

## **RESOLUTION NO. 2724**

### **A RESOLUTION OF THE CITY OF WILSONVILLE ADOPTING THE WATER SYSTEM DEVELOPMENT CHARGE METHODOLOGY REPORT AND ESTABLISHING THE CHARGE RATE AND AMENDING RESOLUTION NO. 1624.**

WHEREAS, the City has enacted Ordinance No. 386, as modified by Ordinances No. 430 and 432, which provides the overall City implementing policy and procedures for System Development Charges (SDC's); and

WHEREAS, the City has established administrative procedures, methodology, definitions, rate and fees for water services Resolution No. 1624; and

WHEREAS, the City has amended Resolution No. 1624 updating user fees for the water system most recently by Resolution No. 2447; and

WHEREAS, by this Resolution No. 2724 the City hereby amends only the system development charge methodology and charge rate established by Resolution No. 1624 but leaves in place the user fees as set forth in Resolution No. 2447.

WHEREAS, in 2012 the City has adopted a Water Distribution System Plan, including the list of water distribution improvement projects to address the City's need through the 20 year planning horizon; and

WHEREAS, in 2018 the City has adopted a Willamette River Water Treatment Plan Master Plan, including the list of water treatment improvement projects to address the City's need through the 20 year planning horizon; and

WHEREAS, as the City continues to grow there is an increased demand on the water system that requires additional capacity be planned and constructed in a timely manner; and

WHEREAS, the City desires to have growth-related development pay for water improvements, commensurate with what is needed to mitigate the associated new impacts on the City's water system; and

WHEREAS, ORS 223.302 establishes the process for establishing and modifying system development charges and was used to complete this water SDC update; and

WHEREAS, the City contracted with FCS Group to update the water SDC methodology and determine a reasonable water system development charge, using standard practices; and

WHEREAS, the attached **Exhibit A** draft December 2018 Water System Development Charge Update (Report), presents FCS Group's methodology and water SDC analysis; and

WHEREAS, City staff engaged the Home Builders Association of Metropolitan Portland in a collaborative process in development of the draft Report; and

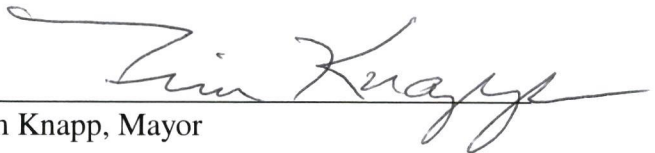
WHEREAS, notice was issued pursuant to ORS 223.304 to interested parties (**Exhibit B**) and advertised on the City's website on December 5, 2018; and

WHEREAS, the draft Report will be renamed as "Adopted" after City Council adoption of this Resolution.

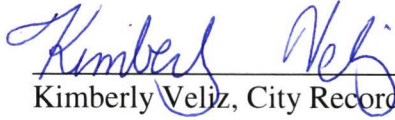
**NOW, THEREFORE, THE CITY OF WILSONVILLE RESOLVES AS FOLLOWS:**

1. The Water System Development Charge Update attached hereto as **Exhibit A** and incorporated herein, is adopted.
2. Pursuant to the recommendations in **Exhibit A**, the System Development Charge is determined to be \$9,600.00 per Meter Capacity Equivalent (MCE) is hereby adopted.
3. Proper notice was provided to interested parties, as documented in **Exhibit B**, attached hereto and incorporated herein.
4. Resolution No. 2724 amends Resolution No. 1624 as set forth herein.
2. This Resolution becomes effective upon adoption.

ADOPTED by the Wilsonville City Council at a regular meeting thereof this 21<sup>st</sup> day of February 2019, and filed with the Wilsonville City Recorder this date.

  
Tim Knapp, Mayor

ATTEST:

  
Kimberly Veliz, City Recorder

SUMMARY OF VOTES:

Mayor Knapp	Yes
Council President Akervall	Yes
Councilor Stevens	Excused
Councilor Lehan	Yes
Councilor West	Abstained

Exhibits:

- A. Exhibit A – Draft Water System Development Charge Update December 6, 2018
- B. Exhibit B – Water System Development Charge Notification Record

# City of Wilsonville

## WATER SYSTEM DEVELOPMENT CHARGE UPDATE

FINAL REPORT  
December 6, 2018

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**FCS GROUP**  
Solutions-Oriented Consulting

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## Section I. INTRODUCTION

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This section describes the policy context and project scope upon which the body of this report is based.

### I.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 new development paid at the time of development. SDCs are intended to recover a fair share of the cost of existing and planned facilities that provide capacity to serve future growth.

ORS 223.299 defines two types of SDCs:

- A reimbursement fee 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 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.

### I.B. UPDATING THE WATER SDC

The City of Wilsonville (City) contracted with FCS GROUP to develop an SDC methodology and recommend fees for the water utility. We conducted the study using the following general approach:

- **Policy Framework for Charges.** In this step, we worked with City staff to identify and agree on the approach to be used and the components to be included in the analysis.
- **Technical Analysis.** In this step, we worked with City staff to isolate the recoverable portion of facility costs and calculate the SDC.
- **Methodology Report Preparation.** In this step, we documented our calculations and recommendations in this report.

## I.C. CALCULATION 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. **Table 1** shows this calculation in equation format:

Table 1. SDC Equation

Eligible costs of available capacity in existing facilities	+	Eligible costs of capacity-increasing capital improvements	+	Pro-rata share of costs of complying with Oregon SDC law	=	SDC per unit of growth in demand
Units of growth in demand		Units of growth in demand				

### I.C.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 available capacity, no reimbursement fee may be calculated.

### I.C.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.

We have used the capacity approach to allocate costs to the improvement fee basis.<sup>1</sup> Under this approach, the cost of a given 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 for inclusion in the improvement fee cost basis.

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<sup>1</sup> Two alternatives to the capacity approach are the incremental approach and the causation approach. The incremental 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 vulnerable to legal challenge.



### I.C.3. Adjustments

Two cost basis adjustments are applicable to the SDC calculation: fund balance and compliance costs.

#### I.C.3.a Fund Balance

All accumulated SDC revenue currently available in fund balance is also deducted from its corresponding cost basis. This practice prevents a jurisdiction from double-charging for projects that were in the previous methodology's improvement fee cost basis but have not yet been constructed.

#### I.C.3.b Compliance Costs

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.

### I.C.4. Growth Calculation

The growth calculation is the basis by which an SDC is charged. Growth for each system is measured in units that most directly reflect the source of demand. For a water SDC the most applicable and administratively feasible unit of growth is the meter capacity equivalent (MCE).

## Section II. SDC CALCULATION

This section provides our detailed calculations of the maximum defensible water SDC.

In general, SDCs are calculated by adding a reimbursement fee component (if applicable) 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.

### II.A. GROWTH

For water SDCs, the most applicable and administratively feasible unit of growth is the meter capacity equivalent (MCE). For the City, one MCE equals the flow capacity of a 5/8" x 3/4" water meter.

#### II.A.1. Current Demand

According to the City's records, the water utility has 6,609 customer accounts with a combined flow capacity of 9,372 MCEs, as shown in **Table 2**:

**Table 2. Customer Data**

	Domestic	Irrigation	Total	Flow Factor	Meter Capacity Equivalents
5/8" x 3/4"	5,275	83	5,358	1.00	5,358
1"	268	107	375	1.50	563
1 1/2"	342	155	497	2.50	1,243
2"	272	62	334	5.00	1,670
3"	31	3	34	8.00	272
4"	5	2	7	16.00	112
6"	3	0	3	25.00	75
8"	0	0	0	50.00	0
10"	1	0	1	80.00	80
<b>Total</b>	<b>6,197</b>	<b>412</b>	<b>6,609</b>		<b>9,372</b>

#### II.A.2. Future Demand

The water system master plan provided a demand growth forecast for the utility through buildout. Assuming that water demand increases in proportion to population growth, the City will serve 16,387 MCEs at buildout. The growth from 9,372 MCEs in 2018 to 16,387 MCEs at buildout (i.e., 7,015 MCEs) is the denominator in the SDC equation (**Table 3**).

**Table 3. Customer Growth**

	2018	Buildout	2018 - Buildout Growth	Growth Share
Meter Capacity Equivalents	9,372	16,387	7,015	42.81%

Source: Water System Master Plan and City staff

## II.B. REIMBURSEMENT FEE COST BASIS

The reimbursement fee is the eligible cost of available capacity per unit of growth that such available capacity will serve. Calculation of the reimbursement fee begins with the historical cost of assets or recently completed projects that have unused capacity to serve future users. For each asset or project, the historical cost is adjusted by that portion of the asset or project that is available to serve future users.

To avoid charging future development for facilities provided at no cost to the City or its ratepayers, the reimbursement fee cost basis must be reduced by any grants or contributions used to fund the assets or projects included in the cost basis. Furthermore, unless a reimbursement fee will be specifically used to pay debt service, the reimbursement fee cost basis should be reduced by any outstanding debt related to the assets or projects included in the cost basis to avoid double charging for assets paid for by other means.

The City's records list \$53,962,737 in water fixed assets net of grants and contributions. These assets were then allocated to eight categories based on the function of the asset – meters & services, supply, treatment, storage, pumping, transmission & distribution, fire, and general plant. Of these eight categories, three were determined to have available capacity for future users of the system – supply, treatment, and transmission & distribution. Sections II.B.1 and II.B.2 detail how the capacity share for each of these categories was determined. General plant was then allocated a capacity share based on the overall share of all other assets.

### II.B.1. Supply

The City's available supply is sufficient to meet the projected demand at buildout. Therefore, the capacity share of the supply assets is simply the percentage of buildout MCEs comprised by future growth, or 42.81 percent as shown in **Table 3**.

### II.B.2. Treatment and Transmission & Distribution

The capacity share for the treatment function is 5.08 percent. Because the distribution of water is limited by the City's ability to treat that water, the capacity share of treatment assets is applied to the transmission & distribution assets. The detailed calculation is shown in **Table 4**:

**Table 4. Treatment and Transmission & Distribution Capacity Share**

	2018 (Current)
Existing Peak Day Demand*	14.24
Plant Capacity	15.00
Available Capacity	0.76
Available Capacity as Percent of Total	5.08%

Source: Water System Master Plan and Willamette River Water Treatment Plant Master Plan Update 2017

\*Current peak day demand inferred from the Water System Plan

### II.B.3. Reimbursement Fee Cost Calculation

The reimbursement fee cost basis is calculated by multiplying the capacity share of each asset category by the net asset value (original cost less contributions) of that category. The detailed calculation is shown in **Table 5**:

**Table 5. Reimbursement Fee Cost Basis**

Existing Cost Basis	Original Cost	Less: Contributions	Net Asset Value	Percent Capacity Available to Future Users	Reimbursement Fee Eligible Cost Basis
Meters & Services	\$ 9,700	\$ (9,700)	\$ -	0.00%	\$ -
Supply	1,282,493	-	1,282,493	42.81%	549,032
Treatment	32,752,539	(6,400,000)	26,352,539	5.08%	1,338,511
Storage	2,821,107	-	2,821,107	0.00%	-
Pumping	309,981	-	309,981	0.00%	-
Transmission & Distribution	35,452,538	(13,612,517)	21,840,021	5.08%	1,109,309
Fire	112,173	(112,173)	-	0.00%	-
General Plant*	1,386,597	(30,000)	1,356,597	5.52%	74,848
<b>TOTAL EXISTING COST BASIS</b>	<b>\$ 74,127,127</b>	<b>\$ (20,164,390)</b>	<b>\$ 53,962,737</b>		<b>\$ 3,071,701</b>

Source: Water System Master Plan, Willamette River Water Treatment Plant Master Plan Update 2017, and City staff

\*General plant assets allocated as all other assets.

The reimbursement fee cost basis must be reduced by any reimbursement fee revenue (for the same facility type) currently held by the City. The City currently has a balance of \$55,477 in water reimbursement fees. Reducing the gross reimbursement fee cost basis of \$3,071,701 by this amount results in a net reimbursement fee cost basis of \$3,016,224. Because the City uses reimbursement fee revenue to pay debt service on assets included in the reimbursement fee cost basis, no reduction is made for outstanding debt principal.

### II.C. IMPROVEMENT FEE COST BASIS

An improvement fee is the eligible cost of planned projects per unit of growth that such projects will serve. The improvement fee cost basis is based on a specific list of 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. **Table 6** shows how a total project cost of \$139,750,527 reduces to an eligible cost of \$66,615,552.

**Table 6. Improvement Fee Cost Basis**

ID	Description	2018 Project Cost*	Costs Borne by Non-City Funds	Net City Costs	SDC Eligible	SDC Eligible Portion of Costs	Timing
<b>Water System Plan - Priority Capital Improvements</b>							
<i>Priority 1A Improvements (by 2017)</i>							
106	Portable Flow Meter (for well tests)	\$ 16,299	\$ -	\$ 16,299	0.00%	\$ -	0-5 Years
A	Surge Tank	-	-	-	100.00%	-	0-5 Years
B	Clearwell Improvements (assume ozone credit)	-	-	-	100.00%	-	0-5 Years
121	C Level Reservoir Security and Sampling Improvements	22,568	-	22,568	0.00%	-	0-5 Years
123	Charbonneau Reservoir Chlorine Monitoring	8,776	-	8,776	0.00%	-	0-5 Years
124	Automated Valve at Tooze/Westfall (West Side Tank)	72,718	-	72,718	100.00%	72,718	0-5 Years
125	3.0 Million Gallon West Side Tank and 24-inch Transmission (in Pre-design)	-	-	-	100.00%	-	0-5 Years
126	Elligsen West Tank - Add Altitude Valve	38,866	-	38,866	100.00%	38,866	0-5 Years
140	Charbonneau Booster PRV & SCADA	27,583	-	27,583	20.00%	5,517	0-5 Years
163	18-inch Loop on Barber St. (Montebello to Kinsman)	-	-	-	100.00%	-	0-5 Years
165	48-inch Transmission on Kinsman St. - Barber to Boeckman (in Design)*	-	-	-	100.00%	-	0-5 Years
<i>Priority 1B Improvements (by 2022)</i>							
110	Nike Well Telemetry & Misc. Improvements	-	-	-	0.00%	-	6-10 Years
111	Wiedeman Well Generator & Telemetry	-	-	-	0.00%	-	6-10 Years
112	Boeckman Well Telemetry Upgrade	-	-	-	0.00%	-	6-10 Years
113	Gesellschaft SCADA & Instrumentation	-	-	-	0.00%	-	6-10 Years
114	Elligsen Well Instrumentation	25,075	-	25,075	28.50%	7,146	0-5 Years
143	Charbonneau Booster Flow Meter Vault	36,359	-	36,359	54.14%	19,684	0-5 Years
160	8-inch Upgrade on Jackson St.	80,240	-	80,240	0.00%	-	0-5 Years
161	8-inch Upgrade on Evergreen St.	104,062	-	104,062	0.00%	-	0-5 Years
162	8-inch Loop N. of Seely St.	10,030	-	10,030	0.00%	-	0-5 Years
164	10-inch Extension on Montebello St.	272,065	-	272,065	100.00%	272,065	0-5 Years
166	8-inch Loop between Boberg St. & RR (north of Barber)	97,793	-	97,793	0.00%	-	0-5 Years
167	8-inch Loop on Boones Ferry (north of Barber)	23,821	-	23,821	0.00%	-	0-5 Years
168	10-inch Loop (Appts E. of Canyon Creek/Burns)	51,404	-	51,404	0.00%	-	0-5 Years
169	8-inch Loop between Vlahos & Canyon Creek	52,658	-	52,658	0.00%	-	6-10 Years
170	8-inch Upgrade on Metolius cul-de-sac	67,703	-	67,703	0.00%	-	6-10 Years
171	8-inch Loop on Metolius private drive	25,075	-	25,075	0.00%	-	6-10 Years
172	8-inch Upgrade on Middle Greens	-	-	-	0.00%	-	6-10 Years
173	Fairway Village Hydrant on French Prairie	-	-	-	0.00%	-	6-10 Years
175	16-inch Willamette River Crossing to Charbonneau District	-	-	-	0.00%	-	6-10 Years
<i>Priority 2 Improvements (by 2030)</i>							
203	Gesellschaft Well Generator	-	-	-	0.00%	-	11-20 Years
205	Charbonneau Well Mechanical Building	101,554	-	101,554	0.00%	-	0-5 Years
C	Video Surveillance (various wells)	27,583	-	27,583	0.00%	-	0-5 Years
241	Meter Valve at Wilsonville Rd turnout	147,943	-	147,943	0.00%	-	0-5 Years
260	10-inch Extension on 4th St. (E. of Fir)	-	-	-	0.00%	-	11-20 Years
261	8-inch Loop - Magnolia to Tauchman	73,972	-	73,972	0.00%	-	11-20 Years
262	8-inch Upsize on Olympic cul-de-sac	55,165	-	55,165	0.00%	-	11-20 Years
263	8-inch Loop near Kinsman/Wilsonville	45,135	-	45,135	0.00%	-	11-20 Years
264	10-inch Loop near Kinsman/Gaylord	102,808	-	102,808	6.34%	6,520	11-20 Years
265	8-inch Upsize on Lancelot	125,376	-	125,376	0.00%	-	11-20 Years
266	Fire Hydrants (main City)	149,197	-	149,197	0.00%	-	11-20 Years
267	Fire Hydrants (Charbonneau)	-	-	-	0.00%	-	11-20 Years
268	8-inch Loop near Kinsman (between Barber & Boeckman)	157,973	-	157,973	0.00%	-	11-20 Years
269	8-inch Upsize near St. Helens	32,598	-	32,598	0.00%	-	11-20 Years
270	8-inch Loop near Parkway Center/Burns	82,748	-	82,748	0.00%	-	11-20 Years
271	8-inch Loop near Burns/Canyon Creek	137,913	-	137,913	0.00%	-	11-20 Years
272	10 & 8-inch Loop near Parkway/Boeckman	394,933	-	394,933	4.00%	15,797	11-20 Years
273	12-inch Loop crossing Boeckman	20,060	-	20,060	0.00%	-	11-20 Years
274	8-inch Loop at Holly/Parkway	70,210	-	70,210	0.00%	-	11-20 Years
275	8-inch Upsize on Wallowa	77,733	-	77,733	0.00%	-	11-20 Years
276	8-inch Upsize on Miami	85,255	-	85,255	0.00%	-	11-20 Years
277	8-inch Extension for hydrant coverage on Lake Bluff	78,987	-	78,987	0.00%	-	11-20 Years
278	8-inch Upsize on Arbor Glen	-	-	-	0.00%	-	11-20 Years
279	8-inch Loop at Fairway Village	-	-	-	0.00%	-	11-20 Years
280	8-inch Extension for fire flow - private drive/Boones Bend	-	-	-	0.00%	-	11-20 Years
281	8-inch Upsize on East Lake	-	-	-	0.00%	-	11-20 Years
282	8-inch Extension for fire flow on Armitage PI	-	-	-	0.00%	-	11-20 Years
283	8-inch Upsize on Lake Point Ct	-	-	-	0.00%	-	11-20 Years
284	8-inch Loop - Franklin St to Carriage Estates	117,853	-	117,853	0.00%	-	11-20 Years
285	8-inch Upgrade on Boones Ferry Rd (south of 2nd St)	55,165	-	55,165	0.00%	-	11-20 Years
286	Valves at Commerce Circle & Ridder Rd/Boones Ferry I-5 Crossing	55,165	-	55,165	0.00%	-	11-20 Years
<i>Priority 3 Improvements (by Buildout)</i>							
D	Zone D Booster Station at C Level Tank	763,537	-	763,537	100.00%	763,537	21-Buildout
E	Upsize Costs (Greater Than 8 Inches) for Future Distribution Piping	12,110,025	-	12,110,025	100.00%	12,110,025	21-Buildout

ID	Description	2018 Project Cost*	Costs Borne by Non-City Funds	Net City Costs	SDC Eligible	SDC Eligible Portion of Costs	Timing
<b>Water System Plan - Major Repairs and Replacements</b>							
<i>Priority 1A Improvements (by 2017)</i>							
100	Nike Well Rehab & Misc. Maintenance	37,613	-	37,613	0.00%	-	0-5 Years
101	Canyon Creek Well (assumes potential abandonment)	32,598	-	32,598	0.00%	-	0-5 Years
102	Wiedeman Well Misc. Maintenance	30,090	-	30,090	0.00%	-	0-5 Years
103	Boeckman Well Rehab Pump	25,075	-	25,075	0.00%	-	0-5 Years
104	Gesellschaft Building Maintenance	5,642	-	5,642	0.00%	-	0-5 Years
105	Elligsen Well Compressor & Controls	10,030	-	10,030	0.00%	-	0-5 Years
120	Elligsen Res. - Replace Ladder Fall Protection System	15,045	-	15,045	0.00%	-	0-5 Years
123	Charbonneau Reservoir Reseal between Roof and Wall	5,015	-	5,015	0.00%	-	0-5 Years
141	B to C Booster Replacements	26,329	-	26,329	0.00%	-	0-5 Years
142	Painting & Safety Nets at Turnouts	27,583	-	27,583	0.00%	-	0-5 Years
<i>Priority 1B Improvements (by 2022)</i>							
127	Replace Sealant at Base of C Level Reservoir	8,776	-	8,776	0.00%	-	0-5 Years
144	Replace Cover on Burns PRV	11,284	-	11,284	0.00%	-	0-5 Years
<i>Priority 2 Improvements (by 2030)</i>							
200	Nike Well New Roof and Trim, Paint	16,299	-	16,299	0.00%	-	6-10 Years
201	Wiedeman Well Replace Metal Siding	25,075	-	25,075	0.00%	-	6-10 Years
202	Boeckman Well Pump Motor & Replace Roof and Trim	26,329	-	26,329	0.00%	-	6-10 Years
203	Gesellschaft Well Roof Maintenance	5,015	-	5,015	0.00%	-	6-10 Years
204	Elligsen Well MCC Replacement & Building Maintenance	27,583	-	27,583	0.00%	-	6-10 Years
287	Replace service lines - Parkway Ave	96,539	-	96,539	0.00%	-	6-10 Years
288	Replace service lines - Wilson cul-de-sacs	284,603	-	284,603	0.00%	-	6-10 Years
289	Replace service lines - Mariners Drive	-	-	-	0.00%	-	6-10 Years
290	Replace service lines - Old Town	18,806	-	18,806	0.00%	-	6-10 Years
220	Paint Elligsen Reservoirs (interior)	576,728	-	576,728	0.00%	-	6-10 Years
221	Paint C Level Reservoir (interior)	225,676	-	225,676	0.00%	-	6-10 Years
240	Relocate Parkway PRV out of Elligsen Rd intersection	94,032	-	94,032	0.00%	-	6-10 Years
<i>Priority 3 Improvements (by Buildout)</i>							
300	Nike Well - Replace MCC	18,806	-	18,806	0.00%	-	11-20 Years
301	Wiedeman Well MCC & Building Maintenance	22,568	-	22,568	0.00%	-	11-20 Years
302	Gesellschaft Well Building Maintenance	6,269	-	6,269	0.00%	-	11-20 Years
320	Paint Elligsen Reservoirs (exterior)	388,664	-	388,664	0.00%	-	11-20 Years
321	Paint C Level Reservoir (exterior)	144,182	-	144,182	0.00%	-	11-20 Years
<b>Willamette River Water Treatment Plant 2017 Master Plan Update</b>							
F	20 MG Expansion (Duplicate w projects 1144 and O)	-	-	-	63.00%	-	0-5 Years
G	Life Safety Repairs (Duplicate w projects 1137)	-	-	-	0.00%	-	0-5 Years
H	Seismic Retrofits (Duplicate w projects 1137 and P)	-	-	-	0.00%	-	0-5 Years
I	30 MGD Expansion	41,029,195	13,129,342	27,899,853	98.00%	27,899,853	11-20 Years
J	Operations - Repair and Replace	18,836,518	6,278,839	12,557,678	15.00%	2,825,478	0-20 Years
<b>Frog Pond Infrastructure Supplemental Fee</b>							
K	Stafford Rd Water	388,245	312,753	75,492	19.44%	75,492	6-10 Years
<b>202/346 FY 2018-19 Budget</b>							
<i>Construction Projects</i>							
1111	Water Treatment Plant Surge Tank	1,600,000	533,333	1,066,667	66.67%	1,066,667	0-5 Years
1114	Water System Telemetry	1,204,542	-	1,204,542	0.00%	-	0-5 Years
1131	Tooze Rd 18" Waterline	146,095	-	146,095	100.00%	146,095	0-5 Years
1137	WTP Life Safety and Seismic Upgrades	854,809	284,936	569,873	0.00%	-	0-5 Years
1139	5th St / Kinsman Extension Water Line	1,696,092	-	1,696,092	100.00%	1,696,092	0-5 Years
1142	Nike Well Irrigation Conversion	374,550	-	374,550	0.00%	-	0-5 Years
1144	WTP 20 MGD Expansion	557,500	185,850	371,650	41.67%	232,292	0-5 Years
1500	Water Ops Allocation to Charbonneau	751,485	-	751,485	0.00%	-	0-5 Years
L	16" Willamette River Crossing to Charbonneau	1,664,175	-	1,664,175	0.00%	-	0-5 Years
M	Coffee Creek UR Water Line	599,500	-	599,500	100.00%	599,500	0-5 Years
<i>Master Plan and Studies</i>							
1123	Water Rate and SDC Study	36,050	-	36,050	50.00%	18,025	0-5 Years
1141	Distribution System Emergency Shutoff Plan	34,050	-	34,050	0.00%	-	0-5 Years
N	Distribution System Master Plan and WMCP update	137,800	-	137,800	42.81%	58,992	0-5 Years
<i>System Development Reimbursements/Credits</i>							
1994	Water SDC Reimbursements/Credits	-	-	-	0.00%	-	0-5 Years
<i>Annual Maintenance Projects</i>							
1084	Annual - Water Distribution System Miscellaneous Improvements	1,427,184	-	1,427,184	0.00%	-	0-20 Years
1083	Annual - Well Facility Rehab and Upgrade	924,762	-	924,762	0.00%	-	0-20 Years
1120	Annual - Meter Replacements	1,384,609	-	1,384,609	0.00%	-	0-20 Years
1121	Annual - Pipe/Valve/Hydrant Replacement	5,538,431	-	5,538,431	0.00%	-	0-20 Years
1128	Annual - Well Upgrades and Maintenance (Downhole)	768,168	-	768,168	0.00%	-	0-20 Years
<i>Miscellaneous Projects</i>							
1117	Annual - Fire Flow Data Collection For System Capacity & Growth	138,461	-	138,461	0.00%	-	0-5 Years
1126	Segment 3B Waterline Mitigation Site	23,617	-	23,617	45.00%	10,627	0-5 Years
1127	WWSP Coordination	1,295,161	1,295,161	-	0.00%	-	0-5 Years
1129	Annual - GIS and Water Model Updates	29,617	-	29,617	0.00%	-	0-5 Years
1990	CD Department Support for Miscellaneous Projects	106,000	-	106,000	0.00%	-	0-5 Years
1993	Water CIP's - Final Closeout from Prior Years	13,250	-	13,250	42.81%	5,672	0-5 Years
1995	Early Planning - Future Water Projects	39,400	-	39,400	42.81%	16,867	0-5 Years
1998	5-Year & Annual Water CIP Budget Development	26,500	-	26,500	42.81%	11,345	0-5 Years
1999	Project Design & Development	279,276	-	279,276	42.81%	119,557	0-5 Years
<i>Projects Available for Future Funding</i>							
O	WTP 20 MGD Extension	18,048,609	6,016,203	12,032,406	63.00%	11,370,624	0-5 Years
P	WTP Seismic Upgrades	1,488,892	496,297	992,595	0.00%	-	0-5 Years
Q	WTP Repair and Replace	-	-	-	0.00%	-	0-5 Years
R	WTP Capacity Increase to 22.5 MGD (3rd Treatment Train)	-	-	-	0.00%	-	0-5 Years
S	West Side Level B Reservoir and Off-Site Improvements	7,150,500	-	7,150,500	100.00%	7,150,500	0-5 Years

ID	Description	2018 Project Cost*	Costs Borne by Non-City Funds	Net City Costs	SDC Eligible	SDC Eligible Portion of Costs	Timing
<b>Charbonneau Consolidated Improvement Plan</b>							
<b>Years 0-5</b>							
T	French Prairie Drive Phase I	640,254	-	640,254	0.00%	-	0-5 Years
U	Mollala Bend Road	516,410	-	516,410	0.00%	-	0-5 Years
V	Fairway Drive Phase I	642,591	-	642,591	0.00%	-	0-5 Years
W	Estates Post Road	358,683	-	358,683	0.00%	-	0-5 Years
X	French Prairie Drive Phase II	-	-	-	0.00%	-	0-5 Years
Y	Old Farm Road Phase I	-	-	-	0.00%	-	0-5 Years
<b>Years 6-10</b>							
Z	Arbor Lake Drive Phase I	561,975	-	561,975	0.00%	-	6-10 Years
AA	Village Greens Circle	-	-	-	0.00%	-	6-10 Years
AB	Edgewater Lane	-	-	-	0.00%	-	6-10 Years
AC	French Prairie Drive Phase III	-	-	-	0.00%	-	6-10 Years
AD	Boones Bend Road Phase II	601,699	-	601,699	0.00%	-	6-10 Years
AE	Country View Loop	37,387	-	37,387	0.00%	-	6-10 Years
AF	Armitage Road Phase I	341,157	-	341,157	0.00%	-	6-10 Years
AG	Arbor Lake Drive Phase II	650,770	-	650,770	0.00%	-	6-10 Years
<b>Years 11-15</b>							
AH	Country View Lane Phase I	-	-	-	0.00%	-	11-15 Years
AI	Lake Drive	-	-	-	0.00%	-	11-15 Years
AJ	Middle Greens Road	422,942	-	422,942	0.00%	-	11-15 Years
AK	Boones Bend Road Phase I	564,312	-	564,312	0.00%	-	11-15 Years
AL	Armitage Road Phase II	414,763	-	414,763	0.00%	-	11-15 Years
AM	Fairway Drive Phase II	-	-	-	0.00%	-	11-15 Years
AN	Country View Lane Phase II	38,555	-	38,555	0.00%	-	11-15 Years
AO	French Prairie Drive Phase V	101,646	-	101,646	0.00%	-	11-15 Years
AP	French Prairie Drive Phase IV	72,438	-	72,438	0.00%	-	11-15 Years
AQ	Louonne & Juliette Storm	-	-	-	0.00%	-	11-15 Years
AR	Sacajawea Lane	528,093	-	528,093	0.00%	-	11-15 Years
<b>Years 16-20</b>							
AS	Old Farm Road Phase II	21,030	-	21,030	0.00%	-	16-20 Years
AT	Lafayette Way	-	-	-	0.00%	-	16-20 Years
AU	Curry Drive	-	-	-	0.00%	-	16-20 Years
AV	East Lake Court	460,329	-	460,329	0.00%	-	16-20 Years
AW	Illahee Drive	337,652	-	337,652	0.00%	-	16-20 Years
AX	Lake Bluff Court	414,763	-	414,763	0.00%	-	16-20 Years
AY	Del Monte Drive	266,383	-	266,383	0.00%	-	16-20 Years
AZ	Lakeside Loop & Village Green Court	39,724	-	39,724	0.00%	-	16-20 Years
BA	French Prairie Drive Phase VI	-	-	-	0.00%	-	16-20 Years
BB	Arbor Lake Drive Phase III	-	-	-	0.00%	-	16-20 Years
BC	Mariners Drive Water Improvements	567,817	-	567,817	0.00%	-	16-20 Years
<b>New Projects Added by City 10-25-18</b>							
Share of Public Works Facility Costs		4,241,875	-	4,241,875	0.00%	-	0-5 Years
<b>Total</b>		<b>\$ 139,750,527</b>	<b>\$ 28,532,716</b>	<b>\$ 111,217,811</b>			<b>\$ 66,615,552</b>

Source: Water System Master Plan, Willamette River Water Treatment Plant Master Plan Update 2017, Frog Pond Infrastructure Supplemental Fee, FY 2018-19 Budget, and Charbonneau Consolidated Improvement Plan

\*Costs escalated to 2018 using Engineering News Record Construction Cost Index for the City of Seattle

The improvement fee cost basis must be reduced by any improvement fee revenue (for the same facility type) currently held by the City. The City currently has a balance of \$4,577,336 in water improvement fees. Reducing the gross improvement fee cost basis of \$66,615,552 by this amount results in a net improvement fee cost basis of \$62,038,216.

## II.D. COMPLIANCE COSTS

As noted in **Section I**, compliance costs are the sum of SDC methodology updates and annual administrative costs. In consultation with City staff, we estimate compliance costs at 3.52 percent of the combined reimbursement and improvement cost bases.

## II.E. CALCULATED SDC

Dividing the sum of the net cost bases by the projected growth results in the calculated SDC per MCE, as shown in **Table 7**:

Table 7. Water SDC per MCE

SDC	Total	SDC-Eligible
<b>Reimbursement Fee</b>		
Cost of Unused Capacity	\$ 74,127,127	\$ 4,089,842
Less: Contributions	(20,164,390)	(1,018,141)
Less: Pro-Rata Share of Debt Principal	(3,217,000)	-
Less: Reimbursement Fee Fund Balance	(55,477)	(55,477)
Reimbursement Fee Cost Basis	\$ 50,690,260	\$ 3,016,224
Growth to End of Planning Period		7,015 MCEs
Reimbursement Fee		\$ 429.94 per MCE
<b>Improvement Fee</b>		
Cost of Unused Capacity	\$ 139,750,527	\$ 66,615,552
Less: Projects Funded by Outside Sources	(28,532,716)	-
Less: Improvement Fee Fund Balance	(4,577,336)	(4,577,336)
Improvement Fee Cost Basis	\$ 106,640,475	\$ 62,038,216
Growth to End of Planning Period		7,015 MCEs
Improvement Fee		\$ 8,843.13 per MCE
<b>Total System Development Charge</b>		
Reimbursement Fee		\$ 429.94 per MCE
Improvement Fee		\$ 8,843.13 per MCE
Compliance Fee	3.52%	\$ 326.78 per MCE
Total SDC per MCE		\$ 9,599.86 per MCE

## II.F. SCHEDULE OF SDACS

In order to impose water SDCs on an individual property, the number of MCEs is determined by the size of the property's water meter. The MCE calculation used is based on AWWA flow factors as shown in **Table 8** where one MCE is a 5/8" x 3/4" meter.

Table 8. Water SDC Schedule

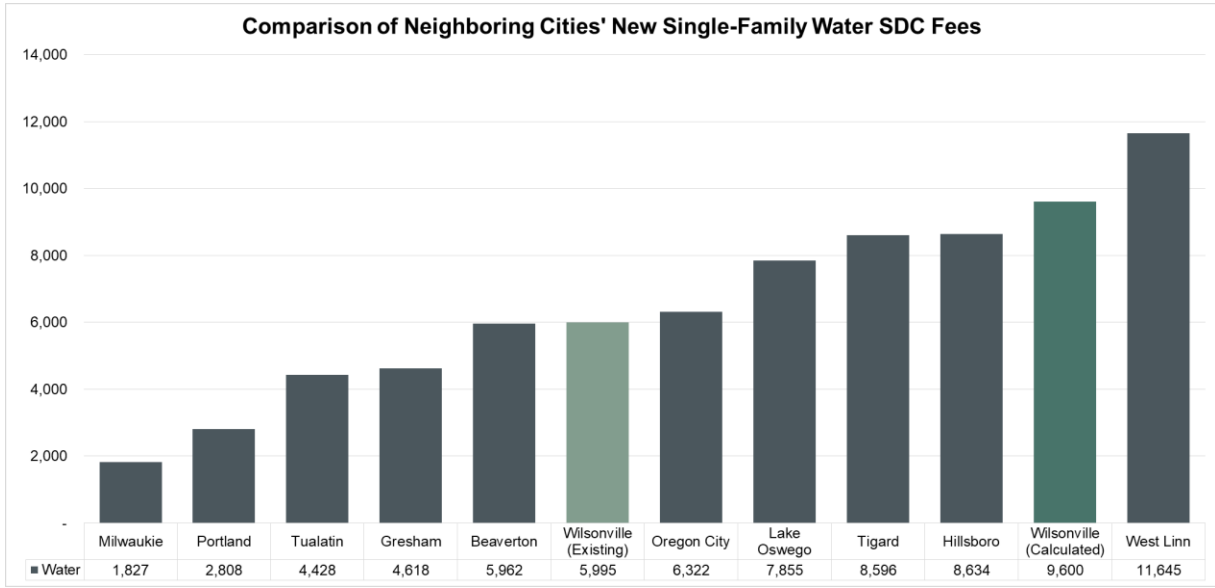
Meter Size	Flow Factor (5/8" x 3/4" Base)	SDC Fee
5/8" x 3/4"	1.00	\$ 9,600
3/4" x 3/4"	1.50	\$ 14,400
1"	2.50	\$ 24,000
1 1/2"	5.00	\$ 47,999
2"	8.00	\$ 76,799
3"	16.00	\$ 153,598
4"	25.00	\$ 239,996
6"	50.00	\$ 479,993
8"	80.00	\$ 767,989
10"	115.00	\$ 1,103,984

## II.G. COMPARISONS

**Table 9** shows how Wilsonville's current and calculated residential water SDCs compare with SDCs adopted by other water utilities:



**Table 9. Regional Comparison**



## Section III. IMPLEMENTATION

### III.A. FUNDING PLAN

The SDCs calculated in this report represent our opinion of the maximum water SDCs that the City can legally charge. However, even if the City imposes the full, calculated charge, the SDC will generate only 59 percent of the funds needed to complete the full project list, as shown in **Table 10**.

**Table 10. Funding Plan**

<b>Capital Funding Plan</b>	<b>\$</b>	<b>%</b>
<b>Requirements</b>		
Capital Improvement Plan	\$ 111,217,811	98%
Compliance Costs During Planning Period	2,292,501	2%
<b>Total Requirements</b>	<b>\$ 113,510,312</b>	<b>100%</b>
<b>Resources</b>		
System Development Charges	\$ 67,346,941	59%
Other Resources	46,163,372	41%
<b>Total Resources</b>	<b>\$ 113,510,312</b>	<b>100%</b>

The City is under no legal obligation to impose the full, calculated SDC. However, the City should be aware that any discounting or phase-in period that reduces SDC revenue will, other things equal, increase the funding requirement from other resources.

### III.B. CREDITS

A credit is a reduction in the amount of the SDC for a specific development. ORS 223.304 requires that SDC credits be issued for the construction of a qualified public improvement which is: required as a condition of development approval; identified in the City's adopted SDC project list; and either "not located on or contiguous to property that is the subject of development approval," or 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."

### III.C. 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

CITY OF WILSONVILLE  
December 6, 2018

Water System Development Charge Update  
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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.

We recommend that the City index its charges to the *Engineering News Record* Construction Cost Index for the City of Seattle and adjust its charges annually. There is no comparable Oregon-specific index.



**City of Wilsonville  
60-day Public Notice of  
Water System Development Charge  
Methodology Modifications**

The City of Wilsonville hereby issues public notice, pursuant to ORS 223.304, of its intent to modify the local system development charge for water facilities.

A draft technical report addressing the methodology and calculation of the proposed charges on new development within Wilsonville is available to review at Wilsonville City Hall, 1<sup>st</sup> Floor Customer Service Desk, 29799 SW Town Center Loop East, Wilsonville, and the City website at [www.ci.wilsonville.or.us](http://www.ci.wilsonville.or.us), or by calling the Wilsonville Engineering Department at 503-632-4960.

A public hearing to take comments regarding the proposed system development charges is scheduled for 7:00 pm, Monday, February 4, 2019, at Wilsonville City Hall. If you wish to comment but cannot attend the public hearing, please address written comments as follows:

Zachary Weigel, P.E.  
Capital Projects Manager  
City of Wilsonville  
29799 SW Town Center Loop East  
Wilsonville, OR 97070

Written comments must be received by 4:00 pm, Monday, February 4, 2019, to be considered.



**City of Wilsonville**  
**90-day Notice of System Development Charge Consideration**

The City of Wilsonville hereby issues public notice, pursuant to ORS 223.304, of its intent to consider changes in its Water System Development Charges.

A technical report addressing the methodology and calculation of the proposed charges will be available for review on Thursday, December 6, 2018, at City Hall, 1<sup>st</sup> Floor Customer Service Desk, 29799 SW Town Center Loop East, Wilsonville, or by calling 503-570-1565.

A public hearing to take comments regarding the proposed system development charges is scheduled for 7:00 pm, Monday, February 4, 2019, at City Hall. If you wish to comment but cannot attend the public hearing, please address written comments as follows:

Zach Weigel  
Capital Projects Manager  
City of Wilsonville  
29799 SW Town Center Loop East  
Wilsonville, OR 97070

Written comments must be received by 4:00 pm, Monday, February 4, 2019, to be considered.