



CITY COUNCIL
June 6, 2023
Council Chambers • 411 SW 9th Street

**COUNCIL
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Mayor

Cat Zwicker
Council President

Tobias Colvin
Councilor

Clifford Evelyn
Councilor

John Nielsen
Councilor

Kathryn Osborne
Councilor

Shannon Wedding
Councilor

JUNE 6, 2023

SPECIAL MEETING AGENDA

6:00 PM

I. CALL TO ORDER / ESTABLISH A QUORUM

II. PRESENTATIONS

A. Update on Oasis Village and Related Homelessness Initiatives

III. PUBLIC HEARINGS

A. Resolution #2023-13 - A Resolution of the City of Redmond, Oregon, updating Water Systems Development Charge Methodology and adjusting other System Development Charges based on the Construction Cost Index effective July 1, 2023.

IV. NEW BUSINESS

V. ADJOURN

Regular Council meetings are broadcast live on COTV11 – BendBroadband Channel 11 beginning at 6:00 p.m. on the 2nd and 4th Tuesdays of each month. Rebroadcasts are scheduled for the non-meeting Tuesdays at 6:00 p.m.

The City of Redmond encourages all citizens to participate in its programs and activities. This meeting location is accessible to people with disabilities. Requests for accommodation may include sign language interpreter service, assistive listening devices, materials in an alternate format or any other accommodation. If any accommodations are needed, please contact the ADA Coordinator at 541-504-3036 or access@ci.redmond.or.us. Requests should be made as soon as possible, but at least 3 business days prior to the scheduled meeting.

The City of Redmond does not discriminate on the basis of disability status in the admission or access to, or treatment, or employment in, its programs or activities



EAST AREA INFRASTRUCTURE OASIS VILLAGE & SEQUENCING OF ADJACENT DEVELOPMENTS

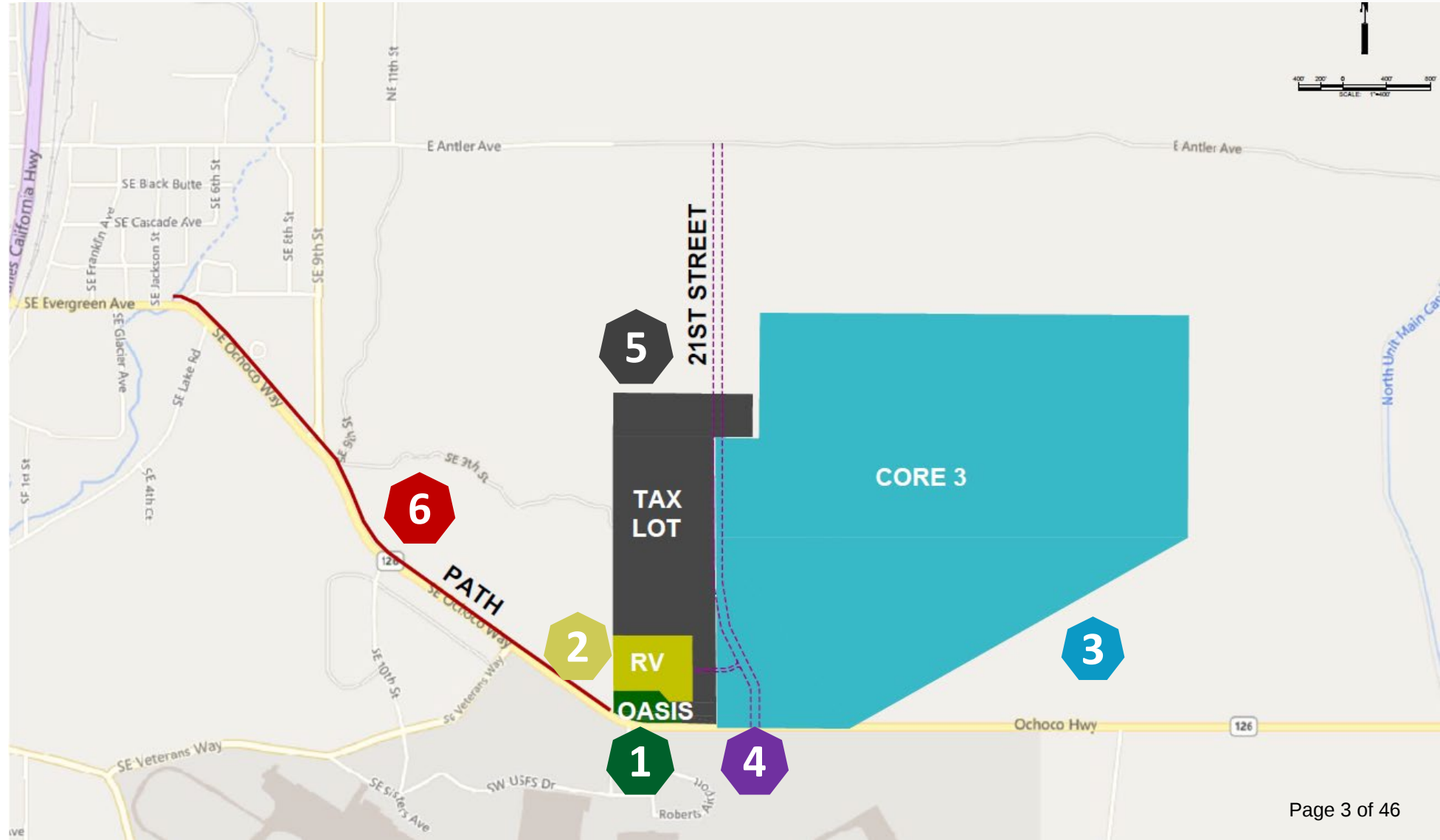
CITY COUNCIL JUNE 6, 2023



6 COMPONENTS/MAP OF AREA

- (1) Oasis Village
- (2) Mtn. View RV Site
- (3) CORE3
- (4) 21st Street
- (5) County RV Concept
- (6) Multi-Use Path

SLIDE / 2





(1) OASIS VILLAGE

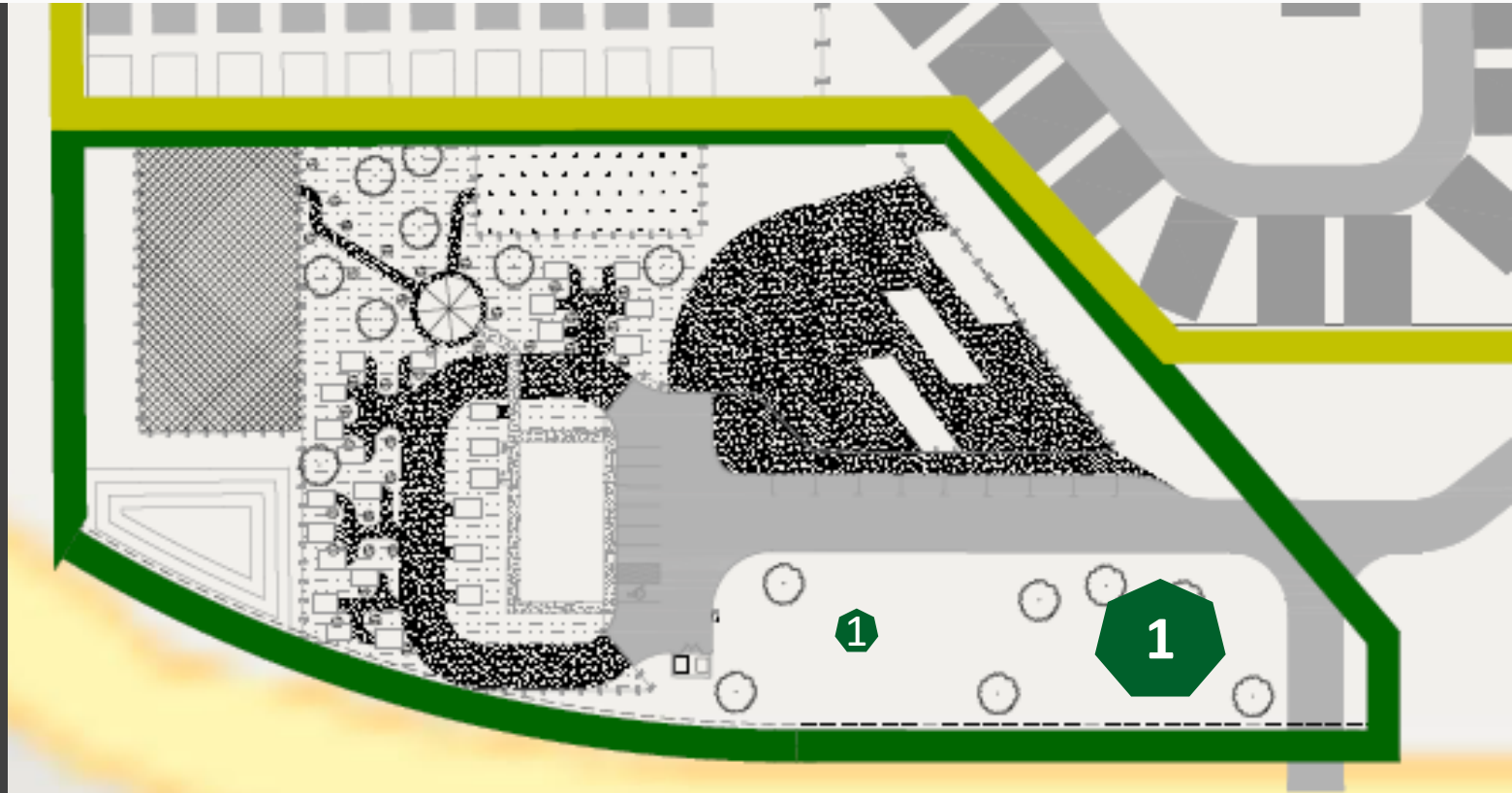
Scope:

- Public Utility crossing at Ochoco Way
- Access to HWY 126 via driveway

Schedule: Complete by Jan. 10, 2024

Funding: \$975,000 Executive Order Grant 2023-02

- \$375,000 Utilities under HWY 126 by City
- \$150,000 Utilities to Community Building by Oasis Village
- \$450,000 Purchase, Siting, and Finishing of Community Building by Oasis Village





(2) MOUNTAIN VIEW RV SITE

Scope:

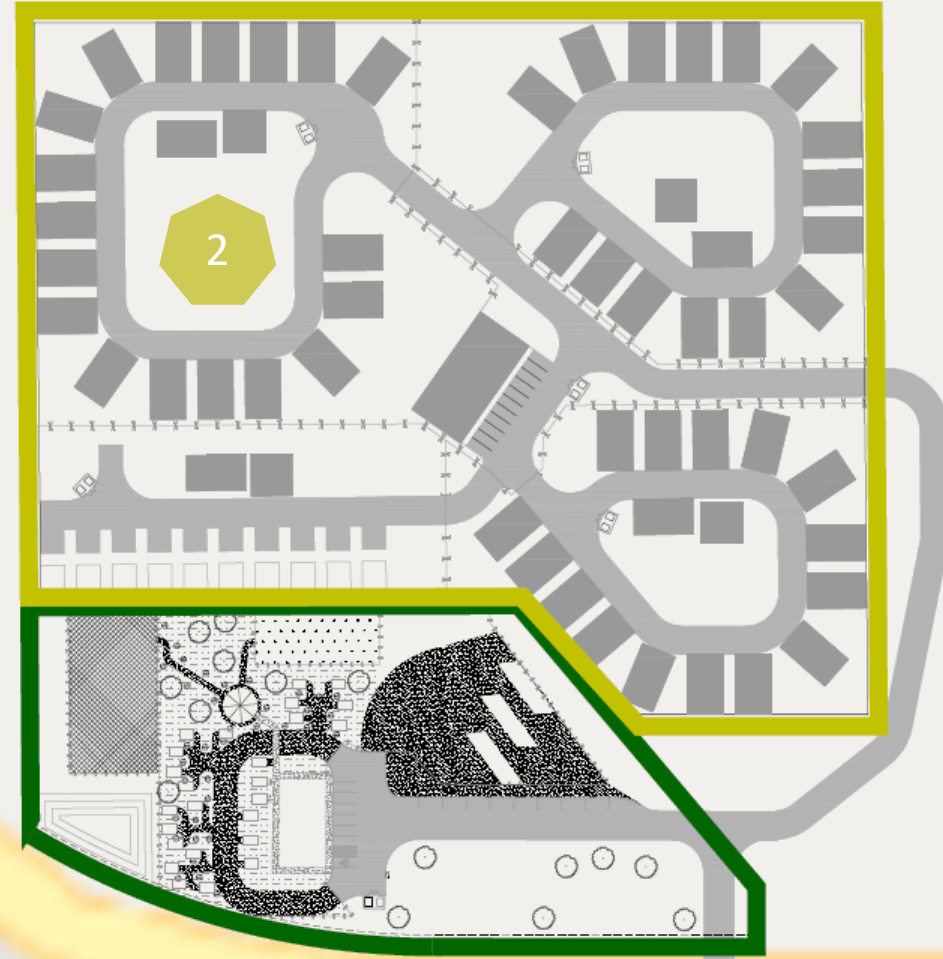
- Access to HWY 126 via Oasis Village driveway (interim)
- Utilities in planning phase

Proposed Schedule:

- July 2024: 15 sites w/utilities
- January 2025: 45 sites w/utilities
- 2026: Possible expansion with permanent rentable units

Potential Funding:

- TBD





(3) CORE3 AND (4) 21ST STREET

Scope:

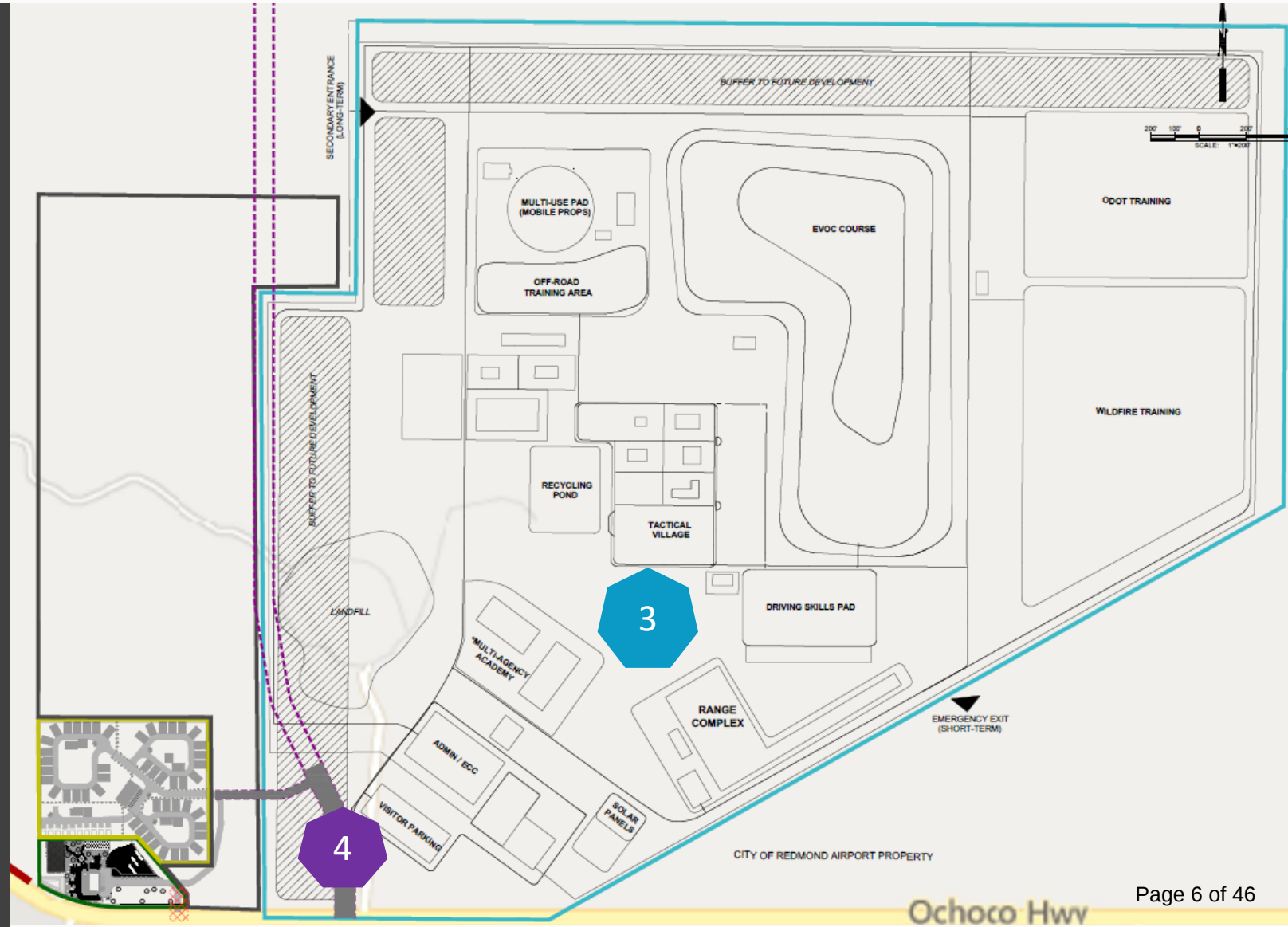
- Public utilities extended east
- New roadway for access to HWY 126
- Abandon Oasis Village driveway to HWY 126

Schedule:

- Dependent upon land use and phasing

Potential Funding: \$2.5M

- \$1.75M County contribution
- \$750k City contribution





(5) COUNTY RV CONCEPT

Scope:

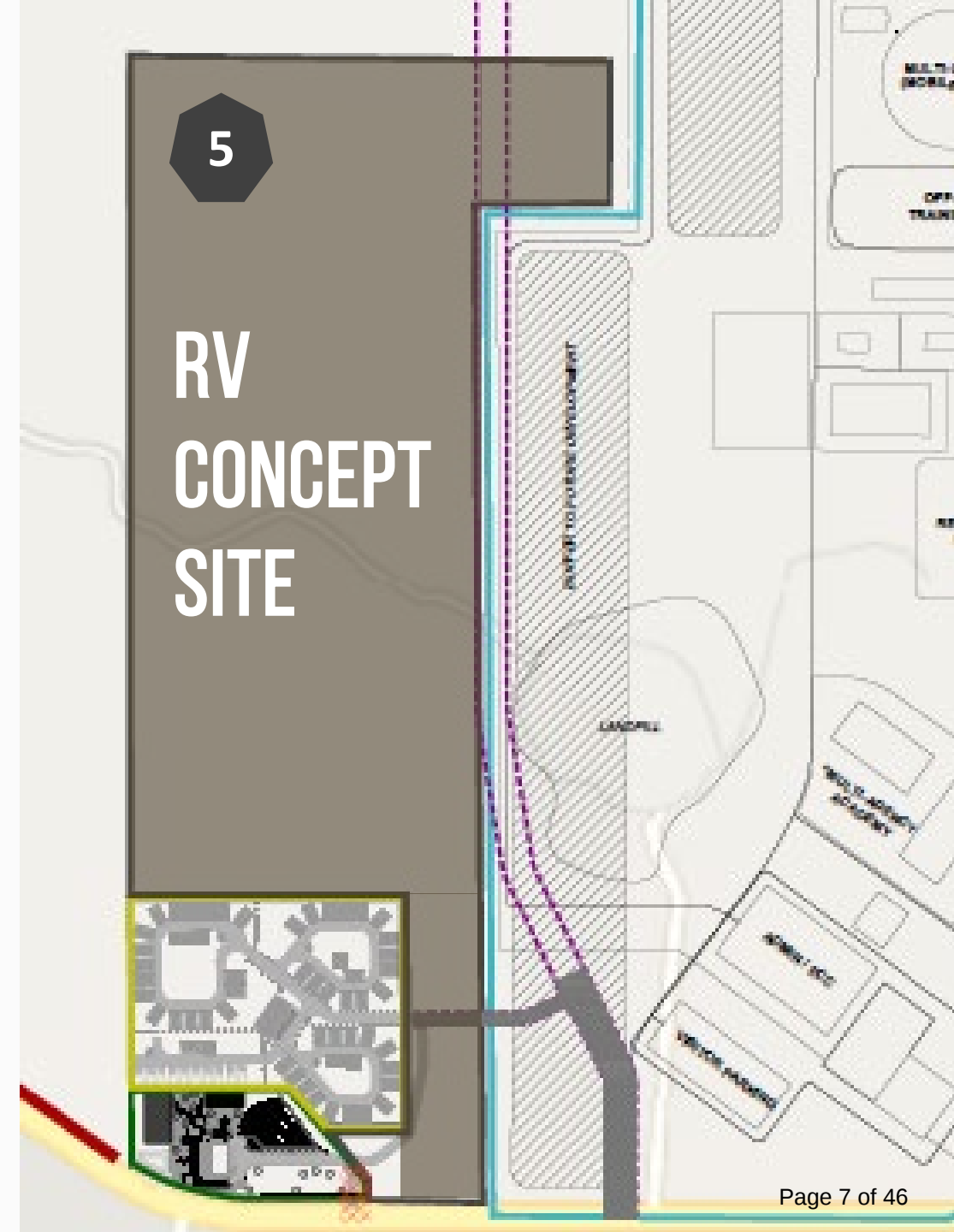
- No public utilities planned
- Access to HWY 126 via Oasis Village driveway or 21st Street

Schedule:

- Dependent on feasibility of operations and access via 21st Street

Potential Funding:

- TBD





(6) MULTIUSE PATH

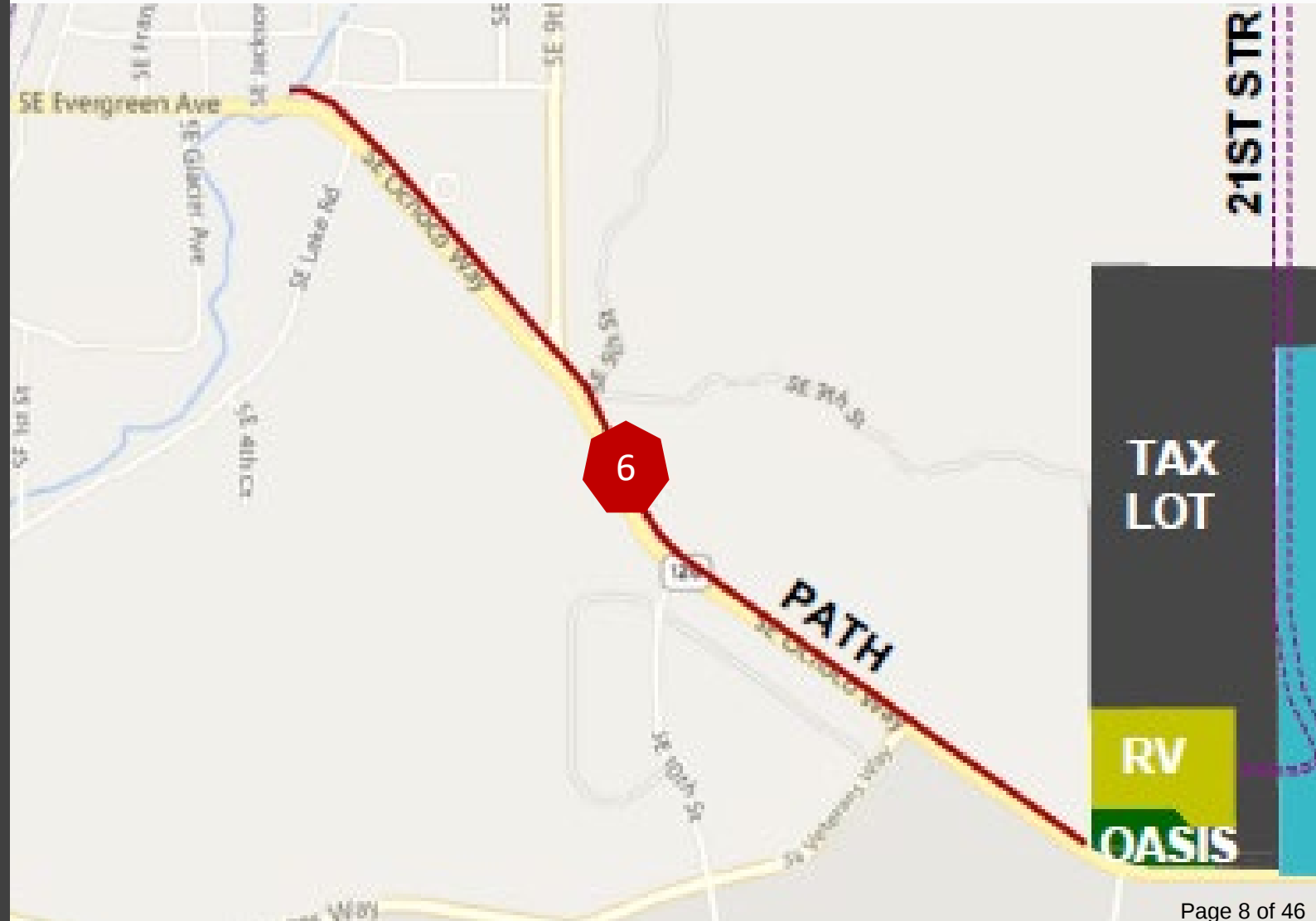
Scope:

- 1 mile path from Oasis Village to sidewalk network at Evergreen
- Requires ROW acquisition

Schedule: Ongoing

Potential Funding: \$3M

- \$1M ODOT
- ~\$200,000 CDBG pending approval





Q & A



CITY OF REDMOND

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STAFF REPORT

DATE: June 6, 2023
TO: City Council
THROUGH: Keith Witcosky, City Manager
FROM: Jon Skidmore, Interim Public Works Director
SUBJECT: Resolution #2023-13 - A Resolution of the City of Redmond, Oregon, updating Water Systems Development Charge Methodology and adjusting other System Development Charges based on the Construction Cost Index effective July 1, 2023.

Report in Brief:

This public hearing requests City Council adopt Resolution #2023-13 which increases the City of Redmond's Water System Development Charge rate from \$2,992 to \$5,739.

Background:

The authority to collect System Development Charges (SDCs) is based on Oregon Revised Statute 223.297-316. The intent behind the collection of SDCs is to have "growth pay for growth." SDCs are used to fund Infrastructure Capital Projects required to accommodate the growth of Redmond. In Redmond's experience, Water SDCs have paid for projects such as Well 9, the South Redmond Water Facility and other required capacity increasing projects to serve the fast-growing city. SDCs cannot be used for maintenance items.

The City has not updated its Water SDC since 2007. In that time, the population has grown from 24,000 to nearly 40,000. This growth has required substantial planning efforts, including a new Water Master Plan which is aimed at assuring the water supply and infrastructure is sufficient to meet the demands of the population. Based on the new projects identified in the Master Plan, it is prudent to re-calculate the SDC rate.

Staff worked with FCS Group on this project and developed the required Water SDC Update Report (Exhibit A) which provides detailed information on the SDC projects, costs, eligibility, and other details about the methodology.

Per state law, there is a 90-day notice required for the City Council hearing to consider the change to the methodology. Notice of the hearing to consider the proposed SDC methodology was printed in the Bend Bulletin and Redmond Spokesman on March 7, 2023. Notice of the hearing was also posted at the Community Development Department (CDD) offices, on two notice boards at City Hall, and has been on the SDC-specific City URL (www.redmondoregon.gov/sdc2023) since March 1, 2023.

State law further requires the Water SDC Update report be available for review 30-days into the required 90-day notice period. The report has been available for review at the CDD office and at www.redmondoregon.gov/sdc2023 website since March 29, 2023.

City staff and FCS Group representatives met with stakeholders from the Central Oregon Builders Association (COBA) on February 27, 2023 to discuss the proposed methodology, the Water SDC rate, implementation schedule and other related items. Further, the updated report was emailed to those representatives on March 29, 2023. No additional communications were held with COBA.

Discussion:

The proposed methodology incorporates the needed water infrastructure capital investments to serve the growing number of residents, services, and businesses within the City of Redmond. FCS Group and staff have worked through the methodology to reflect nuanced items such as reimbursement proportions for various projects, outside funding sources, and other items that impact the actual SDC rate. The simple theory behind how a SDC rate is calculated is to divide the cost of the needed infrastructure investments by the number of new water connections projected in the same time period. A more detailed calculation is listed below.

An important item to understand is how the SDC rate is built upon the Improvement Fee Cost Basis and the Reimbursement Cost Basis for the SDC rate. The Improvement Fee Cost Basis is the sum of all the costs of needed projects to serve future growth. The Reimbursement Cost Basis is the value of the existing capacity in existing water infrastructure that has been built and will serve future growth. In essence, the Reimbursement Cost portion of the SDC reimburses the City for oversized infrastructure that has already been built and benefits future users.

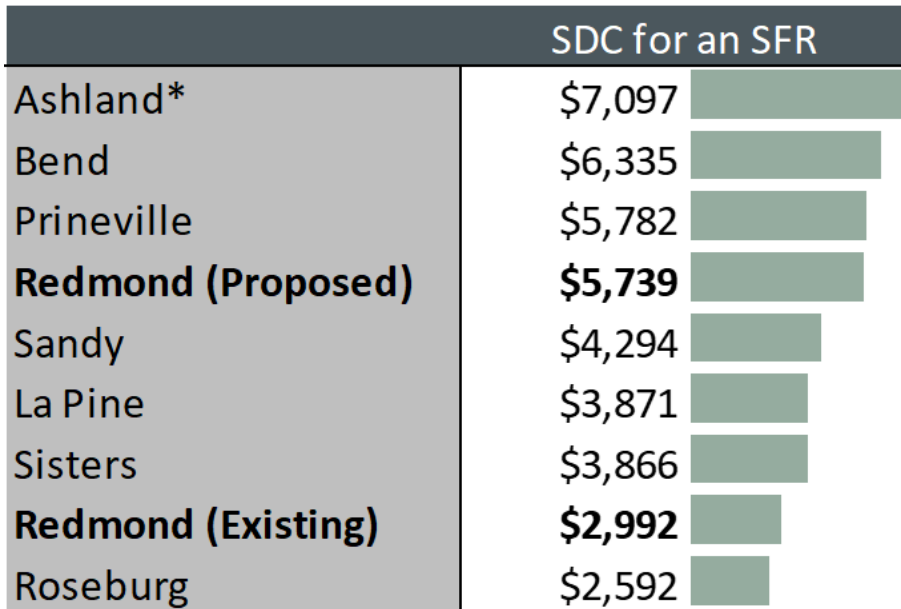
One other important item to understand is the term Meter Capacity Equivalent (MCE). In Redmond, one MCE is a 5/8-inch meter which is the standard water meter size for a single-family residential unit.

Calculated SDC	
Improvement Fee Cost Basis	\$ 26,845,336
Reimbursement Fee Cost Basis	2,032,242
Total	\$ 28,877,578
Growth in MCEs	5,032
Improvement Fee per MCE	\$ 5,335
Reimbursement Fee per MCE	404
Total SDC per MCE	\$ 5,739

The total SDC fee for a new single-family residence relying on a 5/8-inch meter will be \$5,739. The fees for other sized meters are listed below:

Meter Size	MCE Ratio	Improvement Fee	Reimbursement Fee	Full SDC
5/8"	1.00	\$5,335	\$404	\$5,739
1"	2.50	\$13,338	\$1,010	\$14,347
1 1/2"	5.00	\$26,675	\$2,019	\$28,695
2"	8.00	\$42,681	\$3,231	\$45,912
3"	16.00	\$85,361	\$6,462	\$91,823
4"	25.00	\$133,377	\$10,097	\$143,474
6"	50.00	\$266,754	\$20,194	\$286,948
8"	80.00	\$426,807	\$32,310	\$459,117

Further, for comparison, the chart below provides the cost of Water SDCs in other cities in the region:



**Assumes 2,500 square feet of habitable area*

Fiscal Impact:

Current Water SDC revenue (\$0.9 million projected in Fiscal Year (FY) 2022/23) is insufficient to support the annual debt service (\$1.0 million) associated with the two most recently completed SDC eligible projects, Well 7 and the South Redmond Water Facility. Moreover, the current water SDC rate limits the ability to fund future growth related projects, such as Well 9. The proposed Water SDC rate increase was included in the FY 2023/24 budget, which assumes \$1.6 million in Water SDCs against \$1.0 million of annual debt service, providing capacity to fund future SDC eligible projects which include partial funding for Well 9, which will be drilled in FY 2023/24.

Alternative Courses of Action:

1. Adopt Resolution #2023-13
2. Do not Adopt Resolution #2023-13
3. Take no Action and Request more information

Recommendation / Suggested Motion:

"I moved to adopt Resolution #2023-13".

**CITY OF REDMOND
RESOLUTION NO. 2023-13**

A RESOLUTION OF THE CITY OF REDMOND, OREGON, UPDATING WATER SYSTEMS DEVELOPMENT CHARGE METHODOLOGY AND ADJUSTING OTHER SYSTEM DEVELOPMENT CHARGES BASED ON THE CONSTRUCTION COST INDEX EFFECTIVE JULY 1, 2023.

WHEREAS, the City Council has previously authorized establishment of Systems Development Charges (SDCs) for the City through the adoption of Ordinance No. 2001-04 and with subsequent updates, most recently Resolution No. 2019-17; and

WHEREAS, the City has, pursuant to its Code and state law, had SDCs in place since 1982; and

WHEREAS, the City last adjusted SDCs July 1, 2019; and

WHEREAS, the City has been experiencing continued rapid growth, creating the need to update its Capital Improvement Plans, methodology, and corresponding SDCs; and

WHEREAS, the City has adopted a revised Water Master Plan by Ordinance No. 2022-10; and

WHEREAS, the City retained the services of FCS Group to research and prepare a report to assist the City in adopting an updated methodology, project list, and rates for its Water SDCs. Council has reviewed the report and finds that it has been professionally prepared, complies with state law, and provided sufficient basis for the Council to adopt the methodology, project list, and rates; and

WHEREAS, the necessary increases in the Water SDCs are warranted to develop the infrastructure required to accommodate growth; and

WHEREAS, State law allows SDCs to have an annual adjustment based on an established cost index; and

WHEREAS, notice of the consideration of an amended methodology for SDCs was provided as required by state law, ORS 223.304.

NOW, THEREFORE, THE REDMOND CITY COUNCIL RESOLVES AS FOLLOWS:

SECTION ONE. WATER SDC METHODOLOGY: The Water System Development Charge Update Report prepared by FCS Group and dated March 29, 2023, attached as Exhibit A (the "Water System Development Report") is accepted and approved.

SECTION TWO. CHARGES ESTABLISHED: The Council hereby adopts as the SDCs for development within the City or connecting to the City's water or wastewater systems, those charges shown in the table below:

Systems Development Charges (effective July 1, 2023)

System	Unit	Improvement	Reimbursement	Total
Transportation	PM Peak Hr. Trip	\$ 4,386	\$ 774	\$ 5,160
Water (5/8")	Equivalent Dwelling Unit	\$ 5,335	\$ 404	\$ 5,739
Wastewater (5/8")	Equivalent Dwelling Unit	\$ 3,707	\$ 1,443	\$5,150
Parks (Single-Family) ¹	Dwelling Unit	\$ 4,907	\$ 1,510	\$ 6,417
Parks (Multi-Family) ¹	Dwelling Unit	\$ 3,804	\$1,171	\$ 4,975

¹Parks SDCs are assessed only to single-family and multi-family residential development.

SECTION THREE. FEE SCHEDULE CHANGES: Changes to the fee schedule for the adopted SDC Methodology will be included as part of the annual update on June 13, 2023, with an effective date of July 1, 2023.

SECTION FOUR. ANNUAL ADJUSTMENT OF CHARGES: Beginning July 1, 2020, the charges established herein for Transportation, Water and Wastewater shall be adjusted based on the Construction Cost Index published by the Engineering News-Record. Beginning July 1, 2024, the charges established herein for Water shall be adjusted based on the Construction Cost Index published by the Engineering News-Record.

SECTION FIVE. EFFECTIVE DATE: The charges established pursuant to this Resolution shall become effective on July 1, 2023. Until that time, the charges previously established shall remain in effect.

SECTION SIX. REPEAL: Upon the effective date for the SDCs established in this Resolution, Resolution No. 2008-25 shall be repealed with no further action from the City Council.

SECTION SEVEN: The City Council finds that it is in the best interest of the City to enact this Resolution immediately upon passage of this Resolution; and therefore, this Resolution shall be effective upon the date of passage.

ADOPTED by the Redmond City Council and **SIGNED** by the Mayor this 6th day of June 2023.

Ed Fitch, Mayor

ATTEST:

Kelly Morse, City Recorder

State of Oregon
County of Deschutes

This instrument was acknowledged before me this 6th day of June 2023 by Ed Fitch, Mayor.

Kelly Morse, City Recorder

My commission expires _____



City of Redmond

WATER SYSTEM DEVELOPMENT CHARGE UPDATE

Report
March 29, 2023

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FCS GROUP
Solutions-Oriented Consulting

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Section I. INTRODUCTION

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

I.A. PROJECT

The City of Redmond (City) imposes a system development charge (SDC) to recover eligible infrastructure costs and provide partial funding for the capital needs of its water system. Water system SDCs are charged to all new development within the City’s boundaries, both residential and commercial. For a typical single-family dwelling unit, the current water SDC is \$2,992.

The City contracted with FCS GROUP to update the City’s water SDC based on the Water Master Plan completed by Murraysmith in 2021 and adopted as part of the Redmond Comprehensive Plan 2040 in December of 2022.

I.B. POLICY

SDCs are enabled by state statute, authorized by local ordinance, and constrained by the United States Constitution.

I.B.1. State Statute

Oregon Revised Statutes (ORS) 223.297 to 223.314 enable local governments to establish SDCs, which are one-time fees on development that are paid at the time of development or redevelopment that creates additional demand for the water system. SDCs are intended to recover a fair share of the cost of existing and planned facilities that provide capacity to serve future users (i.e., growth).

ORS 223.299 defines two types of SDC:

- 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).

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 that 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).

In addition to the reimbursement and improvement fees, ORS 223.307(5) states, in part, that “system development charge revenues may be expended on the costs of complying” with state statutes concerning SDCs, including “the costs of developing system development charge methodologies and providing an annual accounting of system development charge expenditures.”

I.B.2. Local Ordinance

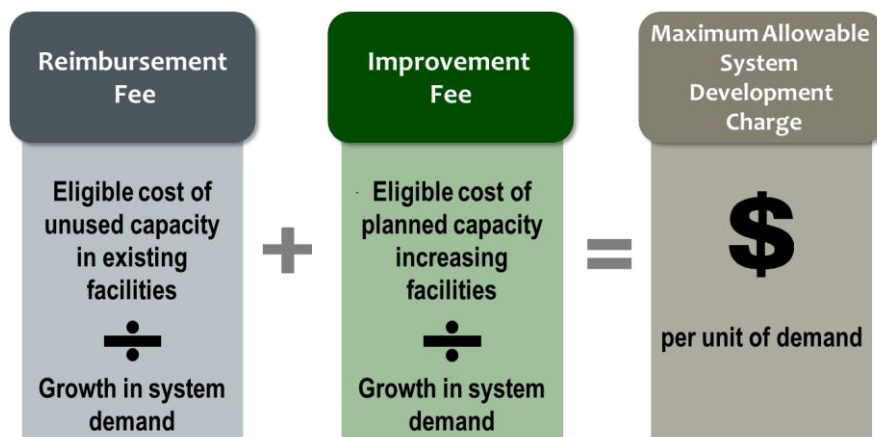
The City’s code authorizes and governs the imposition and expenditure of SDCs in the City found in Sections 4.700 – 4.750 of the Code of the City of Redmond.

I.B.3. United States Constitution

The United States Supreme Court has determined that SDCs, impact fees, or other exactions that comply with state and/or local law may still violate the United States Constitution if they are not proportionate to the impact of the development. The SDCs calculated in this report are designed to meet all constitutional and statutory requirements.

I.C. SDC BACKGROUND

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. Below is an illustration of this calculation:



Section II. SDC CALCULATION

This section provides the detailed calculations of the maximum allowable water SDC.

II.A. GROWTH

The calculation of projected growth begins with defining the units by which current and future demand will be measured. Then, using the best available data, the current level of demand is quantified, and the future level of demand is estimated. The difference between the current level and the future level is the growth in demand that will serve as the denominator in the SDC calculations.

II.A.1. Unit of Measurement

A good unit of measurement allows an agency to quantify the incremental demand of development or redevelopment that creates additional demand for system facilities. A more precise unit of measurement allows an agency to distinguish different levels of demand added by different kinds of development or redevelopment.

For water SDCs, demand is often measured in terms of meter capacity equivalents (MCEs), where one MCE is equal to the maximum flow in gallons per minute provided by the smallest water meter the City installs. To calculate the demand incurred by other development types, MCEs can be assigned based on the differential flow rates of different meter sizes.

Currently, the City charges its water SDC using the MCE method using the flow rates of a 5/8" meter as its base. This report continues this practice.

II.A.2. Growth in Demand

In 2022, the City had a total maximum day water demand (MDD) of 12,680 gallons per minute. The Water Master Plan estimates that MDD will grow to 16,360 gallons per minute by 2040. According to the City's estimates, there were 17,338 MCEs in 2022. If MCEs grow at the same rate as MDD, there will be 22,370 MCEs in 2040. So, the growth in MCEs over the planning period is 5,032, and the growth share, or the percentage of MCEs in 2040 that will arrive between 2022 and 2040, is 22.49 percent.

These calculations are summarized in **Table 1** below. The growth of 5,032 will be the denominator for the SDC calculation.

Table 1: Growth in MCEs

	2022	2040	2022-2040 Growth	Growth Share
Land Use Based MDD (gpm)	12,680	16,360	3,680	22.49%
MCEs	17,338	22,370	5,032	22.49%

Source: City staff (MCEs and 2022 MDD); 2021 Water Master Plan, Table 2-12 (MDD projections)

II.B. IMPROVEMENT FEE

An improvement fee is the eligible cost of planned projects per unit of growth that such projects will serve. The growth component (denominator) was calculated above and the following section will focus on the improvement fee cost basis (numerator).

II.B.1. Eligibility

A project's eligible cost is the product of its total cost and its eligibility percentage. The eligibility percentage represents the portion of the project that creates capacity for future users. Where possible, specific details about a project can provide an eligibility percentage. City staff assigned specific pipe sizes before and after the improvements for several of the pipe improvement projects. Specific pipe sizes allowed for specific eligibility allocations for those projects. The City's engineering staff also provided other specific eligibility percentages.

When specific details are not available or necessary, projects can be sorted into three broad categories. The first category is for projects that do not provide capacity for future users. Such projects may be purely replacement projects, or they may be solving a deficiency in the water system. Projects in this category are zero percent eligible. The second category is for projects that are purely for future users, such as when new pipe is laid to provide for a new development. These projects are 100 percent eligible. Finally, projects that provide capacity that will be proportionately shared between current and future users are eligible at the growth share percentage discussed in the previous section, 22.49 percent.

II.B.2. Improvement Fee Cost Basis

Projects in the improvement fee cost basis were taken from the City's Water System Master Plan Update. Each project was assigned an eligibility percentage based on the discussion above. The Well 9 project will receive \$3.0 million in grant funding which is deducted from its eligible cost.

Table 2 below shows all the projects in the water system improvement fee cost basis. The eligibility for each project is shown in the SDC Eligibility column, and the SDC Eligible Costs column shows that the full amount of the improvement fee cost basis is \$25.1 million.

Table 2: Improvement Fee Cost Basis

Project Name	Project Horizon	2023 Project Cost	SDC Eligibility	Outside Funding	SDC-Eligible Cost
Arc Flash Study	2021-2025	\$ 29,000	0.00%	\$ -	\$ -
Fork Horned Butte Pump Station	2021-2025	36,000	0.00%	-	-
Fork Horned Butte Transfer Station	2021-2025	36,000	0.00%	-	-
Obsidian Well	2026-2040	4,825,000	100.00%	-	4,825,000
Phase 1 - Forked Horn Butte Upgrades	2021-2025	150,000	22.49%	-	33,741
Phase 2 - SCADA Visualization Upgrades	2021-2025	74,000	22.49%	-	16,645
Phase 3 - Automation Upgrades	2021-2025	53,000	22.49%	-	11,922
Phase 4 - All Remaining Upgrades	2021-2025	150,000	22.49%	-	33,741
Pipe Improvements 12	2021-2025	112,000	22.49%	-	25,193
Pipe Improvements 13	2021-2025	595,000	22.49%	-	133,839
Pipe Improvements 14	2021-2025	503,000	22.49%	-	113,144
Pipe Improvements 15	2021-2025	334,000	22.49%	-	75,130
Pipe Improvements 19	2021-2025	312,000	100.00%	-	312,000
Pipe Improvements 2: Upgrade from 8" to 12"	2021-2025	270,000	48.72%	-	131,538
Pipe Improvements 20	2021-2025	198,000	0.00%	-	-
Pipe Improvements 21	2021-2025	152,000	50.00%	-	76,000
Pipe Improvements 22	2021-2025	629,000	50.00%	-	314,500
Pipe Improvements 23	2021-2025	343,000	22.49%	-	77,154
Pipe Improvements 24	2021-2025	171,000	22.49%	-	38,465
Pipe Improvements 25: Upgrade from 8" to 12"	2021-2025	352,000	48.72%	-	171,487
Pipe Improvements 27	2021-2025	139,000	50.00%	-	69,500
Pipe Improvements 3	2021-2025	158,000	0.00%	-	-
Pipe Improvements 30: Upgrade from 12" to 18"	2026-2040	3,540,000	51.54%	-	1,824,464
Pipe Improvements 31	2026-2040	667,000	100.00%	-	667,000
Pipe Improvements 32	2026-2040	1,100,000	100.00%	-	1,100,000
Pipe Improvements 33	2026-2040	729,000	0.00%	-	-
Pipe improvements 34: Upgrade from 8" to 12"	2026-2040	871,000	48.72%	-	424,333
Pipe Improvements 36	2026-2040	2,265,000	100.00%	-	2,265,000
Pipe Improvements 37: Upgrade from 8" to 12"	2026-2040	1,143,000	48.72%	-	556,846
Pipe Improvements 38: Upgrade from 8" to 12"	2026-2040	132,000	48.72%	-	64,308
Pipe Improvements 39	2026-2040	912,000	0.00%	-	-
Pipe Improvements 4	2021-2025	139,000	0.00%	-	-
Pipe Improvements 40: Upgrade from 8" to 16"	2021-2025	739,000	68.25%	-	504,397
Pipe Improvements 41	2021-2025	165,000	0.00%	-	-
Pipe Improvements 42	2021-2025	1,143,000	50.00%	-	571,500
Pipe Improvements 44	2021-2025	448,000	0.00%	-	-
Pipe Improvements 6	2021-2025	390,000	50.00%	-	195,000
Pipe Improvements 7	2021-2025	649,000	50.00%	-	324,500
Pipe Improvements 8	2021-2025	281,000	50.00%	-	140,500
Pipe Improvements 9	2021-2025	181,000	0.00%	-	-
Pipe Improvements 45: Upgrade from 8" to 12"	2026-2040	1,149,000	48.72%	-	559,769
Pipe Improvements 46: Upgrade from 8" to 12"	2026-2040	487,000	48.72%	-	237,256
Pipe Improvements 47: Upgrade from 8" to 12"	2026-2040	677,000	48.72%	-	329,821
Pipe Improvements 48: Upgrade from 8" to 12"	2026-2040	770,000	48.72%	-	375,128
Pipe Improvements 49: Upgrade from 12" to 18"	2026-2040	1,030,000	51.54%	-	530,847
South Redmond Facility	2021-2025	7,000	0.00%	-	-
Storage Reservoir	2021-2025	4,000	0.00%	-	-
System Reservoir	2021-2025	4,000	0.00%	-	-
Water Administration Building and Shop at Well 6	2021-2025	5,845,000	22.49%	-	1,314,768
Water Rights Exit Fee	2026-2040	6,831,000	40.00%	-	2,732,400
Well 2	2021-2025	36,000	0.00%	-	-
Well 3	2021-2025	36,000	0.00%	-	-
Well 4	2021-2025	4,000	0.00%	-	-
Well 5	2021-2025	4,000	0.00%	-	-
Well 6	2021-2025	9,000	0.00%	-	-
Well 6 Booster Station	2026-2040	425,000	100.00%	-	425,000
Well 7	2021-2025	9,000	0.00%	-	-
Well 9	2021-2025	6,400,000	100.00%	3,000,000	3,400,000
Well No. 2 Site and Wellhouse Improvements	2026-2040	20,000	22.49%	-	4,499
Well No. 2 Water Quality Improvements Study	2026-2040	58,000	0.00%	-	-
Well No. 3 Site and Wellhouse Improvements	2026-2040	251,000	0.00%	-	-
Well No. 4 Chlorine and Generator Building	2021-2025	1,529,000	0.00%	-	-
Well No. 4 Improvements	2021-2025	213,000	0.00%	-	-
Well No. 6 Telemetry Improvements	2026-2040	12,000	0.00%	-	-
WMP Update - Incremental	2021-2025	175,000	22.49%	-	39,364
WMP Update - Major	2025-2040	292,000	22.49%	-	65,682
Total		\$ 51,392,000		\$ 3,000,000	\$ 25,111,381

Source: 2021 Water Master Plan, City staff

II.C. REIMBURSEMENT FEE COST BASIS

A reimbursement fee is the eligible cost of the water facilities available for future users per unit of growth that such facilities will serve. The denominator of this equation is calculated as the growth in demand. The following discussion focuses on calculating the numerator of the equation to determine the eligible cost of the water facilities available for future users. That is, it focuses on the cost of reimbursable water facilities. In the City's case, only the storage system was identified to have capacity available for growth, so the reimbursement fee will only include eligible storage costs.

II.C.1. Storage Capacity for Growth

According to the Water Master Plan, the current storage system has 15.80 million gallons (MG) of capacity. Based on the Table 3-10 of the Water Master Plan and the growth in MDD between 2020 and 2022, the current demand for storage is estimated to be 12.56 MG. By 2040, that demand will rise to 16.55 MG. Thus, the difference between existing demand and existing capacity – or 3.24 MG – is available for growth that will arrive by 2040. That is, 20.5 percent of the storage capacity is available for growth.

The estimated total original cost of storage assets in the City is \$9.2 million. There was no outside funding, and the outstanding principal is paid with SDCs, so no deduction is necessary for outstanding debt. Therefore, the reimbursable cost of the storage facilities is simply \$9.2 million multiplied by the capacity available for growth of 20.5 percent, for a total of \$1.9 million.

These calculations are summarized in **Table 3** below. Because the storage system is the only system with identified capacity, the total of \$1.9 million will be the reimbursement fee cost basis.

Table 3: Reimbursable Cost of Storage Facilities

Storage	
Existing Capacity (MG)	15.80
Existing Demand (MG)	12.56
2040 Demand (MG)	16.55
Capacity Available for Growth (MG)	3.24
Capacity Available for Growth (%)	20.5%
Original Cost	\$ 9,175,886
Outside Funding	-
Reimbursable Cost	\$ 1,884,143

Source: 2021 Water Master Plan, Tables 3-10 and 3-14
(capacity and demand); City staff (original cost of
storage assets)

II.D. CALCULATED SDC

This section combines the eligible costs from the improvement fee cost basis and the reimbursement fee cost basis and applies some adjustments. The result is a total SDC per MCE.

II.D.1. Adjustments

The City must reduce its improvement fee cost basis to account for any remaining fund balance in its current SDC fund. This is done to avoid double-charging for projects that the City has already collected improvement fees for. The improvement fee cost basis must be lowered by \$222,398. This adjustment is shown in **Table 4** below.

Table 4: Adjustments to the Improvement Fee Cost Basis

Adjustments	
Improvement Fee Cost Basis	\$ 25,111,381
Outstanding Improvement Fee Fund Balance	(222,398)
Adjusted Improvement Fee Cost Basis	\$ 24,888,983

To account for the cost of complying with SDC law, the City may add \$2.1 million to the full SDC cost basis. This is based on the eligible administrative service costs taken from the City's most recent SDC report multiplied by the number of the years in the forecast period. This works out to be a 7.86 percent increase to the improvement and reimbursement fee cost bases.

II.D.2. Calculated SDC

Table 5 below summarizes the full calculation of the SDC. As shown, the full SDC is \$5,739 per MCE.

Table 5: Calculated SDC

Calculated SDC	
Improvement Fee Cost Basis	\$ 26,845,336
Reimbursement Fee Cost Basis	2,032,242
Total	\$ 28,877,578
Growth in MCEs	5,032
Improvement Fee per MCE	\$ 5,335
Reimbursement Fee per MCE	404
Total SDC per MCE	\$ 5,739

Table 6 below shows the full water SDC schedule.

Table 6: Water SDC Schedule

Meter Size	MCE Ratio	Improvement Fee	Reimbursement Fee	Full SDC
5/8"	1.00	\$5,335	\$404	\$5,739
1"	2.50	\$13,338	\$1,010	\$14,347
1 1/2"	5.00	\$26,675	\$2,019	\$28,695
2"	8.00	\$42,681	\$3,231	\$45,912
3"	16.00	\$85,361	\$6,462	\$91,823
4"	25.00	\$133,377	\$10,097	\$143,474
6"	50.00	\$266,754	\$20,194	\$286,948
8"	80.00	\$426,807	\$32,310	\$459,117

Section III. IMPLEMENTATION

This section addresses practical aspects of implementing SDCs and provides a comparison with relevant jurisdictions.

III.A. INDEXING

ORS 223.304 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.

In accordance with Oregon statutes, it is recommended that the City use the *Engineering News-Record* (ENR) Construction Cost Index (CCI) – Seattle as the basis for adjusting SDCs annually. ENR does not have a comparable Oregon-specific index.

III.B. COMPARISONS

This section provides comparisons for the City's current and proposed water SDCs against those of comparable jurisdictions. As shown in **Table 7**, if the water SDC is implemented as proposed, the City will move from near the bottom of its comparable jurisdictions towards the middle.

Table 7: Water SDC Comparisons

	SDC for an SFR
Ashland*	\$7,097.25
Bend	\$6,335.00
Prineville	\$5,782.07
Redmond (Proposed)	\$5,738.96
Sandy	\$4,294.00
La Pine	\$3,871.00
Sisters	\$3,866.00
Redmond (Existing)	\$2,992.00
Roseburg	\$2,592.00

*Assumes 2,500 square feet of habitable area



Redmond Water SDC Study



John Ghilarducci
June 6, 2023



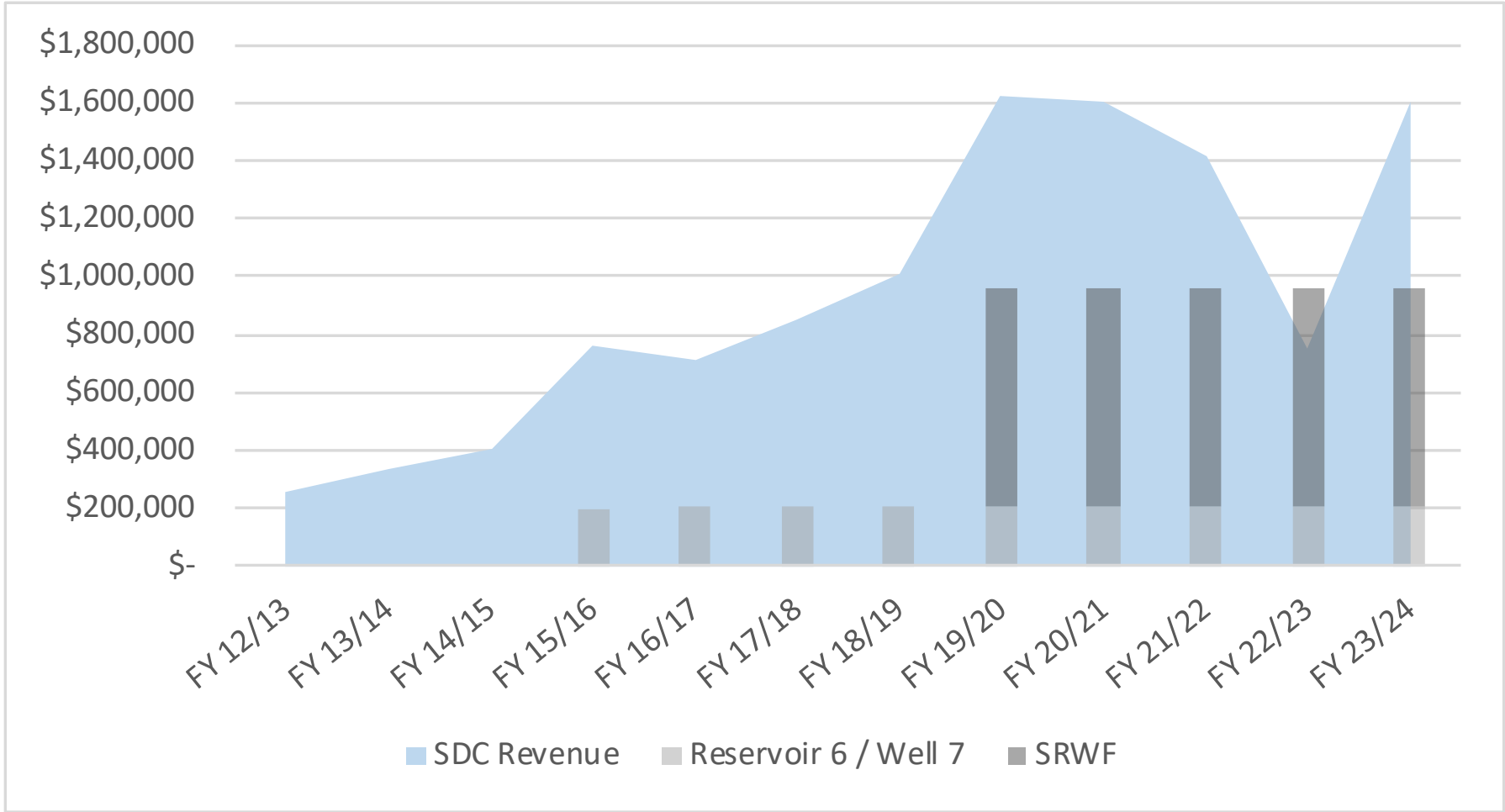
Agenda

- **Background & City of Redmond Water Infrastructure Needs**
- **Results**
- **Comparisons and Next Steps**



WATER SDCS

CURRENT SDC REVENUE IS INSUFFICIENT FOR EXISTING DEBT SERVICE AND HAS NO CAPACITY FOR NEW PROJECTS





**CITY-WIDE
SYSTEM
DEVELOPMENT
CHARGES
(SDCS)**

Infrastructure Type	FY 22/23	FY 23/24
Parks	5,818	6,417
Transportation	4,678	5,160
Water	2,992	5,739
Wastewater	4,669	5,150
TOTAL	18,157	22,466



Key Characteristics of SDCs

- SDCs are one-time charges, not ongoing rates. Paid at the time of development.
- SDCs are available for water, wastewater, stormwater, transportation, and parks.
- SDCs are for capital only, in both their calculation and in their use.
- SDCs include both existing and future (planned) infrastructure cost components.
- SDCs are for “system” facilities, not “local” facilities.



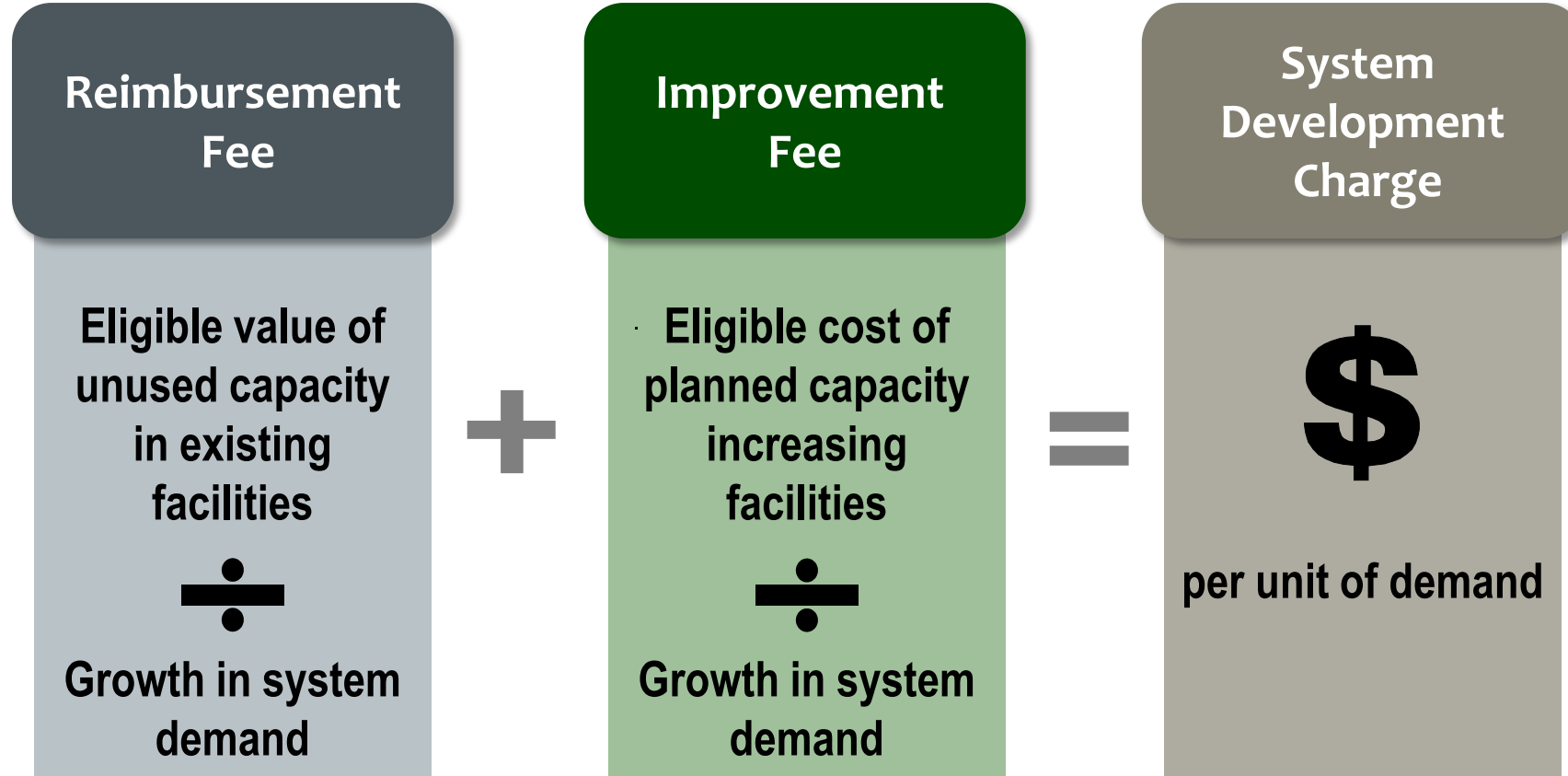
Legal Framework for SDCs

ORS 223.297 - 316, 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.”





The SDC Calculation





Current SDCs by Meter Size

Meter Size	MCE Ratio	Current SDC
5/8"	1.00	\$2,992
1"	2.50	\$7,480
1 1/2"	5.00	\$14,960
2"	8.00	\$23,936
3"	16.00	\$47,872
4"	25.00	\$74,800
6"	50.00	\$149,600
8"	80.00	\$239,360



Agenda

- Background
- **Results**
- Comparisons and Next Steps



Calculated SDC

Calculated SDC	
Improvement Fee Cost Basis	\$ 26,845,336
Reimbursement Fee Cost Basis	2,032,242
Total	\$ 28,877,578
Growth in MCEs	5,032
Improvement Fee per MCE	\$ 5,335
Reimbursement Fee per MCE	404
Total SDC per MCE	\$ 5,739



- Expected growth of 5,032 MCEs

	2020	2022	2040	2022-2040 Growth	Growth Share
Land Use Based MDD (gpm)	10,200	12,680	16,360	3,680	22.5%
MCEs	13,947	17,338	22,370	5,032	22.5%

Source: City staff (MCEs and 2022 MDD); 2021 Water Master Plan, Table 2-12 (MDD projections)



Project List

Project Name	Project Horizon	2023 Project Cost	SDC Eligibility	Outside Funding	SDC-Eligible Cost
Arc Flash Study	2021-2025	\$ 29,000	0.00%	\$ -	\$ -
Fork Horned Butte Pump Station	2021-2025	36,000	0.00%	-	-
Fork Horned Butte Transfer Station	2021-2025	36,000	0.00%	-	-
Obsidian Well	2026-2040	4,825,000	100.00%	-	4,825,000
Phase 1 - Forked Horn Butte Upgrades	2021-2025	150,000	22.49%	-	33,741
Phase 2 - SCADA Visualization Upgrades	2021-2025	74,000	22.49%	-	16,645
Phase 3 - Automation Upgrades	2021-2025	53,000	22.49%	-	11,922
Phase 4 - All Remaining Upgrades	2021-2025	150,000	22.49%	-	33,741
Pipe Improvements 12	2021-2025	112,000	22.49%	-	25,193
Pipe Improvements 13	2021-2025	595,000	22.49%	-	133,839
Pipe Improvements 14	2021-2025	503,000	22.49%	-	113,144
Pipe Improvements 15	2021-2025	334,000	22.49%	-	75,130
Pipe Improvements 19	2021-2025	312,000	100.00%	-	312,000
Pipe Improvements 2	2021-2025	270,000	48.72%	-	131,538
Pipe Improvements 20	2021-2025	198,000	0.00%	-	-
Pipe Improvements 21	2021-2025	152,000	50.00%	-	76,000
Pipe Improvements 22	2021-2025	629,000	50.00%	-	314,500
Pipe Improvements 23	2021-2025	343,000	22.49%	-	77,154
Pipe Improvements 24	2021-2025	171,000	22.49%	-	38,465
Pipe Improvements 25	2021-2025	352,000	48.72%	-	171,487
Pipe Improvements 27	2021-2025	139,000	50.00%	-	69,500
Pipe Improvements 3	2021-2025	158,000	0.00%	-	-
Pipe Improvements 30	2026-2040	3,540,000	51.54%	-	1,824,464
Pipe Improvements 31	2026-2040	667,000	100.00%	-	667,000
Pipe Improvements 32	2026-2040	1,100,000	100.00%	-	1,100,000
Pipe Improvements 33	2026-2040	729,000	0.00%	-	-
Pipe improvements 34	2026-2040	871,000	48.72%	-	424,333
Pipe Improvements 36	2026-2040	2,265,000	100.00%	-	2,265,000



Project List (cont.)

Project Name	Project Horizon	2023 Project Cost	SDC Eligibility	Outside Funding	SDC-Eligible Cost
Pipe Improvements 37	2026-2040	1,143,000	48.72%	-	556,846
Pipe Improvements 38	2026-2040	132,000	48.72%	-	64,308
Pipe Improvements 39	2026-2040	912,000	0.00%	-	-
Pipe Improvements 4	2021-2025	139,000	0.00%	-	-
Pipe Improvements 40	2021-2025	739,000	68.25%	-	504,397
Pipe Improvements 41	2021-2025	165,000	0.00%	-	-
Pipe Improvements 42	2021-2025	1,143,000	50.00%	-	571,500
Pipe Improvements 44	2021-2025	448,000	0.00%	-	-
Pipe Improvements 6	2021-2025	390,000	50.00%	-	195,000
Pipe Improvements 7	2021-2025	649,000	50.00%	-	324,500
Pipe Improvements 8	2021-2025	281,000	50.00%	-	140,500
Pipe Improvements 9	2021-2025	181,000	0.00%	-	-
Pipe Improvements 45	2026-2040	1,149,000	48.72%	-	559,769
Pipe Improvements 46	2026-2040	487,000	48.72%	-	237,256
Pipe Improvements 47	2026-2040	677,000	48.72%	-	329,821
Pipe Improvements 48	2026-2040	770,000	48.72%	-	375,128
Pipe Improvements 49	2026-2040	1,030,000	51.54%	-	530,847
South Redmond Facility	2021-2025	7,000	0.00%	-	-
Storage Reservoir	2021-2025	4,000	0.00%	-	-
System Reservoir	2021-2025	4,000	0.00%	-	-
Water Administration Building and Shop at Well 6	2021-2025	5,845,000	22.49%	-	1,314,768
Water Rights Exit Fee	2026-2040	6,831,000	40.00%	-	2,732,400
Well 2	2021-2025	36,000	0.00%	-	-
Well 3	2021-2025	36,000	0.00%	-	-
Well 4	2021-2025	4,000	0.00%	-	-
Well 5	2021-2025	4,000	0.00%	-	-
Well 6	2021-2025	9,000	0.00%	-	-
Well 6 Booster Station	2026-2040	425,000	100.00%	-	425,000



Project List (cont.)

Project Name	Project Horizon	2023 Project Cost	SDC Eligibility	Outside Funding	SDC-Eligible Cost
Well 7	2021-2025	9,000	0.00%	-	-
Well 9	2021-2025	6,400,000	100.00%	3,000,000	3,400,000
Well No. 2 Site and Wellhouse Improvements	2026-2040	20,000	22.49%	-	4,499
Well No. 2 Water Quality Improvements Study	2026-2040	58,000	0.00%	-	-
Well No. 3 Site and Wellhouse Improvements	2026-2040	251,000	0.00%	-	-
Well No. 4 Chlorine and Generator Building	2021-2025	1,529,000	0.00%	-	-
Well No. 4 Improvements	2021-2025	213,000	0.00%	-	-
Well No. 6 Telemetry Improvements	2026-2040	12,000	0.00%	-	-
WMP Update - Incremental	2021-2025	175,000	22.49%	-	39,364
WMP Update - Major	2025-2040	292,000	22.49%	-	65,682
Total		\$ 51,392,000		\$ 3,000,000	\$ 25,111,381

Source: 2021 Water Master Plan, City staff

- **Total eligible cost of \$25.1 million**



Reimbursement Fee for Storage

Storage	
Existing Capacity (MG)	15.80
Existing Demand (MG)	12.56
2040 Demand (MG)	16.55
Capacity Available for Growth (MG)	3.24
Capacity Available for Growth (%)	21%
Original Cost	\$ 9,175,886
Outside Funding	-
Outstanding Principal	-
Reimbursable Cost	\$ 1,884,143

Source: 2021 Water Master Plan, Tables 3-10 and 3-14

- **Total eligible cost of \$1.9 million**



Adjustments

Fund Balance Adjustment

Improvement Fee Cost Basis	\$ 25,111,381
Outstanding Improvement Fee Fund Balance	(222,398)
Adjusted Improvement Fee Cost Basis	\$ 24,888,983

Compliance Cost Adjustment

Improvement Fee Cost Basis	\$ 24,888,983
Compliance Costs	1,956,352
Adjusted Improvement Fee Cost Basis	\$ 26,845,336
Reimbursement Fee Cost Basis	\$ 1,884,143
Compliance Costs	148,100
Adjusted Reimbursement Fee Cost Basis	\$ 2,032,242



Calculated SDC

Calculated SDC	
Improvement Fee Cost Basis	\$ 26,845,336
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Reimbursement Fee per MCE	404
Total SDC per MCE	\$ 5,739



SDC by Meter Size

Meter Size	MCE Ratio	Improvement Fee	Reimbursement Fee	Full SDC
5/8"	1.00	\$5,335	\$404	\$5,739
1"	2.50	\$13,338	\$1,010	\$14,347
1 1/2"	5.00	\$26,675	\$2,019	\$28,695
2"	8.00	\$42,681	\$3,231	\$45,912
3"	16.00	\$85,361	\$6,462	\$91,823
4"	25.00	\$133,377	\$10,097	\$143,474
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8"	80.00	\$426,807	\$32,310	\$459,117



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Comparisons

	SDC for an SFR
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Redmond (Proposed)	\$5,739
Sandy	\$4,294
La Pine	\$3,871
Sisters	\$3,866
Redmond (Existing)	\$2,992
Roseburg	\$2,592

**Assumes 2,500 square feet of habitable area*

Thank you! Questions?

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