

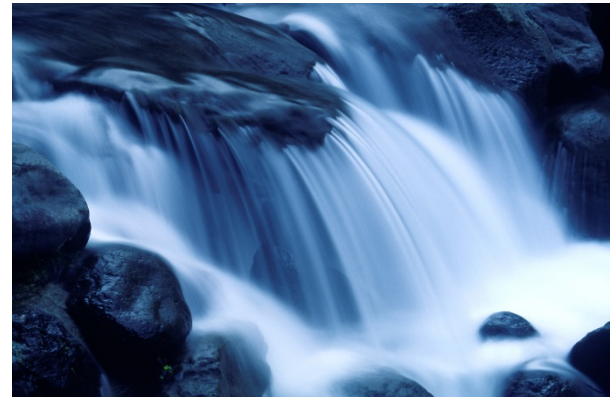
SDC Dos and Don'ts



Financial Planning for Water Utilities
Chemeketa Center for Business and Industry
Salem, Oregon
November 18, 2014

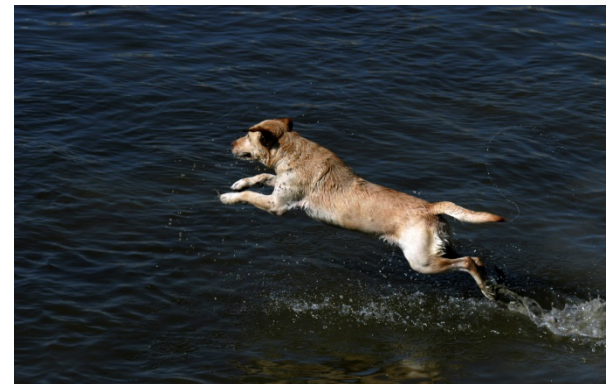
Elements of Creating a System Development Charge

- Ordinance
- Methodology
- Project List
- Fee Resolution



Ordinance

- Exercise the power granted by ORS
- Authorize credits required by statute
- Provide for financing
 - Residential financing required (Bancroft)
 - Commercial/Industrial optional
- Time of Payment
- Other credits, discounts, incentives



Methodology

- Determine capacity parameters
 - Single parameter
 - Multiple parameters



Methodology

- Reimbursement Fee
 - Cost basis
 - Replacement
 - Inflated Original Cost
 - What's the third one?
 - Exclude OPM
 - Available capacity
 - Cost per unit of capacity



Methodology

- Improvement Fee
 - Calculate capacity
 - Population at the planning horizon
 - Land use designations
 - System cost
 - Exclude OPM
 - Look to parameters in system plan
 - Allocate to growth and to capacity parameters
 - Who pays first
 - Exclude other sources of revenues
 - Cost of financing
 - Cost per unit of capacity
 - Actions to reduce demand (incentives in the methodology)

Project List

- Time frame
- Consistency with long range system plans
- Consistency with land use plans
- Allocation of project to needs of growth



Fee Resolution

- Apply the methodology to the project list
- Result is the maximum permissible fee
- Optional adjustments
 - Less than maximum rate
 - Specific discounts
 - Phased implementation



Tips and Tricks

- Do things in the right order
- Explaining the double count conundrum
- Adding the inflation adjustment
- Maintaining the interested persons list
- Credits and portability
 - Within methodology
 - Outside methodology
- Pre-existing development
- St. John's River Water District

Questions



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