

**ATTACHMENT TO PERMIT FOR PRIVATE CONSTRUCTION OF PUBLIC  
IMPROVEMENTS**

**Instructions, Requirements and Information on Applying for:**

**SYSTEM DEVELOPMENT CHARGE CREDITS,  
CITY PARTICIPATION IN OVERSIZING COSTS, AND  
CAPITAL REIMBURSEMENT AGREEMENTS**

If you are constructing public improvements as part of your development, certain portions of the utility costs may be eligible for one or more of the following:

1. Credits against the improvement fee portion of the System Development Charges;
2. Potential direct City participation in the costs of the oversized portion of the utility;
3. Capital reimbursement of potential future assessment collections by the City.

You must make a request for consideration for any of these items, and provide the required supporting information and documentation.

A brief description of each item and the application procedures for each are outlined below. The applications are required early in the Site Improvement (SI) process, and in the case of reimbursement agreements, the agreement must be fully executed prior to construction of the utility.

**1. Water and Sewer System Development Charge Credits and Oversizing**

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 as 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. Water lines that are oversized to accommodate a developer’s individual service and fire protection needs do not qualify for oversizing credits. Refer to AMC 11.01.120 for specific water line sizing details.

Establishing and recording water and sewer oversizing participation and 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 material cost estimate for a 24-inch water line is \$95 per foot. The minimum line size required for the development is 12 inches. The City Engineer's material cost estimate for a 12-inch water line is \$45 per foot. The cost difference, or oversizing cost, is \$95 minus \$45, or \$50 per foot.

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 City Council 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 City Council and will 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 transferable.
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.
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. Actual cost information shall be provided by the Developer and shall consist of certified pay statements for material (water lines) or construction (sewer). 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 City Council 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.

## **2. Transportation System Development Charge Credits:**

Pursuant to Albany Municipal Code Section 15.16.090 (2), a credit against the transportation SDC improvement fee shall be given for the cost of a qualified public transportation improvement required as a condition of development approval and identified in the Transportation System Plan (August 1997) as a project to be wholly or partially funded with transportation SDC improvement fees. The credit shall not exceed the dollar amount (adjusted using ENR Seattle Construction Cost Index in July of each year from the original index of 6337) in the SDC column (Table 6.3-2) in the Transportation System Plan associated with the qualified transportation improvement. If the credit exceeds the amount of transportation SDC improvement fee to be paid by the development, then the excess credit may be applied against transportation improvement fees that accrue in subsequent phases of the original development project. In summary, **credits are possible only for projects identified in the Transportation System Plan as having SDC funding and only to the extent that it is SDC funded**

On Site: A qualified transportation improvement listed in the Transportation System Plan as a project to be wholly or partially funded with SDC improvement fees that is located in whole or in part, on or contiguous to the property, and that is required to be built with greater capacity than is necessary for the particular development needs and exceeds the minimum standard facility size, will have reserve capacity. The applicant shall have the burden of demonstrating that a particular qualified transportation improvement will have a reserve capacity. The Highway Capacity Manual (HCM), or other City-approved traffic engineering methodology, shall be the approved method for calculating reserve capacity. The reserve capacity shall be expressed as a percent of the construction cost for said improvement. That portion of the construction cost that represents the reserve capacity, when multiplied by the percent of said project funded with the SDC improvement fee as identified in the Transportation System Plan will be the estimated credit. The actual credit will be the lower of the estimated credit and the dollar amount (adjusted using ENR Seattle Construction Cost Index in July of each year from the original index of 6337) in the SDC column (Table 6.3-2) of the Transportation System Plan associated with said project.

Off Site: A qualified transportation improvement required as a condition of development approval and identified in the Transportation System Plan as a project to be wholly or partially funded with SDC improvement fees that is not located on or contiguous to property (an off-site improvement) is qualified for a SDC improvement fee credit. The credit shall be the lower of the actual construction cost or the

dollar amount (adjusted using ENR Seattle Construction Cost Index in July of each year from the original index of 6337) in the SDC column (Table 6.3-2) of the Transportation System Plan associated with said project.

Other: A credit may be possible if the development is in an established transit or pedestrian district or if a program to be instituted in connection with the development is determined by the City Engineer to materially reduce the number of trip ends the development will generate using automobiles and the extent of improvements necessary to serve the development, and that the reduction will continue for at least 10 years after the development is occupied. The reduced SDC will be calculated based upon the number of trip ends the development will generate with the trip end reduction program in effect. Before granting the credit, the City shall receive assurances that will bind the owner and the owner's successors to perform the program for the time required

### **3. Capital Reimbursements**

A property owner or developer who constructs a public improvement to either the sanitary sewer system or the water system may be eligible for reimbursement of a portion of the cost of constructing the line when, in the opinion of the City, such line benefits other properties not immediately assessable, subject to the following conditions:

1. The reimbursement agreement will be a written agreement between the private property owner or developer and the City.
2. The request for the reimbursement agreement must be submitted with the Application for Public Improvement Drawing and Specification Review, more commonly known as the Site Improvement Permit application, along with the required construction cost estimate information.
3. The agreement must be fully executed prior to beginning construction of the improvement and will be limited to a period of ten (10) years following the effective date of the agreement by the City.

The amount of reimbursement is limited as follows:

- a. For sewer lines that front the developer's property, reimbursement is limited to the construction costs, as established and approved by the City, and shall not exceed one half an 8-inch equivalent line that is apportioned to other non-assessed benefited properties. For lines that are constructed beyond the developer's property line, the amount of reimbursement is limited to the approved construction costs for the entire 8-inch equivalent line.
- b. For water lines that front the developer's property, reimbursement is limited to the construction costs, as established and approved by the City, and shall not exceed one half an 8-inch equivalent line for a low- to medium-density residential development, nor exceed one half a 12-inch equivalent line for all other land uses. For lines that are constructed beyond the developer's property line, the amount of reimbursement is limited to the approved construction costs for the entire equivalent sized line.
- c. The reimbursement is limited to the in-lieu-of assessment amount collected by the City from other non-assessed properties specifically benefited by construction of the improvements. In no case would the reimbursement amount exceed the amount recovered by the City from the non-assessed benefited and connecting properties.

- d. A processing fee of 10 percent of the total eligible reimbursement amount will be deducted by the City prior to any payments or reimbursement payments.

Procedures:

1. The property owner or developer shall make a written application for a capital reimbursement agreement at the time of application for the public improvement drawing and specification review.
2. If the improvement to be constructed is larger than the minimum line size required to serve the development, then the costs for the minimum-sized line must be identified and estimated separately from the total project estimated cost and this information submitted with other project documentation at the time of application for public improvement permit.
3. The minimum line size for sewer is 8 inches. For water, the minimum line size is 8 inches for low- to medium-density residential, and 12 inches for all other land uses.
4. The actual reimbursement agreement amount shall be approved by the City Engineer.
5. Execute the written agreement prior to starting construction.