,145	
731	State Motor Vehicles Department	1,000 SFGFA	166.02	9.46	6.74	120.90	100%			100%	120.90	\$13,924	
732	United States Post Office	1,000 SFGFA	108.19	48.69	28.81	88.35	100%			100%	88.35	\$10,175	
750	Office Park	1,000 SFGFA	11.42	1.64	0.76	8.50	100%			100%	8.50	\$979	
760	Research and Development Center	1,000 SFGFA	8.11	1.90	1.11	6.22	100%			100%	6.22	\$717	
770	Business Park	1,000 SFGFA	12.44	2.56	1.29	9.44	100%			100%	9.44	\$1,087	
812	Building Materials and Lumber Store	1,000 SFGFA	45.16	51.60	24.50	43.13	100%			100%	43.13	\$4,967	
813	Free-Standing Discount Superstore	1,000 SFGFA	50.75	64.07	56.12	53.42	72%	28%		100%	38.46	\$4,430	
814	Variety Store	1,000 SFGFA	64.03			64.03	48%	17%	35%	100%	30.57	\$3,521	
815	Free-Standing Discount Store	1,000 SFGFA	57.24	71.07	56.36	59.09	48%	17%	35%	100%	28.22	\$3,250	
816	Hardware/Paint Store	1,000 SFGFA	51.29	82.52	68.65	58.23	45%	26%	30%	100%	25.91	\$2,984	
817	Nursery (Garden Center)	1,000 SFGFA	68.10	133.31	106.20	82.86	100%			100%	82.86	\$9,543	
820	Shopping Center	1,000 SFGLA	42.70	49.97	25.24	41.24	50%	34%	16%	100%	20.68	\$2,382	
826	Specialty Retail Center	1,000 SFGLA	44.32	42.04	20.43	40.58	100%			100%	40.58	\$4,674	
841	Automobile Sales	1,000 SFGFA	32.30	29.74	13.62	29.27	100%			100%	29.27	\$3,370	
843	Automobile Parts Sales	1,000 SFGFA	61.91			61.91	44%	43%	13%	100%	27.24	\$3,137	
848	Tire Store	1,000 SFGFA	24.87			24.87	69%	28%	3%	100%	17.08	\$1,967	

**Appendix D – Average Daily Vehicle Trip Generation & SDC Assumptions for New Development (continued)**

ITE Code	Land Use	Unit	Daily Trips				Trip Categories				Adjusted Trip Rates	\$ 115.17
			Weekday	Saturday	Sunday	Average	Primary	Pass By	Diverted Linked	Total	Daily	TSDC per Unit
850	Supermarket	1,000 SFGFA	102.24	177.59	166.44	122.18	39%	36%	25%	100%	47.34	\$5,452
851	Convenience Market (Open 24 Hours)	1,000 SFGFA	737.99	863.10	758.45	758.79	33%	61%	6%	100%	246.81	\$28,424
857	Discount Club	1,000 SFGFA	41.80	53.75	33.67	42.35	100%			100%	42.35	\$4,877
862	Home Improvement Superstore	1,000 SFGFA	30.74	56.72	55.80	38.03	44%	48%	8%	100%	16.73	\$1,927
880	Pharmacy/Drugstore without Drive-Through	1,000 SFGFA	90.06			90.06	42%	53%	5%	100%	38.13	\$4,391
881	Pharmacy/Drugstore with Drive-Through	1,000 SFGFA	96.91			96.91	38%	49%	13%	100%	36.83	\$4,241
890	Furniture Store	1,000 SFGFA	5.06	4.94	4.64	4.98	37%	53%	10%	100%	1.83	\$210
911	Walk-in Bank	1,000 SFGFA					100%			100%		
912	Drive-in Bank	1,000 SFGFA	148.15	86.32	31.90	122.71	27%	47%	26%	100%	33.54	\$3,863
925	Drinking Place	1,000 SFGFA					100%			100%		
931	Quality Restaurant	1,000 SFGFA	89.95	94.36	72.16	88.04	43%	44%	14%	100%	37.42	\$4,309
932	High-Turnover (Sit-Down) Restaurant	1,000 SFGFA	127.15	158.37	131.84	132.28	40%	43%	17%	100%	52.58	\$6,056
933	Fast-Food Restaurant without Drive-Through	1,000 SFGFA					40%	43%	17%	100%		
934	Fast-Food Restaurant with Drive-Through	1,000 SFGFA	496.12	722.03	542.72	535.05	41%	50%	9%	100%	219.07	\$25,230
937	Coffee/Donut Shop	1,000 SFGFA	818.58			818.58	41%	50%	9%	100%	335.16	\$38,600
938	Coffee/Donut Kiosk without Drive-Through	1,000 SFGFA	1,800.00			1,800.00	17%	83%		100%	306.00	\$35,241
944	Gasoline/Service Station	VFP	168.56			168.56	35%	42%	23%	100%	59.00	\$6,794
945	Gasoline/Service Station with Convenience	VFP	162.78			162.78	13%	56%	31%	100%	20.80	\$2,395
946	Gasoline/Service Station with Car Wash	VFP	152.84			152.84	24%	49%	27%	100%	36.51	\$4,205

Source: ITE Trip Generation Handbook, 9th Edition; and local assumptions, compiled by FCS GROUP.

**Abbreviations**

CFD	commercial flights per day
ODU	occupied dwelling unit
SFGFA	square feet of gross floor area
SFGLA	square feet of gross leasable area
VFP	vehicle fueling position

**To:** Derrick Tokos, City of Newport

**Date:** April 21, 2017

**From:** Todd Chase and Timothy Wood, FCS GROUP

**RE:** CET Legal Framework and Case Studies

## INTRODUCTION

Oregon's 2016 Legislative Session included the passage of Senate Bill 1533 (SB 1533) which authorizes cities and counties to allow inclusionary zoning for affordable housing, and provides the option to implement construction excise taxes (CETs) to help pay for affordable housing programs. Per state statute, **affordable housing, except where otherwise noted, is defined as affordable to households with incomes equal to or higher than 80% median family income (MFI) for Lincoln County (ORS 197.309(1)(a)).**

The challenges of developing affordable housing are significant, particularly within rural cities in "resort settings" such as Newport. **While the City of Newport is not pursuing inclusionary zoning, it is interested in expanding affordable housing funding techniques** that will help expand the supply of affordable housing, particularly for workers and families.

**A CET is a fee assessed based on a percentage of "permit value" or the approximate value added to a structure by new construction.** SB 1533 stipulates that the vast majority of CET incomes are to be spent on the provision of affordable housing, though there is some variation in the required use of CET revenue between commercial and residential construction. In addition, SB 1533 allows jurisdictions to use up to 4% of all CET revenues to fund the administration of the program.

**Several types of construction are exempted from the CET** as a matter of statute (ORS 320.173) including:

- ◆ Development of guaranteed affordable housing (60-year guarantees ensuring that units will be kept affordable to families making 80% or less of median household income)
- ◆ Private school improvements
- ◆ Public improvements as defined in ORS 279A.010 (which include public schools, government buildings and facilities, etc.).
- ◆ Public and private hospital construction
- ◆ Religious facilities
- ◆ Agricultural buildings
- ◆ Certain non-profit facilities (long-term and residential care facilities and retirement communities)
- ◆ Mass shelters for those experiencing homelessness.

## RESIDENTIAL CET FRAMEWORK

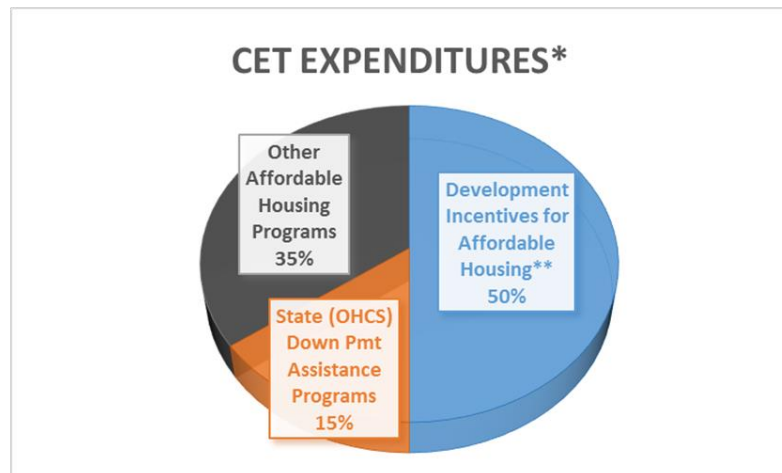
**SB 1533 limits residential CETs to 1% of permit value of new development and construction that results in additional square footage** of an existing structure.



Revenues net of the 4% for administration of the residential CET must be divided as follows (see Exhibit 1).

- ◆ **50% must be used as “development incentives for affordable housing.”** This investment must result in increased affordable housing supply or reduced sales or rental prices for the housing within the development. **For cities (such as Newport) which do not enact inclusionary zoning, these funds must provide one or more of the following incentives:**
  - Whole or partial fee waivers or reductions;
  - Whole or partial waivers of system development charges or impact fees;
  - Finance-based incentives; and
  - Full or partial exemption from property taxes.
- ◆ **35% is flexible but must be used for “other affordable housing programs”** or incentives related to affordable housing as defined by the city. Examples may include:
  - Use of CET (in combination with other funding) to purchase land that could be conveyed to affordable housing developers;
  - Providing grants to developers of affordable housing;
  - Providing affordable housing rehabilitation grants; and others.
- ◆ **15% must be sent to Oregon Housing and Community Services** to fund the Down Payment Assistance Program. While there is no local control, it is possible that funds from this program could flow back to the City from the state for eligible housing programs.

**Exhibit 1. Residential CET Expenditures**



*\* This distribution reflects the use of expenditures after 4% administration fee. \*\* Developer incentives include ORS 197.309(7) voluntary incentives to: increase number of affordable housing units in a development; decrease the sale or rental price of housing units; build affordable housing units that are affordable to households with incomes equal to or less than 80% MFI.*

## COMMERCIAL/INDUSTRIAL CET FRAMEWORK

Unlike the residential CET framework discussed above, **SB 1533 does not set a cap on the assessment of a CET on commercial construction.** As with the residential CET, assessment is limited to new development or development which would add additional square footage to an existing structure. SB 1533 stipulates that commercial or industrial components of a mixed-use development must be assessed based on commercial or industrial CET methodology. Funds collected net of the 4% used for administration from the commercial/industrial CET must be spent as follows.

- ◆ 50% to be used for programs or incentives related to affordable housing as defined by the city.
- ◆ 50% of revenues are unrestricted.

## CET CASE STUDIES

**According to Oregon League of Cities, dozens of municipalities have expressed interest in implementing a CET,** though, a limited number of those municipalities have done so. Below, this paper will examine two CET early adopters, Portland and Corvallis.

### PORTLAND

Portland's CET was made effective in August 2016, meaning that Portland was the earliest adopter of this tool. Policy-makers chose to assess the maximum 1% CET on residential construction as well as a 1% CET on commercial and industrial construction. In all cases, construction must result in additional building square footage in order to be charged the CET. Portland elected to reserve the maximum 4% of all CET revenues for administration of the program. As it relates to spending requirements for affordable housing, Portland has elected to stipulate that CET revenues produce and preserve housing affordable to families making 60% of median family income rather than the 80% of median family income required by SB 1533.

In addition to state mandated exemptions mentioned above, Portland chose to exempt improvements valued less than or equal to \$100,000 as well as accessory dwelling units until July 2018, at which point this exemption will be reevaluated. Funds from Portland's CET were allocated as prescribed by statute with 100% of commercial and industrial revenues, including the 50% that is unrestricted, used to support the production and preservation of affordable housing. Using records of recent construction activity, Portland staff expect that the CET will generate a total of \$8 million over a five-year time frame. At this time there is no information regarding how much revenue Portland's CET has generated, whether it has impacted developer behavior or how the city intends on allocating funds.

### CORVALLIS

The Corvallis City Council approved their CET in November 2016 with the tax taking effect the next day. Decision makers elected to charge all construction which adds building square footage regardless of permit valuation. The CET implemented by Corvallis assesses the maximum 1% tax on residential construction and 1.5% on commercial and industrial development while reserving the maximum 4% of total revenues for administration of the program. In addition to exemptions stipulated in statute, Corvallis has exempted any improvement funded by CET proceeds, Community Development Block Grants or other affordable housing programs from having to pay the CET.

Once the CET revenue account gains strength, the city expects to release an annual RFP to applicants seeking CET funds. The local housing investment program will be funded using a mix of CET revenues, Community Development Block Grant funds as well as any other affordable housing funding.

Proposals submitted will be reviewed by the city's Housing and Community Development Advisory Board with leading proposals referred to council for approval. As a matter of ordinance (1.16.205.2), the board must represent numerous interests (development, real estate, individuals who receive housing assistance, etc.). Corvallis is the first city to enact a CET under SB 1533 but not inclusionary zoning language which means that funds earmarked for inclusionary zoning incentives (50% of residential CET incomes) must be used as incentives for developers as outlined above.

Analyses conducted by Corvallis noted that many of the city's largest developers, such as Oregon State University and Samaritan Health Systems would be exempted from the CET, limiting revenues available to the city. Based on an average of the last three years' development valuation, Corvallis expects to collect \$660,000 a year from the CET.

## BEND

Prior to the statewide ban on CETs for affordable housing, the City of Bend adopted a CET to fund affordable housing development. Bend's City Council elected to assess a tax of 1/3 of 1% (0.33%) on building permit valuation for commercial, industrial and residential construction in the city. This fee is assessed on all building permits processed by the city regardless of value or whether or not the permit proposes to add square footage to an existing building. Since Bend's CET was adopted before SB 1533 became law, allocation of funds was determined by council. Subsequently, Bend's revenue collection and allocation systems have been "grandfathered" in, meaning they are not subject to Oregon's affordable housing CET regulations. Additionally, since Bend's CET was adopted prior to the passage of SB 1533, exemptions required by statute do not apply to Bend's CET and the city has elected to assess it on all projects, even those funded by CET proceeds. Funds accrued through Bend's CET are deposited in a special revenue fund whose proceeds can only be spent on affordable housing programs. Bend has restricted administrative costs to 5%.

In order to allocate the funds accrued through their CET, Bend annually releases an RFP highlighting the amount available for projects and eligible activities. These proposals are considered by Bend's Affordable Housing Advisory Committee (AHAC), a nine member body appointed by the City Council and tasked with advising council on matters related to housing affordability. As a matter of code (1.20.080.C), the makeup of the AHAC is required to include representatives for home builders, real estate agents, tenant organizations, affordable housing developers and others.

Broadly, priorities for which programs receive funding are determined based on Goal #1 of Bend's Community Development Block Grant Consolidated Plan:

*"Funding will be directed toward activities that produce and preserve both renter- and owner-occupied affordable housing. Consideration will be given to projects that accomplish at least one of the following: Create new Rental Units, Home Ownership, Land Acquisition and Infrastructure Development, Purchase and Preserve existing Low Income Housing, Transitional Housing, or Permanent Supportive Housing for Homeless".*

In addition to this goal, Bend expresses preference towards projects that leverage outside funding sources, well defined projects, sponsors which have sufficient staff and capacity to implement the

proposal and “shovel-readiness”.

Since its passage in 2006, Bend’s CET has leveraged over \$60 million in Federal and State funding as well as over \$14 million in private funding towards the development of over 500 multi-family units and 76 single-family homes. The rental or purchase prices for these housing units are intended to be affordable for families earning between 50% and 80% of median family income in Deschutes County. Revenues from Bend’s CET for the 2015-17 biennium are budgeted to be over \$1.6 million with those revenues expected to create, preserve or rehabilitate 390 additional affordable housing units.

## NEWPORT CET SENSITIVITY ANALYSIS

FCS GROUP conducted a sensitivity analysis that takes into account 3 levels of CET tax rates with variations in rates for residential and non-residential construction. The analysis provided in **Exhibit 2** reflects the average level of approved construction permit values and the resulting “average CET revenue” that would accrue to the city under 3 CET scenarios.

The findings indicate that with Scenario A (includes a 1.0% residential CET and a 1.5% non-residential CET, the city could generate average annual gross CET revenue of approximately \$246,000. Scenario B, with a 1% residential and non-residential CET could generate approximately \$181,000 per year. Scenario C, with a 0.5% CET could generate approximately \$90,000 in gross CET revenue.

**Given potential city staff time costs associated with initiating and maintaining the CET program, only Scenario A or B are recommended for consideration.**

The potential financial impact of the CET program (Scenario A or B) in combination with the recommended new SDC program for a potential 60-unit apartment development in the City of Newport is reflected in **Exhibit 3**. The results indicate that construction of the apartments (excluding land costs) is estimated at \$6,012,150 under the status quo scenario. If the City adopts recommended lower SDCs, in combination with a 1% CET, the SDCs would decline by \$85,000 and CET would increase costs by \$57,000.

If the City (and state) authorize the reallocation of these CET revenues to the apartment developer using the specified programs, the overall cost savings to the developer would be approximately \$85,000 in comparison to current conditions, and there would be assurance by the developer that a portion of these apartments would meet local and state affordable housing requirements.

**Exhibit 2  
Newport Value of Residential and Non-Residential Structures**

Year	Total	Residential		Non-Residential	
		Construction Value	# of Structures	Construction Value	# of Structures
2016	\$19,980,329	\$4,446,676	73	\$15,533,653	51
2015	\$21,957,649	\$6,936,934	81	\$15,020,715	56
2014	\$13,248,480	\$6,373,965	63	\$6,874,515	42
2013	\$8,131,772	\$2,143,450	32	\$5,988,322	32
2012	\$14,603,755	\$4,255,945	52	\$10,347,810	25
2011	\$18,361,373	\$3,261,250	46	\$15,100,123	43
2010	\$46,686,250	\$11,412,200	62	\$35,274,050	41
2009	\$6,963,800	\$2,255,550	50	\$4,708,250	33
2008	\$13,200,300	\$5,426,800	64	\$7,773,500	41
2007	\$51,686,310	\$20,781,960	115	\$30,904,350	58
<b>Total</b>	<b>\$214,820,018</b>	<b>\$67,294,730</b>	<b>638</b>	<b>\$147,525,288</b>	<b>422</b>
<b>AVG</b>	<b>\$18,126,000</b>	<b>\$5,168,000</b>	<b>64</b>	<b>\$12,958,000</b>	<b>42</b>
		29%		71%	

**CET Revenue Sensitivity Analysis**

Scenario	CET rates		Avg. Annual CET Revenue		
	Residential	Commercial	Residential	Commercial	Total
A	1.0%	1.5%	\$51,680	\$194,370	<b>\$246,050</b>
B	1.0%	1.0%	\$51,680	\$129,580	<b>\$181,260</b>
C	0.5%	0.5%	\$25,840	\$64,790	<b>\$90,630</b>

Source: City of Newport historic permit data; compiled by FCS GROUP.

Note: Construction value shown may include minor additions and uses which may or may not be subject to final adopted CET

<b>Exhibit 3</b>		
<b>Newport Apartment (60 unit) Development Cost Analysis: CET Scenario A or B</b>		
60 Units	60	
SF per Unit	750	
Res. Area	45,000	
Cost Per Unit	\$95,000	
Construction Cost Subtotal		<b>\$5,700,000</b>
<b>Other Current Costs/SDCs (status quo)</b>		
Current School Excise Tax (\$1.07 per SF)	\$48,150	
Current SDCs (estimated)	\$264,000	
Subtotal		<b>\$312,150</b>
<b>Grand Total, Status Quo Scenario</b>		<b>\$6,012,150</b>
<b>New/Proposed Cost/SDC Scenario</b>		
Current School Excise Tax (\$1.07 per SF)	\$48,150	
<b>New/Proposed SDCs (estimated)*</b>	<b>\$179,000</b>	
New/Proposed CET (Scenario A or B)	\$57,000	
Subtotal		<b>\$284,150</b>
<b>Grand Total, w/ New Proposed SDCs/CET Scenario</b>		<b>\$5,984,150</b>
<b>Change in SDC &amp; CET Cost Relative to Status Quo</b>		<b>(\$28,000)</b>
<b>CET Revenue Distribution Incentives (to developer)</b>		
State Housing Down Payment Assistance (requires state approval)	\$8,208	
Development Incentives for Affordable Housing (city approval)	\$27,360	
Other Affordable Housing Programs (requires city approval)	\$19,152	
Program Administration (requires city approval)	\$2,280	
Subtotal	\$57,000	<b>(\$57,000)</b>
<b>Total Potential Change in Cost of Development</b>		<b>(\$85,000)</b>
* SDCs are consistent with Newport SDC Methodology Report, April 2017.		
Source: compiled by FCS GROUP.		

## RECOMMENDATIONS

Recommendations for implementation of a CET program in Newport include:

- ◆ Newport should enact an affordable housing construction excise tax of 1% on residential construction and 1% for commercial and industrial construction, depositing revenues into a dedicated affordable housing fund.
- ◆ After the CET is implemented, the City should allow fund balances to accrue over at least two years before committing funding to eligible projects or programs.
- ◆ Within 12 months of adopting the CET, the City Council should direct staff to prepare a CET procedures resolution for council/public input, refinement and adoption. The resolution would: establish the makeup of an Affordable Housing Advisory Committee; housing goals and objectives, CET project funding criteria, application procedures, and applicant selection procedures.
- ◆ The council would also determine funding priorities to be included in future affordable housing RFPs. Upon accrual of adequate funds (2 to 3 years) the City should develop and release an RFP for affordable housing projects with funding limits tied to the annual budgeting process.

## CHAPTER 12.15 SYSTEM DEVELOPMENT CHARGES

### 12.15.065 Credits

(Formatting Note: New language is shown with a double underline. Deleted language is in ~~strikeout~~. Staff comments are shown in *italics*.)

- A. ~~When redevelopment occurs, the amount of SDCs payable shall be determined by the following rules:~~
- ~~1. If SDCs had been previously paid for the property, a credit in the amount of the SDCs that would be payable for the existing structure and use under the current fee schedule shall be provided. For purpose of this section, "existing structure and use" means the structure and use for which SDCs have been paid. At the time of redevelopment, if the SDCs payable for the new structure and/or use exceed the amount of the credit, the difference shall be paid to the city. This rule applies regardless of the length of time between the end of the prior use and the redevelopment. Redevelopment to a use that results in a lower SDC amount does not reduce the amount of credit to be provided at the time of any future redevelopments.~~

*Examples:*

*SDCs had been paid for three dwelling units on a property and the property is redeveloped with five dwelling units. A credit for three dwelling units' worth of SDCs will be provided, so the amount payable would be the amount for two dwelling units.*

*SDCs had been paid for two dwelling units and the property is redeveloped with a large retail use, with both residential units eliminated. The SDCs would be the difference between the SDCs payable for the new commercial structure and use and the SDCs that would be charged for two dwelling units.*

*SDCs were paid based on restaurant use, but then the property was converted to another retail use with lower SDCs. The property is then reconverted back to restaurant use within 10 years of the date a restaurant was last operating, using exactly the same configuration as the original restaurant. At the time of the conversion to retail use, no SDCs are payable, because the amount payable is less than the credit. The credit for restaurant use remains with the property, so at the time of reconversion to restaurant use, no additional SDCs are payable, because the credit remained in effect and the credit for the original use is exactly the same as the amount that is owed, so no payment is required, even if the SDC rates have increased in the interim.*

- ~~2. If no SDCs have been previously paid for the property, a credit in the amount of the SDC charges under the current fee schedule for any structure and use of the property in the previous 30 years shall be provided. No credit shall be provided if there has been no use of the property for 30 years, regardless of any structures that may exist on the property. No refund or credit shall be given if the redevelopment results in a lower SDC.~~

A. When a development occurs that is subject to SDCs, the SDC for the existing use, if applicable, shall be calculated and if it is less than the SDC for the use that will result from the development, the difference between the SDC for the existing use and the SDC for the proposed use shall be the SDC that is assessed. If the change in the use results in the SDC for the proposed use being less than the SDC for the existing use, no SDC shall be required; however, no refund or credit shall be given.

1. For the purpose of this section, "existing use" is any use or structure on a property within the last 10 years. If more than one use or structure was on a property within this timeframe than the existing use shall be that which placed the greatest demand on the capital system during this period of time.

*Staff: New language borrows from the League of Oregon Cities 2010 Model Code. The existing code sets up separate rules for situations where SDCs have been paid versus situations where they have not been paid. Tracking parcel specific payments that have been made to the City over what is in many cases decades, is not easy to do. The new language simplifies the SDC credit assessment process by focusing only on improvements that exist on the property. The rationale for the credit is that existing improvements already impact the capital system and that "impact" has been accounted for in some way; therefore, a developer should not have to pay for it again when redeveloping a site. We recommend that this credit option be available for any structure or use that existed on a property within the last 10-years. The existing 30-year look back is inappropriate given the degree to which demands on the City's capital system change over time. It is also difficult to administer as records from 20 or 30 years ago are often incomplete. Defining existing use as the most intensive use of a property within a 10-year timeframe reasonably addresses circumstances where there is frequent turnover (i.e. restaurant to general retail, then back to a restaurant).*

~~B. On termination of a use for which SDCs have been paid, a credit certificate shall be issued on written request of the property owner.~~

~~1. The credit shall be for water, sewer and transportation SDC improvement fees only.~~

~~2. The credit shall be based on a "unit" basis, not on a "dollar" basis. The credit shall be for a specific number of EDUs, trips, or other units on which the SDC amount is calculated.~~

~~3. The amount of the credit issued in the certificate shall be deducted from the credit authorized by Subsection A.1 of this section for the property where the use was terminated.~~

~~4. If all structures are removed from the property, the amount of the credit may equal the full amount of the credit the property is entitled to under Subsection A.1 of this section. If structures remain on the property, the issuance of the certificate may not cause the amount of credit remaining on the property to be less than the amount of SDCs to allow use of the property without payment of additional SDCs, assuming the structure is used for the type of use with the lowest SDC rates consistent with the type of structure.~~

- ~~5. The credit certificate may be transferred and used anywhere in the city within five years of the date of issuance. If the credit is not used within five years, it shall be automatically applied to the property where the use was terminated.~~

*Staff: Most jurisdictions do not allow SDC credits to be transferred, as the impact on the capital system at one location in the City is different than another. It is also a challenge to administer. The existing provision (proposed to be deleted) has been used less than a half a dozen times since 2008. If your preference is to retain transferability, then you may want to take a look at the highlighted portion of C(3) below. It is a provision of the existing code that prohibits transferability of credits when the credits are derived from the installation of a qualified public improvement. Note that credits of this type can be quite large, in the range of several hundred thousand dollars.*

- B. Notwithstanding subsection (A), credit given against storm drainage SDC assessments for impervious surfaces that exist on a property shall be discounted by 50% if no SDCs were previously paid. A credit may be provided for development that incorporates improvements designed to reduce the impact of runoff on the storm drainage system (e.g. cisterns, detention facilities, pervious surface technology, etc.). In each case, the City will review the proposed mitigation measures and determine an appropriate credit for impervious surface reduction.

*Staff: This language may need to be improved, but gets at two issues. First, the existing SDC methodology and credit structure for storm drainage assessments is not effective given that permits are not required for many types of development that result in impervious surfaces being added to a property. This justifies discounting the credit in circumstances where SDCs weren't previously paid. Secondly, developments can be designed to incorporate measures that reduce the impact of the resulting drainage on the capital system. A credit can be provided as an incentive to developers to implement these measures. This is consistent with recommendations contained in the draft SDC Methodology.*

- C. A credit of the improvement fee portion of the SDC only shall be given to the permittee against the cost of the SDC charged, for the cost of a qualified public improvement incurred by the permittee, upon acceptance by the city of the public improvement. The credit shall not exceed the amount of the improvement fee even if the cost of the capital improvement exceeds the improvement fee.
1. If a qualified public improvement is located in whole or in part on or contiguous to the property that is the subject of the development approval and is required to be built larger or with greater capacity than is necessary for the particular development project, a credit shall be given for the cost of the portion of the improvement that exceeds the city's minimum standard facility size or capacity needed to serve the particular development project or property. The applicant shall have the burden of demonstrating that a particular improvement qualifies for credit under this subsection. The request shall be filed in writing no later than 60 days after acceptance of the improvement by the city. The city may deny the credit provided for in this section if



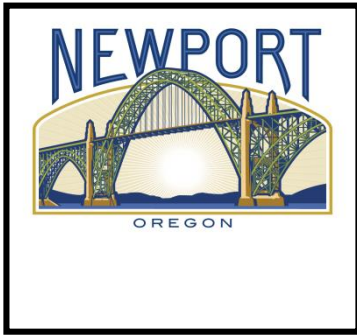
the city demonstrates that the application does not meet the requirements of this section or if the improvement for which credit is sought is not included in the SDC Project List.

2. When construction of a qualified public improvement located in whole or in part or contiguous to the property that is the subject of development approval gives rise to a credit amount greater than the improvement fee that would otherwise be levied against the project, the credit in excess of the improvement fee for the original development project may be applied against improvement fees that accrue in subsequent phases of the original development project or otherwise imposed on the same property.
  3. Credits for qualified public improvements shall not be transferable from one property to another but may be used for future phases of development, redevelopment or change in use of the property.
  4. Credit for qualified public improvements shall not be transferable from one type of capital improvement to another.
  5. Credits for qualified public improvements shall be used within 10 years from the date the credit was given.
  6. If the public improvement for which a credit is sought is not on the SDC Project List, the applicant may submit an application for both the credit and for the placement of the improvement on the SDC project list. If the city manager determines that the project is of a type and location that is appropriate for inclusion, the project shall be added to the SDC Project List and a credit may be given, but the additional of the project shall not change the SDC amount payable by others.
- D. The extent of the property to be considered in computing and allocating credits shall be stated by the applicant, and the applicant must have written authorization from the property owner(s). If properties under different ownership are developed together, the city may require the applicants to specify where any credits for the provision of capital improvements may be used and under which circumstances. Two or more contiguous properties may pool existing SDC credit rights as part of a common scheme for redevelopment of the contiguous properties.
- E. For all credits under any portion of this section, the property owner is responsible for providing the facts justifying a credit.

F. Credits shall not be transferable from one development to another.

G. Credits shall not be transferable from one type of capital improvement to another.

*Staff: This language has been added for clarity. It is taken from the League of Oregon Cities Model Code.*



Agenda Item \_\_\_\_\_  
 Meeting Date December 1, 2014

**CITY COUNCIL AGENDA ITEM SUMMARY**  
 City of Newport, Oregon

Issue/Agenda Title Annual adjustment to City of Newport System Development Charge Rates

Prepared By: Derrick Tokos Dept Head Approval: DT City Mgr Approval: \_\_\_\_\_

**ISSUE BEFORE THE COUNCIL:** A resolution adjusting System Development Charge (SDC) rates based on the difference in construction costs included in the Construction Cost Index published in the Engineering News Record. Consistent with Council Resolution No. 3579, adjustments are calculated using the most recent Cost Index available as of November 1, 2014 and will become effective January 1, 2015.

**STAFF RECOMMENDATION:** Staff recommends the Council adopt the resolution.

**PROPOSED MOTION:** I move to adopt Resolution No. 3699, amending the City of Newport SDC rates to reflect annual changes in construction costs.

**KEY FACTS AND INFORMATION SUMMARY:** Section 3(A) of City Council Resolution No. 3579, provides that SDC rates shall be adjusted annually on or about January 1<sup>st</sup> of each calendar year based upon inflation as evidenced by the Construction Cost Index (CCI) published in the Engineering News Record. It further provides that a resolution identifying the adjusted SDCs shall be placed as an action item on the Council agenda prior to January 1<sup>st</sup> of each calendar year, which shall be subject to public comment as required by ORS 294.160(1).

In December of 2007, the City adopted an SDC methodology that utilizes cost estimates of projects listed in the City’s Capital Improvement Plans, assumed population growth rates, and related factors to establish SDC rates that are based upon equivalent dwelling units (EDUs). The CCI in effect on October 28, 2013 is the “base case” or denominator used in calculating SDC fee adjustments. The numerator is the CCI available on October 27, 2014, and the result from the calculation is a multiplier that can be applied against the existing SDC charges to tabulate the new rates. The multiplier was derived as follows:

$$9886.06 \div 9688.86 = 1.020$$

Proposed 2015 SDC rates are listed in the table below. Rates from 2011 through 2014 are also listed for comparison purposes.

System Development Charge per Equivalent Dwelling Unit (EDU)					
SDC	2011	2012	2013	2014	2015
Water	\$1,714	\$1,755	\$2,290*	\$2,366	\$2,413
Wastewater	\$3,587	\$3,675	\$3,767	\$3,891	\$3,969
Stormwater	\$774 or \$0.28/sq. ft.	\$793 or \$0.29/sq. ft.	\$813 or \$0.30/sq. ft.	\$840 or \$0.31/sq. ft.	\$857 or \$0.32 sq. ft.
Transportation	\$1,004	\$1,029	\$1,055	\$1,090	\$1,112
Parks	\$2,388	\$2,447	\$2,508	\$2,591	\$2,643
Total	\$9,467	\$9,699	\$10,433	\$10,778	\$10,994

\* SDC rates increased June of 2012 when projects complimentary to the Water Treatment Plant development, and the extension of a water main from SE 40<sup>th</sup> to SE 50<sup>th</sup> were added back as SDC eligible because General Obligation Bond and Urban Renewal funds were inadequate to cover the costs (Res #3597). The projects had been removed in 2009 (Res #3464)

Section 3(B) of Resolution No. 3579 requires that staff review the City's Capital Improvement Plan project lists to see if they need to be amended prior to scheduling the annual adjustment to SDC rates. This could include adding new projects based upon planning needs, switching projects from improvement to reimbursement assessments as they are completed, or removing projects that have been funded by other sources of revenue or are no longer needed. Staff completed its review and has determined that no changes are needed at this time.

In July of 2012 the Newport City Council adopted Resolution No. 3597, which increased Water SDC rates from \$1,755 per EDU to \$2,234 per EDU. Three projects that had been removed from the Water System Capital Improvement Plan list were added back because the alternative funding sources envisioned to construct them were not adequate to the task. That is what necessitated the increase, and is the reason why the difference between the 2012 and 2013 SDC rates is greater than prior years.

System Development Charges were last adjusted with Resolution No. 3659, effective January 1, 2014.

**OTHER ALTERNATIVES CONSIDERED:** None. The method of calculating SDC rates and the timing for when they are to be adjusted is set by Council resolution.

**CITY COUNCIL GOALS:** Adjusting SDCs is consistent with the City's objective of maintaining fiscal responsibility and encouraging sustainable development.

**ATTACHMENT LIST:**

- Proposed Resolution
- Resolution No. 3659
- Resolution No. 3597
- Resolution No. 3579 w/o attachments
- October 2013 Construction Cost Index
- October 2014 Construction Cost Index

**FISCAL NOTES:** System Development Charges are based upon cost estimates to construct public infrastructure that will be needed to support new development. As construction costs increase, fees should be adjusted to ensure that, over time, the revenue generated from SDCs is adequate to finance these "public projects" when they are needed.

## Cost Indexes



### Construction Cost Index

The CCI's annual escalation rate jumped a full percentage point, to 3.3% this month.

20-CITY: 1913=100	OCT. 2013 INDEX VALUE	% CHG. MONTH	% CHG. YEAR
CONSTRUCTION COST	9688.86	+1.4	+3.3
COMMON LABOR	20622.34	+1.8	+3.5
WAGE \$/HR.	39.22	+1.8	+3.5

### Building Cost Index

A 0.7% increase in the BCI's labor component pushed the indexes' annual inflation rate to 2.0% from 1.7%.



20-CITY: 1913=100	OCT. 2013 INDEX VALUE	% CHG. MONTH	% CHG. YEAR
BUILDING COST	5308.38	+0.4	+2.0
SKILLED LABOR	9128.56	+0.7	+1.7
WAGE \$/HR.	50.66	+0.7	+1.7



### Materials Cost Index

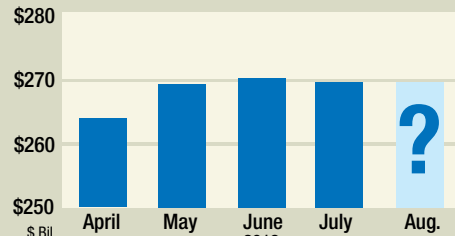
A 0.6% increase in lumber prices was offset by falling steel and cement prices.

20-CITY: 1913=100	OCT. 2013 INDEX VALUE	% CHG. MONTH	% CHG. YEAR
MATERIALS	2974.21	-0.1	+2.5
CEMENT \$/TON	110.88	-0.2	+2.0
STEEL \$/CWT	50.03	-0.4	+1.4
LUMBER \$/MBF	430.32	+0.6	+5.7

## Construction Stats Stalled by Fed Shutdown

The U.S. Commerce Dept. construction put-in-place data for public works for August, which would normally appear in this space, is still not available due to the lingering effects of the federal government shutdown. The shutdown ended on October 17 and updated statistics are expected to be available by next month's cycle. The latest data before the federal government shutdown, for July 2013, shows a 5.3% year-to-year decline in public works.

### Public Construction

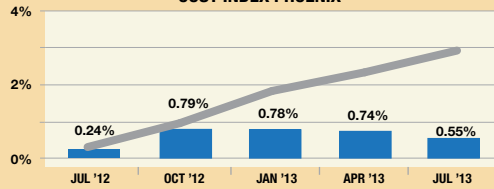


SOURCE: U.S. DEPT. OF COMMERCE. CONSTRUCTION PUT-IN-PLACE, SEASONALLY ADJUSTED ANNUAL RATE IN CURRENT DOLLARS.

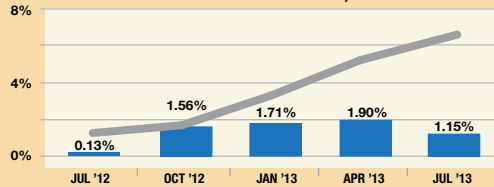
## Phoenix and DC Cost Indexes

Construction costs in Phoenix are up 0.6% for the quarter ending last July, according to Rider Levett Bucknall. The city's cost index is up about 3% from a year ago. The RLB building cost index for Washington, D.C., shows stronger gains. Construction costs there are about 6.5% higher than a year ago. This has been fueled by strong growth during the last four quarters, including quarterly gains of 1.2% in July, 1.9% in April, 1.7% in January and 1.6% for last October. These increases compare to a 3.6% nationwide.

### COST INDEX PHOENIX



### COST INDEX WASHINGTON, DC



— PERCENTAGE CHANGE PER QUARTER  
— CUMULATIVE PERCENTAGE CHANGE FOR THE PERIOD SHOWN  
SOURCE: RIDER LEVETT BUCKNALL

## Structural Steel, Rebar, Building Sheet, Piling

ITEM	UNIT	ATLANTA	BALTIMORE	BIRMINGHAM	BOSTON	CHICAGO	CINCINNATI	CLEVELAND	DALLAS	DENVER	DETROIT	KANSAS CITY
<b>STANDARD STRUCTURAL SHAPES: AVERAGE</b>												
Channel beams, 6" DEEP, 8.2 LB/LF	cwt	-50.80	48.17	54.47	52.82	-50.30	47.67	47.48	49.95	50.91	42.51	61.36
I-beams, 6" DEEP, 12.5 lb/lf	cwt	-53.87	54.50	58.95	54.92	-52.70	52.00	46.75	51.05	52.98	41.68	69.57
Wide-flange, 8" DEEP, 31 LB/LF	cwt	-47.22	44.00	49.95	51.25	-47.05	47.00	47.10	48.60	49.50	40.80	57.10
<b>REINFORCING BARS:</b>												
Grade 60, #4	cwt	-47.50	44.50	43.50	48.85	-47.57	42.50	52.00	49.46	46.22	43.00	37.96
Epoxy-coated	cwt	—	—	—	65.39	66.98	—	82.00	—	67.95	76.00	—
<b>HOT-ROLLED CARBON-STEEL PLATE:</b>												
12 gauge, 48" x 10'	cwt	47.95	44.00	42.95	-47.05	48.00	46.00	44.78	49.85	48.06	42.50	48.74
<b>EXPANDED METAL LATH:</b>												
Std diamond mesh, 3.4 LB/SY, GALVANIZED	cwt	212.82	275.00	108.00	215.90	212.40	—	—	212.73	212.56	—	—
Flat-ribbed, 3.4 lb/sy	cwt	221.49	—	134.00	229.55	227.93	—	—	219.90	219.78	—	—
<b>BUILDING SHEET AND PLATE:</b>												
Aluminum sheet, 3003H14, 36" x 96"	cwt	198.75	213.38	179.00	213.85	210.79	204.00	210.10	198.35	198.05	215.00	—
<b>STAINLESS-STEEL SHEET:</b>												
14 gauge	cwt	169.20	+146.00	154.00	166.62	170.35	+140.50	163.00	-171.80	172.85	156.80	181.53
16 gauge	cwt	172.88	+147.00	154.00	173.38	175.10	+140.50	166.25	-177.59	176.17	166.50	186.57
20 gauge	cwt	177.45	+151.00	163.00	181.90	178.69	+140.50	175.20	-181.42	180.44	170.00	187.57
<b>STAINLESS-STEEL PLATE:</b>												
304, 1/4", 72" x 240"	cwt	205.80	+163.00	323.00	205.00	212.62	-160.00	158.00	-209.72	-201.00	221.80	178.80
316, 1/4", 96" x 140"	cwt	265.15	+332.00	—	268.15	246.20	-383.00	226.50	-242.19	-249.68	241.10	242.73
<b>STEEL PILING: H-PILE</b>												
HP10 x 42	cwt	33.70	43.00	47.65	32.79	33.35	42.00	28.50	34.10	33.75	27.50	—

+ or - denotes price has risen or fallen since previous report. Monthly market quotations by ENR field reporters as of Oct. 18, 2013. All prices are spot prices quoted from a single source. All prices are FOB warehouse except metal lath, which is FOB city. Stainless-steel sheet prices are for type 304, 2B finish, 48 x 120-in. Steel piles are high-strength A572. Some prices may include taxes or discounts for prompt payment, etc. Product specifications may vary depending on what is most commonly used or most accessible in a city. All quantities are truckloads unless noted. Quotes for Montreal and Toronto are in Canadian dollars (cont. on p. 38)

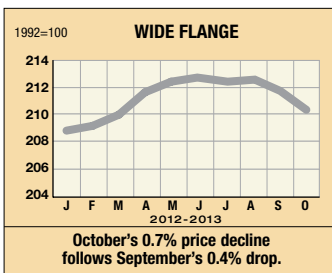
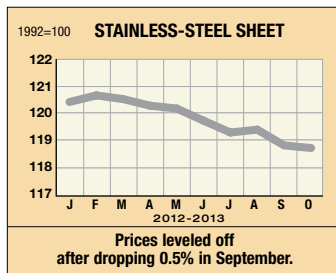
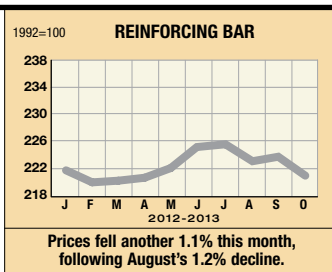
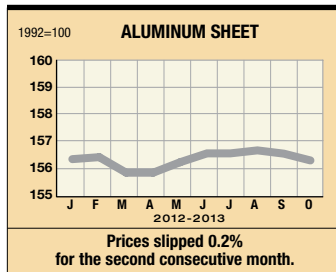
## Rebar Prices Drop 1.1% in October

Prices for grade-60 reinforced concrete bar declined 1.1% this month to \$45.34 per cwt, according to ENR's 20-city average price. This nearly matches a 1.2% price drop last August. The two large price cuts were interspersed by a modest 0.1% gain in September. The recent trend left rebar prices 2.4%

below October 2012's level. Falling prices are expected to continue, according to the Washington, D.C.-based forecasting firm IHS Global Insight. The firm predicts that 2013 prices will average 7.3% below 2012. Rebar prices during the third quarter of this year were \$590 a ton, 9.9% below 2012.



## ENR's Materials Price Indexes



SOURCE: MCGRAW HILL CONSTRUCTION RESEARCH & ANALYTICS/ENR.

## 20-City Average

ITEM	UNIT	PRICE	% CHG. MO.	% CHG. YEAR
<b>STANDARD STRUCTURAL SHAPES: AVERAGE</b>				
Channel beams, 6" DEEP, 8.2 LB/LF	cwt	49.66	-0.6	+0.1
I-beams, 6" DEEP, 12.5 LB/LF	cwt	52.16	-0.6	+1.4
Wide-flange, 8" DEEP, 31 LB/LF	cwt	47.31	-0.7	+1.1
<b>REINFORCING BARS:</b>				
Grade 60, #4	cwt	45.34	-1.1	-2.4
Epoxy-coated	cwt	69.56	-1.2	+0.5
<b>HOT-ROLLED CARBON-STEEL PLATE:</b>				
12 gauge, 48" x 10'	cwt	46.25	-0.2	0.0
<b>EXPANDED METAL LATH:</b>				
Std diamond mesh, 3.4 LB/SY, GALVANIZED	cwt	210.69	-0.4	-0.5
Flat-ribbed, 3.4 LB/SY	cwt	214.92	-1.0	-1.4
<b>BUILDING SHEET AND PLATE:</b>				
Aluminum sheet, 3003H14, 36" x 96"	cwt	195.54	-0.2	-0.3
<b>STAINLESS-STEEL SHEET:</b>				
14 gauge	cwt	163.21	-0.1	-2.1
16 gauge	cwt	167.46	-0.1	-2.7
20 gauge	cwt	170.96	-0.1	-1.7
<b>STAINLESS-STEEL PLATE:</b>				
304, 1/4", 72" x 240"	cwt	199.39	-0.3	-0.8
316, 1/4", 96" x 140"	cwt	246.31	-0.2	+0.1
<b>STEEL PILING: H-PILE</b>				
HP10 x 42	cwt	33.27	-0.5	+3.4

## Structural Steel, Rebar, Building Sheet, Piling

## Canada

ITEM	UNIT	LOS ANGELES	MINNEAPOLIS	NEW ORLEANS	NEW YORK	PHILADELPHIA	PITTSBURGH	ST. LOUIS	SAN FRANCISCO	SEATTLE	MONTREAL	TORONTO
<b>STANDARD STRUCTURAL SHAPES: AVERAGE</b>												
Channel beams, 6" DEEP, 8.2 LB/LF	cwt	43.40	-46.01	48.71	54.46	-52.49	55.28	-45.64	42.82	49.02	54.00	55.18
I-beams, 6" DEEP, 12.5 lb/lf	cwt	44.12	-48.68	48.10	54.59	-52.93	50.40	-53.51	42.38	47.82	55.00	55.18
Wide-flange, 8" DEEP, 31 LB/LF	cwt	42.18	-45.85	50.77	56.45	-53.20	70.45	-42.80	42.18	50.35	55.00	55.18
<b>REINFORCING BARS:</b>												
Grade 60, #4	cwt	43.89	43.50	47.25	52.33	-51.35	45.00	-40.60	43.89	48.90	52.00	55.18
Epoxy-coated	cwt	31.97	50.00	46.90	55.84	-46.72	44.85	-48.00	31.97	47.49	59.00	-
<b>HOT-ROLLED CARBON STEEL PLATE:</b>												
12 gauge, 48" x 10'	cwt	0.00	72.00	-	66.93	-68.80	57.50	-72.00	0.00	-	109.00	-
<b>EXPANDED METAL LATH:</b>												
Std diamond mesh, 3.4 LB/SY, GALVANIZED	cwt	46.80	48.80	-48.15	48.01	48.37	42.00	42.50	43.79	46.75	84.00	-
Flat-ribbed, 3.4 lb/sy	cwt	196.79	162.00	216.62	-	-229.63	-	-	197.59	-205.28	-	-
<b>BUILDING SHEET AND PLATE:</b>												
Aluminum sheet, 3003H14, 36" x 96"	cwt	214.72	150.00	-225.17	-	-234.34	-	-	215.43	209.15	-	-
<b>STAINLESS-STEEL SHEET:</b>												
14 gauge	cwt	186.75	181.90	199.72	168.91	209.33	171.00	177.00	187.63	-191.80	190.00	-
16 gauge	cwt	175.53	159.00	167.69	134.01	177.78	154.00	148.58	182.33	172.65	108.00	-
20 gauge	cwt	185.33	167.50	172.33	136.05	183.90	156.00	146.25	183.97	181.89	105.00	-
<b>STAINLESS-STEEL PLATE:</b>												
304, 1/4", 72" x 240"	cwt	180.47	150.75	175.20	139.30	190.15	164.00	163.00	181.64	187.45	107.00	-
316, 1/4", 96" x 140"	cwt	184.09	262.00	204.55	126.27	215.72	164.00	205.00	184.79	202.68	107.00	-
<b>STEEL PILING: H-PILE</b>												
HP10 x 42	cwt	230.52	270.75	248.08	137.98	250.25	200.00	167.88	231.81	245.90	103.00	-
<b>STEEL PILING: H-PILE</b>												
HP10 x 42	cwt	28.99	27.70	34.98	27.84	-32.85	-	27.48	29.36	33.35	55.00	-

(cont. from p. 37) and a mix of metric and American units. The above prices do not represent a city's prevailing or average price but track price movement from a single source for a given quantity and specification over time.

ENR's 20-city average cost indexes, wages and material prices. Historical data and details for ENR's 20 cities can be found at [ENR.com/economics](http://ENR.com/economics)

## Construction Cost Index

**+2.0%**  
OCT. 2014

ANNUAL INFLATION RATE

1913=100	INDEX VALUE	MONTH	YEAR
CONSTRUCTION COST	9886.06	+0.2%	+2.0%
COMMON LABOR	21069.87	0.0%	+2.1%
WAGE \$/HR.	40.03	0.0%	+2.1%

The CCI's annual escalation rate declined to 2.0% from the previous month's 3.3%, compared to a 1.4% gain in October 2013, as wages held steady.

## Building Cost Index

**+2.5%**  
OCT. 2014

ANNUAL INFLATION RATE

1913=100	INDEX VALUE	MONTH	YEAR
BUILDING COST	5441.85	+0.6%	+2.5%
SKILLED LABOR	9386.70	+0.5%	+2.8%
WAGE \$/HR.	52.10	+0.5%	+2.8%

Annual inflation measured by the BCI climbed back to 2.5% after falling as low as 1.7% last May. The gain is due mostly to a 0.9% increase in the MCI.

## Materials Cost Index

**+0.9%**  
OCT. 2014

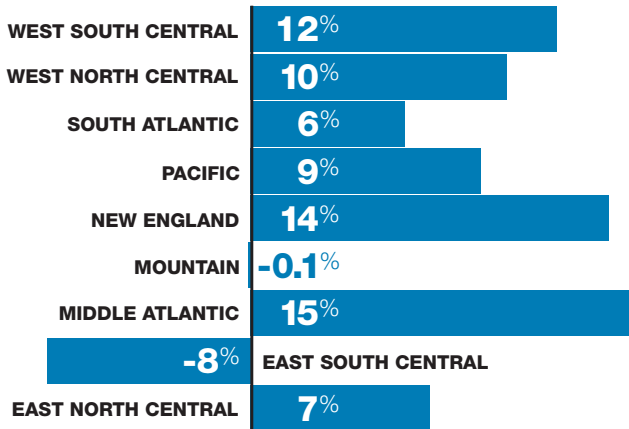
MONTHLY INFLATION RATE

1913=100	INDEX VALUE	MONTH	YEAR
MATERIALS COST	3031.47	+0.9%	+1.5%
CEMENT \$/TON	115.94	+1.0%	+4.4%
STEEL CWT	49.98	+0.8%	-0.5%
LUMBER MBF	458.86	+1.1%	+7.3%

Lumber prices jumped 1.1% following two consecutive months of 1.2% hikes.

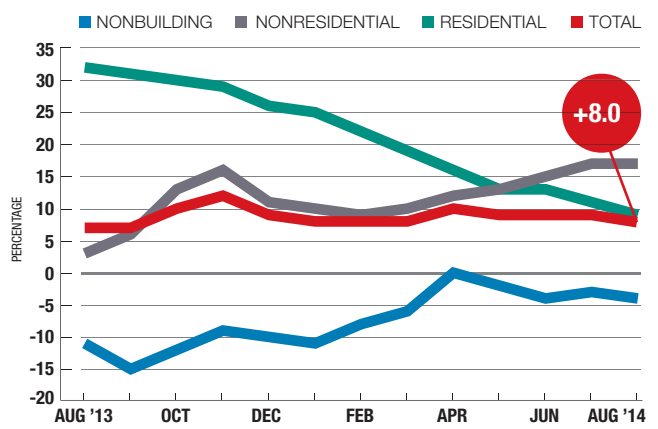
## Construction Starts Regional growth trends vs. national trends

### EAST SOUTH CENTRAL REGION IS WEAKEST



SOURCE: MCGRAW HILL CONSTRUCTION DODGE. YEAR-TO-YEAR PERCENT CHANGE IN VALUE OF TOTAL PROJECTS STARTED AUGUST 2014 FOR 12-MONTH ROLLING TOTALS.

### RESIDENTIAL MARKETS HAVE SLOWED



SOURCE: MCGRAW HILL CONSTRUCTION DODGE. YEAR-TO-YEAR PERCENT CHANGE FOR 12-MONTH ROLLING NATIONAL TOTAL STARTS.

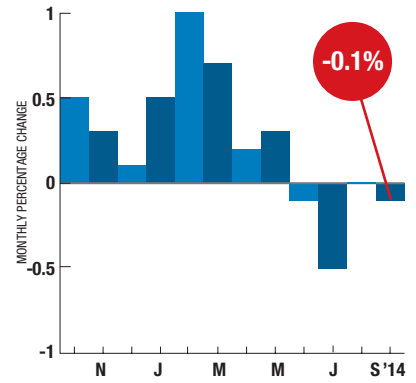
**Total construction starts in New York have jumped 33% above a year ago**, according to McGraw Hill Construction Dodge's 12-month rolling average, which, in August, stood at \$40.65 billion. The strongest growth came from annual increases of 118% for highway work, 82% for the health-care sector and 75% for the hotel sector.

NEW YORK CONSTRUCTION STARTS: \$/MIL.	2014 AUGUST	2014 JULY	2013 AUGUST	% CHG. MONTH	% CHG. YEAR
<b>TOTAL CONSTRUCTION</b>	<b>\$40,650.468</b>	<b>\$38,901.923</b>	<b>\$30,609.622</b>	<b>+4.5</b>	<b>+32.8</b>
<b>NON-RESIDENTIAL</b>	<b>\$15,229.18</b>	<b>\$13,589.46</b>	<b>\$13,969.99</b>	<b>+12.1</b>	<b>+9.0</b>
COMMERCIAL, MANUFACTURING	7,721.686	7,500.264	7,670.199	+3.0	+0.7
STORES, SHOPPING CENTERS	1,370.960	1,188.105	1,366.868	+15.4	+0.3
OFFICE, BANK BUILDINGS	3,285.239	3,255.712	3,016.781	+0.9	+18.9
HOTELS, MOTELS	1,472.459	1,413.888	842.704	+4.2	+74.7
MANUFACTURING BUILDINGS	107.554	134.067	919.904	+19.8	-88.3
INSTITUTIONAL	7,507.502	6,089.201	6,299.800	+23.3	+19.2
EDUCATION BUILDINGS	3,414.125	3,554.931	3,351.958	-4.0	+1.9
HEALTH-CARE FACILITIES	2,819.089	1,193.090	1,547.816	+136.3	+82.1
<b>RESIDENTIAL</b>	<b>14,451.488</b>	<b>13,706.448</b>	<b>9,978.704</b>	<b>+5.4</b>	<b>+44.8</b>
<b>NON-BUILDING</b>	<b>10,969.792</b>	<b>11,606.010</b>	<b>6,660.919</b>	<b>-5.5</b>	<b>+64.7</b>
HIGHWAYS, BRIDGES	5,531.090	5,957.664	2,539.243	-7.2	+117.8
ENVIRONMENTAL PUBLIC WORKS	1,631.948	1,909.646	1,801.008	-14.6	-9.4
POWER, UTILITIES	787.882	773.875	621.757	+1.8	+26.7

SOURCE: MCGRAW HILL CONSTRUCTION DODGE CONSTRUCTION STARTS. TOTALS MAY NOT ADD UP DUE TO EXCLUSION OF OTHER CATEGORIES. 12-MONTH ROLLING TOTALS FOR NEW YORK.

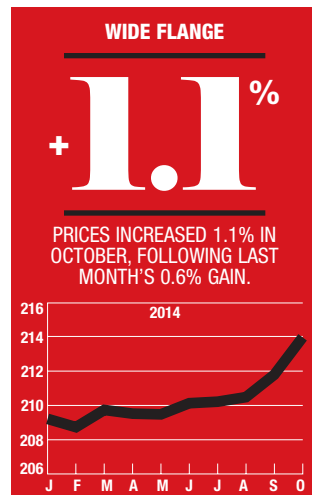
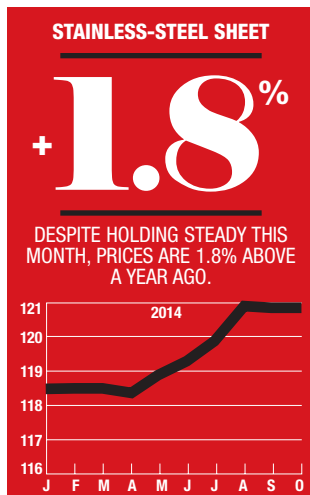
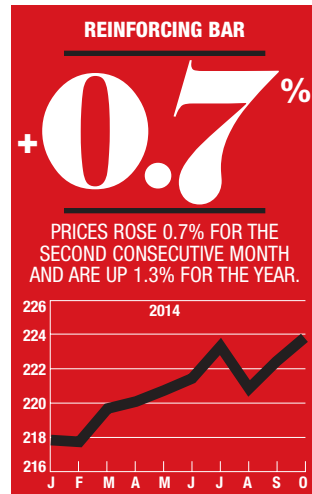
**Structural-steel prices rose another 1% in October** following last month's 0.8% increase, according to ENR's 20-city average price for channel, wide-flange and I-beams. The recent increase lifts the average price for structural steel 1.5% above October 2013's level. Last month, the average price for structural steel was down 0.1% for the year. The Bureau of Labor Statistics' producer price index for fabricated structural steel slipped 0.1% in September but is still 2.9% above a year ago. ENR's 20-city average price for grade-60 reinforcing bar increased 0.7% this month and is now 1.3% above a year ago.

## PRODUCER PRICE INDEX FABRICATED STEEL Monthly Percent Change



SOURCE: BUREAU OF LABOR STATISTICS

## ENR's Materials Prices For October 2014



### 20-CITY AVERAGE

ITEM	UNIT	\$PRICE	%MONTH	%YEAR
<b>STANDARD STRUCTURAL SHAPES</b>				
Average	CWT	50.46	+1.0	+1.5
Channel beams, 6" Deep, 8.2 LB/LF	CWT	50.27	+1.0	+1.2
I-beams, 6" Deep, 12.5 LB/LF	CWT	52.95	+0.9	+1.5
Wide-flange, 8" Deep, 31 LB/LF	CWT	48.16	<b>+1.1</b>	+1.8
<b>REINFORCING BARS</b>				
Grade 60, No. 4	CWT	45.91	<b>+0.7</b>	+1.3
<b>HOT-ROLLED CARBON-STEEL PLATE</b>				
12 gauge, 48" x 10'	CWT	47.18	0.0	+2.0
<b>ALUMINUM SHEET</b>				
3003H14, 36" x 96"	CWT	189.61	<b>-0.1</b>	-3.0
<b>STAINLESS STEEL SHEET</b>				
14 gauge	CWT	165.87	0.0	+1.6
16 gauge	CWT	169.95	0.0	+1.5
20 gauge	CWT	174.10	0.0	<b>+1.8</b>
<b>STAINLESS-STEEL PLATE</b>				
304, 1/4", 72" x 240"	CWT	196.36	+0.5	-1.5
316, 1/4", 96" x 140"	CWT	250.47	+0.5	+1.7
<b>STEEL PILING (H-PILE)</b>				
HP10 x 42	CWT	33.12	-0.1	-0.5

SOURCE: MCGRAW HILL CONSTRUCTION/ENR

### PLATTS\* STEEL SPOT MARKET PRICES: SEPT.

Reinforcing bar, No. 5	TON	640.00	+1.1	+1.6
Plate	TON	850.00	+0.3	+18.8
Hot-rolled coil	TON	666.19	-2.2	+4.9

SOURCE: \*PLATTS MCGRAW HILL FINANCIAL. REBAR SOUTHERN U.S.; PLATE PRICES U.S. SOUTHEAST AVERAGE; HOT-ROLLED COIL PRICES INDIANA.

## Structural Steel, Rebar, Building Sheet, Piling For October 2014

City prices reflect quotes from single sources and can be volatile. They are not meant to be the prevailing price for a city. Data are a mix of list and transaction prices and may include ENR estimates. Do not compare prices between locations. Use city information to analyze national trends.

ITEM	UNIT	ATLANTA	BALTIMORE	BIRMINGHAM	BOSTON	CHICAGO	CINCINNATI	CLEVELAND	DALLAS	DENVER	DETROIT
<b>STANDARD STRUCTURAL SHAPES</b>											
AVERAGE	CWT	52.29	54.33	50.32	53.24	+55.41	+52.00	47.93	49.95	48.05	+43.63
CHANNEL BEAMS, 6" DEEP, 8.2 LB/LF	CWT	52.95	53.00	50.68	53.37	+55.05	+50.00	50.00	50.19	48.00	+46.32
I-BEAMS, 6" DEEP, 12.5 LB/LF	CWT	55.10	60.00	54.02	54.86	+58.37	56.00	47.70	51.05	49.21	+42.30
WIDE-FLANGE, 8" DEEP, 31 LB/LF	CWT	48.82	50.00	46.25	51.50	+52.80	50.00	46.10	48.60	46.95	+42.28
<b>REINFORCING BARS</b>											
GRADE 60, #4	CWT	48.10	45.50	42.45	46.97	+47.22	46.00	+48.00	46.30	+46.00	+49.00
<b>HOT-ROLLED CARBON-STEEL PLATE</b>											
12 GAUGE, 48" x 10'	CWT	46.19	55.00	44.14	49.29	47.15	54.00	45.40		46.19	43.40
<b>BUILDING SHEET AND PLATE</b>											
ALUM. SHEET, 3003H14, 36" x 96"	CWT	195.27	213.00	180.00	209.65	191.60	206.00	188.60	208.50	195.47	198.10
<b>STAINLESS-STEEL SHEET</b>											
14 GAUGE	CWT	169.20	168.00	152.00	172.67	167.29	160.00	-165.00	169.86	161.33	157.38
16 GAUGE	CWT	172.88	169.00	152.00	178.39	171.55	161.00	164.88	175.15	165.70	165.50
20 GAUGE	CWT	177.45	172.00	164.00	184.10	175.80	163.00	+169.98	180.02	169.19	168.60
<b>STAINLESS-STEEL PLATE</b>											
304, 1/4", 72" x 240"	CWT	+219.85	182.00	188.80	+219.37	225.18	-169.00	162.00	201.75	202.00	-218.58
316, 1/4", 96" x 140"	CWT	+275.28	347.00	0.00	+267.55	260.60	-391.50	226.50	239.09	239.05	-237.42
<b>STEEL PILING: H-PILE</b>											
HP10 x 42	CWT	-32.30	45.00	-40.52	33.56	34.91	44.00	28.50	34.59	33.75	29.10

ITEM	UNIT	KANSAS CITY	LOS ANGELES	MINNEAPOLIS	NEW ORLEANS	NEW YORK	PHILADELPHIA	PITTSBURGH	ST. LOUIS	SAN FRANCISCO	SEATTLE
<b>STANDARD STRUCTURAL SHAPES</b>											
AVERAGE	CWT	+61.31	43.40	+45.23	+50.59	54.46	52.49	55.28	+44.74	42.82	51.73
CHANNEL BEAMS, 6" DEEP, 8.2 LB/LF	CWT	+57.53	44.12	+42.88	+49.19	54.59	52.93	50.40	+50.63	42.38	51.25
I-BEAMS, 6" DEEP, 12.5 LB/LF	CWT	+69.64	42.18	+47.60	+52.82	56.45	53.20	70.45	+42.88	42.18	53.00
WIDE-FLANGE, 8" DEEP, 31 LB/LF	CWT	+56.76	43.89	+45.22	+49.75	52.33	51.35	45.00	+40.72	43.89	50.93
<b>REINFORCING BARS</b>											
GRADE 60, No. 4	CWT	48.00	31.97	50.00	45.63	+52.00	51.19	44.85	49.00	31.97	48.08
<b>HOT-ROLLED CARBON-STEEL PLATE</b>											
12 GAUGE, 48" x 10'	CWT	56.00	46.80	46.30	42.09	48.01	49.90	42.00	+42.58	43.79	46.49
<b>BUILDING SHEET AND PLATE</b>											
ALUM. SHEET, 3003H14, 36" x 96"	CWT	177.40	186.75	177.10	170.56	168.91	-188.65	171.00	180.00	187.63	198.00
<b>STAINLESS-STEEL SHEET</b>											
14 GAUGE	CWT	181.53	175.53	161.20	167.69	159.20	173.20	154.00	152.50	182.33	167.42
16 GAUGE	CWT	186.57	185.33	165.60	172.33	165.57	177.00	156.00	155.25	183.97	175.33
20 GAUGE	CWT	187.57	180.47	168.00	175.20	170.38	183.84	164.00	165.20	181.64	182.55
<b>STAINLESS-STEEL PLATE</b>											
304, 1/4", 72" x 240"	CWT	178.80	184.09	250.00	198.32	172.83	207.12	164.00	199.88	184.79	+198.70
316, 1/4", 96" x 140"	CWT	242.73	230.52	255.10	245.17	205.65	251.89	200.00	174.50	231.81	+237.55
<b>STEEL PILING: H-PILE</b>											
HP10 x 42	CWT	+27.30	28.99	29.00	-31.49	30.02	33.87	0.00	28.95	29.36	+34.00

+ OR - DENOTES PRICE HAS RISEN OR FALLEN SINCE PREVIOUS REPORT. ALL PRICES ARE FOB WAREHOUSE OR CITY. STAINLESS-STEEL SHEET PRICES ARE FOR TYPE 304, 2B FINISH, 48 X 120-IN. STEEL PILES ARE HIGH-STRENGTH A572. SOME PRICES MAY INCLUDE TAXES OR DISCOUNTS. PRODUCT SPECIFICATIONS MAY VARY DEPENDING ON WHAT IS MOST COMMONLY USED OR MOST ACCESSIBLE IN A CITY. QUANTITIES ARE GENERALLY TRUCKLOADS.



CITY OF NEWPORT  
RESOLUTION NO. 3699

A RESOLUTION AMENDING CITY OF NEWPORT  
SYSTEM DEVELOPMENT CHARGE RATES

Findings:

1. The City of Newport adopted Resolution No. 3579 (as amended by Resolution No. 3597) adopting a System Development Charge methodology and rates.
2. Section 3 of Resolution No. 3579 provides that System Development Charge rates shall be adjusted annually based upon the most recent Construction Cost Index published in the Engineering News Record as of November 1<sup>st</sup> of each year.
3. System Development Charge rates were last amended with Resolution No. 3659, effective January 1, 2014.
4. Adjustments to System Development Charge rates are needed to account for changes in construction costs so that, over time, the revenue generated is adequate to finance eligible public infrastructure projects that will be needed to support new development.
5. By making rate adjustments annually to account for inflationary impacts, future increases in System Development Charge rates should be modest in size.

Based on these findings,

THE CITY OF NEWPORT RESOLVES AS FOLLOWS:

Section 1. The Water System Development Charge eligibility identified in Section 1 of Resolution No. 3579, as amended with Resolution No. 3597, shall be amended to be \$2,413 per Equivalent Dwelling Unit.

Section 2. The Wastewater System Development Charge eligibility identified in Section 2 of Resolution No. 3579 shall be amended to be \$3,969 per Equivalent Dwelling Unit.

Section 3. The Stormwater System Development Charge eligibility identified in Section 2 of Resolution No. 3579 shall be amended to be \$857 per Equivalent Dwelling Unit or \$0.32 per square foot of new impervious surface.

Section 4. The Transportation System Development Charge eligibility identified in Section 2 of Resolution No. 3579 shall be amended to be \$1,112 per Equivalent Dwelling Unit.

Section 5. The Parks Development Charge eligibility identified in Section 2 of Resolution No. 3597 shall be amended to be \$2,643 per Equivalent Dwelling Unit.

Section 6. All previously adopted resolutions or enactments establishing System Development Charges, are hereby repealed to the extent that their provisions conflict with the System Development Charges set by this Resolution

Section 7: The effective date of this resolution is January 1, 2015.

Adopted by a 6-0 vote of the Newport City Council on December 1, 2014.

Signed on \_\_\_\_\_, 2014.

  
Sandra N. Roumagoux, Mayor

ATTEST:

  
Margaret M. Hawker, City Recorder

## Derrick Tokos

---

**From:** Derrick Tokos  
**Sent:** Friday, April 14, 2017 5:55 PM  
**To:** 'Belloni, Rich'  
**Cc:** Dustin Capri; Dietmar Goebel; Jeff Waarvick; 'Todd Chase'  
**Subject:** RE: Message from "FM-Burgess-Copier"  
**Attachments:** 201704101402.pdf; School SDC Comparison.pdf

Hi Rich,

Attached is a comparison. You will see two scenarios. For your project, we elected to charge SDCs as if the addition were for daycare use and assumed 24 students per classroom. Scenario No. 1 is a comparison of the daycare SDCs charged for the classroom addition under the current rules and new rules.

Scenario No. 2 shows the formulas for assessing SDCs for K-12 schools. We knew the existing requirement of 1.4 EDU per 250 square feet for water and sewer charges was problematic and have addressed it with the new methodology.

Had the new methodology been in place, you would have been assessed the SDCs highlighted in green on the attached worksheet. It would have resulted in a savings of \$33,750.66... even assuming a new Construction Excise Tax, which would amount to \$3,867.51 for this project.

We will reserve some time on the 4/26 meeting agenda to discuss this.

*Derrick I. Tokos, AICP*  
Community Development Director  
City of Newport  
169 SW Coast Highway  
Newport, OR 97365  
ph: 541.574.0626 fax: 541.574.0644  
[d.tokos@newportoregon.gov](mailto:d.tokos@newportoregon.gov)

**From:** Belloni, Rich [mailto:rich.belloni@lincoln.k12.or.us]  
**Sent:** Monday, April 10, 2017 2:13 PM  
**To:** Derrick Tokos <D.Tokos@NewportOregon.gov>  
**Cc:** Dustin Capri <dustin@capriarchitecture.com>; Dietmar Goebel <dietmar@dhgoebel.com>; Jeff Waarvick <jeff@waarvick.com>  
**Subject:** Fwd: Message from "FM-Burgess-Copier"

Deric will you calculate how much this permit would be with the new SDC"s. I'd like to share this with the committee at the next meeting. I think it helps to see the process in action(\$24). Also what the CET would be on this project (\$5,790?). Can you give me some time at the start of the meeting to share. Thanks

Rich Belloni  
Director of Support Services  
Lincoln County School District  
541-336-2058

----- Forwarded message -----

From: <[donotreply@lincoln.k12.or.us](mailto:donotreply@lincoln.k12.or.us)>

Date: Mon, Apr 10, 2017 at 2:02 PM

Subject: Message from "FM-Burgess-Copier"

To: Rich Belloni <[rich.belloni@lincoln.k12.or.us](mailto:rich.belloni@lincoln.k12.or.us)>

This E-mail was sent from "FM-Burgess-Copier" (Aficio MP C3502).

Scan Date: 04.10.2017 14:02:34 (-0700)

Queries to: [donotreply@lincoln.k12.or.us](mailto:donotreply@lincoln.k12.or.us)



# Building Permit

## Commercial Structural

CITY OF NEWPORT

169 SW Coast Hwy  
Newport, OR 97365  
541-574-0629  
Fax: 541-574-0644

625-17-000143-STR

www.newportoregon.gov

permits@newportoregon.gov

Permit Issued: April 10, 2017

Job Name: Yaquina View Classroom Expansion

### TYPE OF WORK

**Type of Work:** Addition  
**Calculated Value:** \$386,751.20  
**Category of Construction:** Non-residential  
**Description of Work:** Construct two new classroom attached to existing school building, but separated by a 2-hour firewall

### JOB SITE INFORMATION

**Property Address:** 351 SE Harney St, Newport, OR  
**Parcel:** 11-11-09-BC-02600-00 - Primar  
11-11-09-BB-03700-00  
**Owner:** LINCOLN COUNTY SCHOOL  
**Address:** DIST  
169 SW COAST HWY  
NEWPORT OR 97365

### LICENSED PROFESSIONAL INFORMATION

Work performance not designated  
Property Owner Affidavit Has Not Been Filed

### INSPECTIONS - Additional inspections may be required through the life of the project.

The list of inspections below represents the minimum inspections recommended for this project at the time of permit printing.

1999 Final Building

Schedule Inspections online at [www.buildingpermits.oregon.gov](http://www.buildingpermits.oregon.gov) or by calling: 1-888-299-2821

When calling for an inspection, use **IVR Number: 625067189369**

OR search "ePermitting" at the Apple App Store to download the **Oregon ePermitting Inspection App** for IOS.

OR search "ePermitting" at the Android App Store to download the **Oregon ePermitting Inspection App** for Android.

### PERMIT FEES - Permit fees may change after staff review

Fee Description	Quantity	Amount
SDC - Water system development, per EDU	10 Qty	\$23,164.80
Structural plan review fee		\$972.17
SDC - Wastewater system development, per EDU	10 Qty	\$38,102.40
SDC - Stormwater system development, per sq ft of impervious surface	2882 Qty	\$922.24
SDC - Transportation system development, per EDU	1 Qty	\$911.84
Fire life safety plan review		\$598.26
SDC - Admin fee	63101 Amount	\$2,637.63
Structural building permit fee		\$1,495.65
State of Oregon Surcharge - Bldg (12% of applicable fees)		\$179.48
<b>Total Fees:</b>		<b>\$68,984.47</b>

Permits expire if work is not started within 180 Days of issuance or if work is suspended for 180 Days or longer depending on the issuing agencies policy.

All provisions of laws and ordinances governing this type of work will be complied with whether specified herein or not. Granting of a permit does not presume to give authority to violate or cancel the provisions of any other state or local law regulating construction or the performance of construction.

**ATTENTION:** Oregon law requires you to follow rules adopted by the Oregon Utility Notification Center. Those rules are set forth in OAR 952-001-0010 through OAR 952-001-0090. You may obtain copies of the rules by calling the center. (Note: the telephone number for the Oregon Utility Notification Center is (503) 232-1987).

All persons or entities performing work under this permit are required to be licensed unless exempted by ORS 701.010.

**Scenario No. 1 (Charge as a Daycare)**  
**Two Elementary School Classrooms**

**Current SDCs**

Size	2,840 SF
Impervious Surface Ar	2,882 SF
Construction Cost	\$386,751

**SDC Type**

Water	\$23,164.80 (48 students x .2 per student = 9.6 EDU x \$2,413)
Sewer	\$38,102.40 (48 students x .2 per student = 9.6 EDU x \$3,969)
Transportation	\$911.84 (.29 EDU per 1,000 SF = 2.84 EDU x \$1,112)
Stormwater	\$922.24 (2,882 SF x .32)
Parks	\$0.00 N/A
Admin (4.18%)	\$2,637.63
<b>Total</b>	<b>\$65,738.91</b>

**New SDCs**

Size	2,840 SF
Impervious Surface Area	2,882 SF
Construction Cost	\$386,751

**SDC Type\***

Water	\$18,714.24 (48 students x .2 per student = 9.6 EDU x \$2,166 x .9)
Sewer	\$33,203.52 (48 students x .2 per student = 9.6 EDU x \$3,843 x .9)
Transportation	\$2,328.70 (7.12 ADTV per 1,000 SF = 20.22 x \$575.84 x .20)
Stormwater	\$1,239.26 (2,882 SF x .43)
Parks	\$0.00 N/A
<b>Subtotal</b>	<b>\$55,485.72</b>
<b>CET @ 1.0%</b>	<b>\$3,867.51</b>
<b>Total</b>	<b>\$59,353.23</b>

\* 4.18% Admin is included in the per EDU rates

**Scenario No. 2 (Charge as a School)**  
**Two Elementary School Classrooms**

**Current SDCs**

Size	2,840 SF
Impervious Surface Ar	2,882 SF
Construction Cost	\$386,751

**SDC Type**

Water	\$38,366.70 (1.4 EDU per 250 SF = 15.90 x \$2,413)
Sewer	\$63,107.10 (1.4 EDU per 250 SF = 15.90 x \$3,969)
Transportation	\$911.84 (.29 EDU per 1,000 SF = 2.84 EDU x \$1,112)
Stormwater	\$922.24 (2,882 SF x .32)
Parks	\$0.00 N/A
Admin (4.18%)	\$4,318.27
<b>Total</b>	<b>\$107,626.15</b>

**New SDCs**

Size	2,840 SF
Impervious Surface Area	2,882 SF
Construction Cost	\$386,751

**SDC Type\***

Water	\$8,850.28 (1 EDU per 625 SF = 4.54 EDU x \$2,166 x .9)
Sewer	\$15,702.50 (1 EDU per 625 SF = 4.54 EDU x \$3,843 x .9)
Transportation	\$2,328.70 (7.12 ADTV per 1,000 SF = 20.22 x \$575.84 x .20)
Stormwater	\$1,239.26 (2,882 SF x .43)
Parks	\$0.00 N/A
<b>Subtotal</b>	<b>\$28,120.74</b>
<b>CET @ 1.0%</b>	<b>\$3,867.51</b>
<b>Total</b>	<b>\$31,988.25</b>

\* 4.18% Admin is included in the per EDU rates

## Derrick Tokos

---

**From:** Bonnie Serkin <Bonnie@eenw.com>  
**Sent:** Friday, April 07, 2017 12:05 AM  
**To:** Derrick Tokos  
**Subject:** SDC draft report

**Follow Up Flag:** Follow up  
**Flag Status:** Flagged

Hi Derrick-

Thank you for sending me the System Development Charge Methodology draft report. A lot of detailed work has clearly gone into the analysis. I read through it, devoting particular attention to the portions that relate to the adoption of a sliding scale for residential SDCs based on the size of a dwelling. I endorse that approach as being a fair way to allocate responsibility for the City's infrastructure.

However, I would be inclined to refine the categories of homes by size a bit differently than proposed. Per the US Census Bureau, in 2015, the "median" size of a single-family home in the US was 2520 square feet. (Average and median sizes vary a bit from one reporting entity to another; for instance the "average" size in 2016 was reportedly 2657 square feet.) To me, the definition of "standard" homes should key off those numbers. "Small" homes are harder to define, but unscientifically, "small home" websites seem to feature houses under 1725 square feet.

I would peg "small" homes at a maximum of 1700 square feet, "standard" homes at 1701 to 2900 square feet, and large homes at 2901 square feet and greater. You might also consider establishing a separate category for micro-cottages of 999 square feet or less, perhaps treating them as if they were apartment units. At least 20 of these are slated for construction in Wilder over the next few years based on the enthusiastic public response to the six that already exist.

As a separate matter, I wonder if it is possible to create incentives for on-site stormwater detention by reducing stormwater SDCs for projects that address this important feature. Perhaps this approach is already built into the SDC assessments or other fees in a way I am not seeing, or perhaps it is inappropriate to employ SDCs in this way.

By the way, I noticed in the Water SDC capital improvement plan, item W8 refers to a water line from SE 50<sup>th</sup> Street to SE 62<sup>nd</sup> Street at the north end of the airport. Is it possible that the water line that was recently constructed along Highway 101 in South Beach obviates the need for item W8.

I look forward to seeing what the City ends up adopting.

Bonnie Serkin  
Chief Operating Officer  
Landwaves, Inc.