

RESOLUTION NO. 3885

A RESOLUTION ADOPTING COUNCIL POLICY PW-6 THAT ESTABLISHES A METHOD FOR EVALUATING, CALCULATING, AND APPLYING WATER AND SEWER SYSTEM DEVELOPMENT CHARGE (SDC) CREDITS FOR PUBLIC WATER AND SEWER LINES THAT ARE CONSTRUCTED BY PRIVATE PROPERTY OWNERS OR DEVELOPERS.

WHEREAS, the Council of the City of Albany has duly adopted Chapter 15.16 of the Albany Municipal Code, titled Systems Development Charge, wherein they have declared their intent to establish and collect Systems Development Charges from those developments that create the need for or increase the demands on capital improvements; and

WHEREAS, section 15.16.090 of the Albany Municipal Code, titled Credits, allows certain credits to be applied against the Improvement Fee portion of the Systems Development Charges when a Developer constructs a qualified public improvement; and

WHEREAS, section 15.16.090(2)(d) of the Albany Municipal Code, titled Credits, references a City Council policy for establishing a specific method for determining water and sewer System Development Charge credits; and

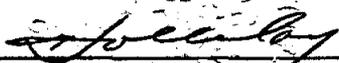
WHEREAS, the Council desires to adopt a new policy, Council Policy PW-6, that establishes a method for evaluating, calculating, and applying water and sewer system development charge (SDC) credits, and a method for creating a formal SDC credit agreement between the City and the developer.

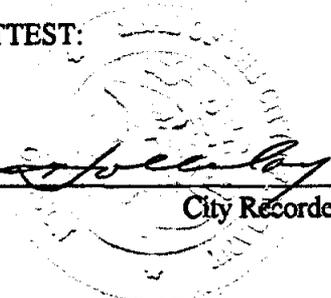
NOW, THEREFORE, BE IT RESOLVED that Council Policy PW-6 is hereby adopted as shown in Exhibit A attached hereto.

DATED THIS 17TH DAY OF DECEMBER 1997.

  
Mayor

ATTEST:

  
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City Recorder



CITY OF ALBANY, OREGON

CITY COUNCIL POLICY

COUNCIL POLICY NO. PW-6

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**SUBJECT: Water and Sewer System Development Charge Credits**

**PURPOSE**

To provide a specific process for evaluating, calculating, and applying water and sewer system development charge (SDC) credits, and creating a formal agreement between the City and the developer.

**BACKGROUND**

Chapter 15.16 of the Albany Municipal Code (AMC), which covers Systems Development Charges, refers to this Council Policy for the method of establishing water and sewer SDC credits. In accordance with Oregon Revised Statutes (ORS) and the AMC, when a developer is required, as a condition of approval, to construct an offsite water or sewer line, or when the City requires the developer to build a line that is larger than the minimum line size (referred to as "oversizing") required to serve the development, the City must give the developer a credit for the work, and reduce the improvement fee portion of the SDC fee. The amount of the credit for offsite lines includes the entire construction costs. Credit amounts for lines immediately adjacent to the development include only the portion of the cost of the line that exceeds the minimum required size. The minimum line size is determined by criteria such as property zoning, fire flow requirements, and municipal code requirements.

**POLICY**

A property owner or developer who constructs a qualified public improvement to either the sanitary sewer system or the water system may be eligible for a credit to be applied against the Improvement Fee portion of the System Development Charge (SDC). A qualified public improvement, as referenced in AMC 15.16.020(4), means a capital improvement that is:

1. Required as a condition of development approval; and
2. Is identified in either the water system master plan or the wastewater system master plan; and
3. Is either: a) not located within or immediately adjacent to property that is the subject of development approval, or is b) located in whole or in part within or immediately adjacent to property that is subject to development approval and is required to be "oversized" by the particular development project to which the improvement fee is related.

An "oversized" public improvement is one that is built larger than (or with greater capacity than) is required by the minimum standards established in the appropriate utility master plan, and that is built larger than (or with greater capacity than) the minimum size necessary to serve the particular development.

The following process will be used to establish and record water and sewer SDC credits:

1. The property owner or developer will submit a written request for an evaluation of SDC credits at the same time as they make the Application for Public Improvement Drawing and Specification Review. This application is more commonly known as the Site Improvement (SI) Permit application.
2. The written request shall include the engineer's detailed construction cost estimate for the water or sewer line to be constructed.

3. The City Engineer will evaluate the cost estimate by comparing the unit costs with bid prices received by the City on recent similar projects to determine if the estimated costs are reasonable.
  - a. If the City Engineer determines that the cost estimate is not reasonable, the City Engineer will work with the developer to negotiate a mutually acceptable cost estimate.
  - b. If the City Engineer determines that the cost estimate is reasonable, it will be considered the allowable amount to be used for determining the eligible oversizing credits.
4. Eligible oversizing credits will be determined by comparing the cost estimate against standard water and sewer construction project costs developed by the City Engineer for the minimum required line size constructed in similar conditions. For example:

A developer is required to install a 24-inch water line as a condition of development approval. The cost estimate for a 24-inch water line is \$180 per foot. The minimum line size required for the development is 12 inches. The City Engineer's standard cost estimate for a 12-inch water line constructed in an existing street is \$95 per foot. The cost difference is \$180 minus \$95, or \$85 per foot. This will be the eligible oversizing credit amount to apply against the available SDC Improvement Fee.

5. The available SDC Improvement Fee is calculated by multiplying the number of lots in the development receiving service by the SDC Improvement Fee amount per equivalent dwelling unit.
6. The oversizing credit total is then compared to the available SDC Improvement Fee.
  - a. If the available SDC Improvement Fee is greater than the oversizing credit, the SDC Credit is then equal to the oversizing credit amount.
  - b. If the oversizing credit is greater than the SDC Improvement Fee, the SDC Credit is then equal to the SDC Improvement Fee. The developer may choose one of two options for the excess oversizing credit amount:
    - (1) The developer may request the excess credit amount be referred to the Public Works Committee for consideration of direct City participation; or
    - (2) The developer may request the excess credit amount be reserved to apply toward the SDC fees of a future phase of the same development.
7. SDC credits will be approved by the City Engineer. A determination of direct City participation in excess oversizing credit amounts requires approval by the Public Works Committee and will primarily depend on the availability of funds.
8. The Developer will identify specific lots within the development to which SDC credits will be assigned. The credits will remain with the property and are not transferrable.
9. If approved, SDC credits, excess oversizing credits, and direct City participation amounts shall be included in an agreement between the Developer and the City. The agreement shall include the following information as a minimum:
  - a. The amount of the SDC credits, excess oversizing credits (if any), and direct City participation (if any);
  - b. A map which identifies the lots to which the credits are assigned;

- c. The date credit approval was granted
  - d. A specific time limit in which the credits must be used of not more than ten years from the date of credit approval.
10. Once the Developer has completed construction of the water or sewer lines, and before the lines have been accepted by the City, the City Engineer will evaluate the final construction costs to verify actual costs. If the actual construction costs are less than the construction estimates that the oversizing credits were based on, the agreement amount(s) will be revised accordingly. If the final construction costs exceed the construction estimates, the original agreement amount will be retained.
  11. If the Public Works Committee approves direct City participation in any excess oversizing credit amounts, payment to the Developer will be made only after final acceptance of the water or sewer line project by the City Engineer. The Developer shall make a written request to the City Engineer for payment of the approved participation amount.
  12. Staff will annually prepare a summary of water and sewer SDC credits and oversizing participation and will review the report with the City Council.

COUNCIL AGENDA REFERENCE DATE(S)

Initial Adoption: 12/17/97 Resolution No. 3885