

CITY OF MADRAS SYSTEM DEVELOPMENT CHARGES

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Question?

#1 – Why are System Development Charges needed???

#2 – Are System Development Charges in Madras Fair and Reasonable???

Overview

- What is a System Development Charge?
- History of SDC's in Oregon.
- How do Jurisdictions Develop a SDC Fee (Methodology, Debt, Capital Improvement List)?
- What are the Variables Associated With Assessing SDC's (i.e. Credits, Communities, City Economic Development Goals)
- Misconceptions
- Resources (SDC Brochure, Self-Help Worksheet, Pre-Development Team Meetings, Post Trip Count)
- Questions and Comments.

What is an SDC?

- *“System Development Charges (SDCs) are one-time charges on new development, and certain types of redevelopment, to help pay for existing and planned infrastructure to serve the development.... Under ORS 223.297 to 223.314, SDCs may be used for capital improvements for:”*
 - Water supply, treatment and distribution
 - WW collection, transmission, treatment and disposal
 - Drainage and flood control
 - Transportation
 - Parks and Recreation.
- (State of Oregon Website)



History of SDC's (enacted in 1989)

Measures Affecting Funding Available for Infrastructure :

Federal Grants For Infrastructure Declining (1980's)

Gas Tax Insufficient

Measure 5: (1990)

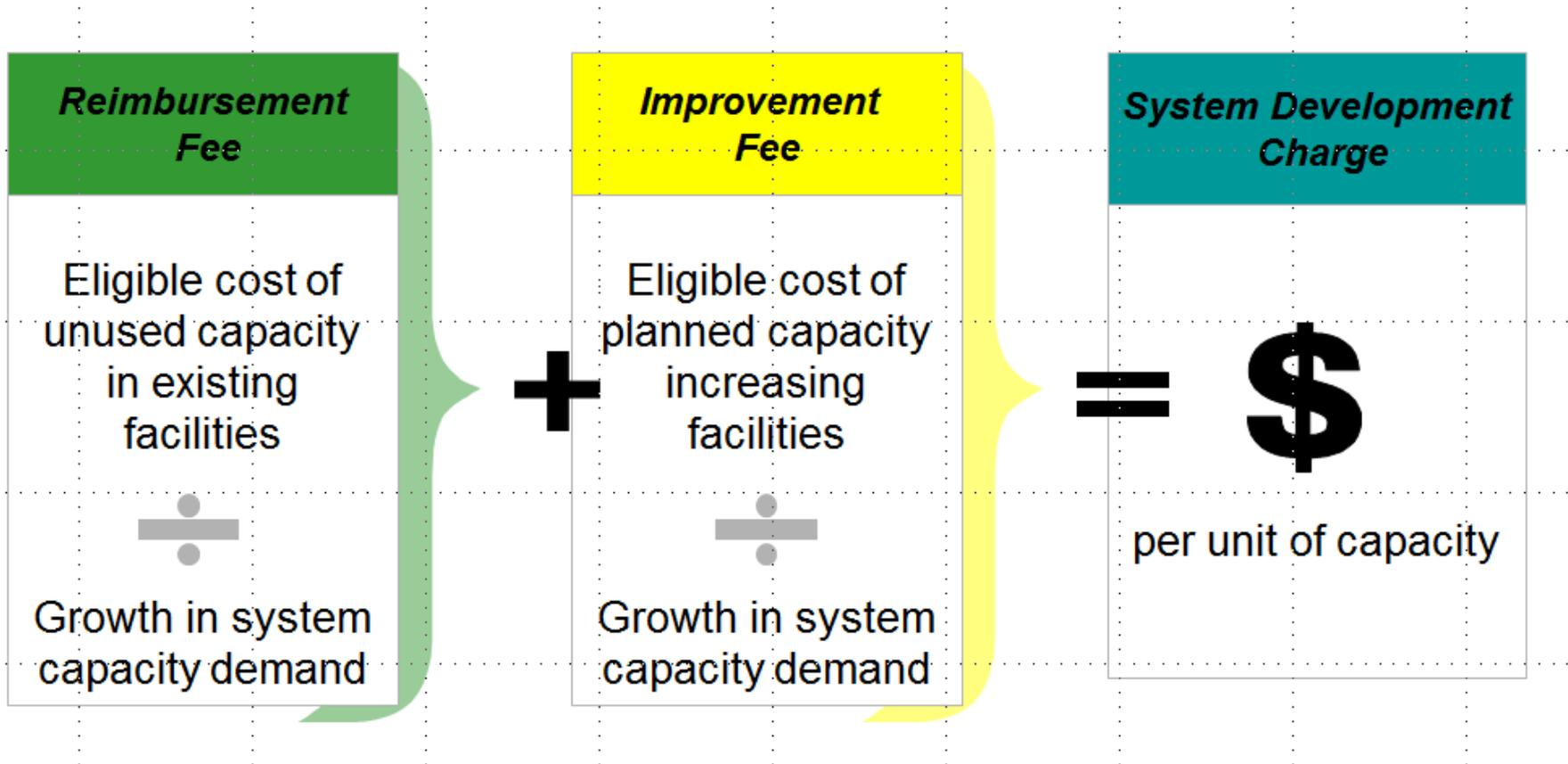
- Cities are limited levying no more than \$10.00 per \$1,000 of market value per property.

Measure 50: (1997)

- A cap on assessed value growth of 3% annually, except for new construction, subdivision, remodeling, rezoning, loss of special assessment or exemption;



The SDC Calculation



Madras SDC Fee Methodology

- **Transportation:** Assess based on Peak Hour Trip generated utilizing the ITE Manual.
- **Parks:** Assess per dwelling, apartment unit, or new business
- **Water:** Based on water meter size $5/8'' \times 3/4'' = 1$ Unit
- **WW:** Based on water meter size $5/8'' \times 3/4'' = 1$ Unit
- **Storm:** Assess for every 3,000 square feet of impervious surface.

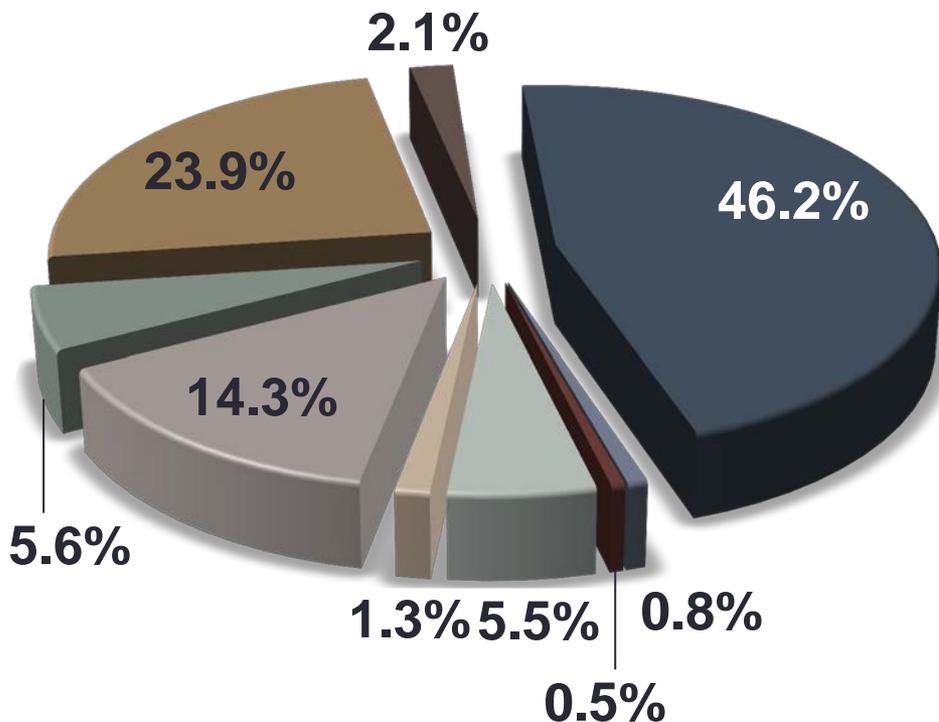
Variables with Assessing an SDC

- Capital Improvement Plans
- Credits
 - Previous Use vs. New Use
 - Special Commercial Corridors
 - Capital Improvement
- Trip Rates – ITE vs. Jurisdictional Established

Misconception:

“We can’t build because SDCs and permits are too high !!!”

2,000 SF Home in Madras =
\$298,000

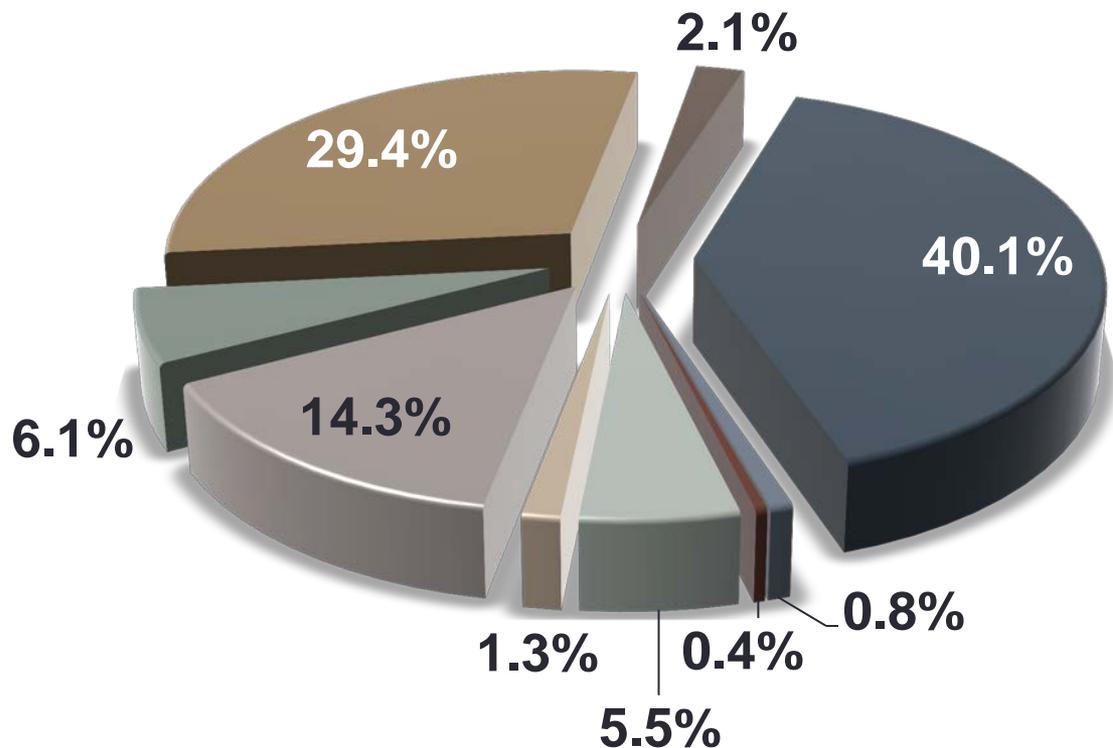


- Building Permits Fees Including SDCs 5.6%
- Developed Lot (7,500 SF) 23.9%
- Construction Loan 2.1%
- Construction Costs 46.3%
- Closing Costs 0.8%
- Insurance 0.5%
- Real Estate Commission 5.5%
- Contingency 1.3%
- Profit 14.3%

Misconception:

“We can't build because SDCs and permits are too high !!!”

2,000 SF Home in Bend = \$375,000



- Building Permits Fees Including SDCs 6.1%
- Developed Lot (6,000 SF) 29.3%
- Construction Loan 2.1%
- Construction Costs 40%
- Closing Costs 0.8%
- Insurance 0.4%
- Real Estate Commission 5.6%
- Contingency 1.3%
- Profit 14.3%

Misconception: “I pay my taxes, why do I need to pay SDCs??!!”

ORS 223.297 - 314, known as *the SDC Act*, provides “a uniform framework for the imposition of system development charges by governmental units” and establishes “that the charges may be used only for capital improvements.”

- **Transportation Revenues:**
 - Franchise Fees
 - Gas Tax
 - Other Taxes (Liquor, Cigarette)
- **Park Revenues:**
 - 5% of Property Taxes to Parks. 95% of Property Taxes to PD
- **Water and Waste Water Revenue:**
 - User Fees
- **Stormwater:**
 - Non-Existent

Misconception: “I pay my taxes, why do I need to pay SDCs??!!”

- **Transportation Need.**
 - Debt Service (\$929,000); \$5.6 million in deferred maintenance.
 - Need \$600k per year to maintain hold the decline for 20 years.
 - \$13.3 million to pave gravel roads to non-City standards.
 - \$24.7 million to pave gravel roads to City standards.
- **Wastewater Need.**
 - WW is for debt service (\$10.49 million – 1990s - 2009)
 - \$3,000,000 to repair.
 - \$5,000,000 to replace.
 - \$25,000,000 to expand.
- **Parks Need**
 - Willow Creek Trail System
 - Existing Park Expansions
 - New Parks
- **Water CIP list**
 - Waterline projects \$2.1 million

Misconception: “SDC’s in Madras are higher than other jurisdictions in C.O.”!!!!

- 2,000 SF Home on a 7,500 SF Lot with a 5/8” x 3/4” Water Meter, Sewer Service and 3,000 SF of Impervious Surface

Charge	Madras	Redmond	Prineville	Bend
Water SDC	\$ 832.00	\$ 2,407.00	\$ 3,094.32	\$ 4,868.00
Wastewater SDC	\$ 5,010.00	\$ 3,366.00	\$ 4,625.68	\$ 3,699.50
Transportation SDC	\$ 3,466.00	\$ 3,876.00	\$ 3,926.04	\$ 4,928.00
Parks SDC	\$ 1,775.00	\$ 2,672.00	\$ 1,887.00	\$ 6,476.00
Storm SDC	\$ 209.00	\$ -	\$ -	\$ -
TOTAL	\$ 11,292.00	\$ 12,321.00	\$ 13,533.04	\$ 19,971.50
% Higher Than Madras		9.1%	19.8%	76.9%

Misconception: “SDC’s in Madras are higher than other jurisdictions in C.O.”!!!!

The City can’t waive SDCs due to annual debt service requirements.

2010

- Reduced SDCs by 20%
- No increases to SDCs for 3 years
- Provided Deferred Payment Option
- No SDCs for Temporary Uses (24 mo.)
- Payment Plan for Changes in Use

Resources

- Pre-development meetings and estimates
- SDC Self-Help Worksheet
- Payment plans for change of use
- SDC deferral for new construction
- Discount if paid at time of building permit

Questions?

