



PUBLIC NOTICE

City of Burns

90-day Notice of System Development Charge Implementation

The City of Burns hereby issues public notice, pursuant to ORS 223.304, of its intent to create a new Waste Water System Development Charge and Water System Development Charge.

The portion of the report addressing the methodology and calculation of the proposed charges is attached. For a copy of the full document please visit our website at: <https://www.cityofburnsor.gov/documents>.

A public hearing to accept comments regarding the proposed implementation of the System Development Charges will be held on January 24, 2024 at 6:00 p.m. in the Burns City Hall Council Chambers. If you wish to comment, but cannot attend the public hearing, please address written comments to the following address:

City of Burns
City Hall
242 S Broadway Ave.
Burns, Oregon 97720

Those wishing to offer written comments are asked to submit their comments on or before 4:00 p.m. on January 18, 2024 so that they can be included in the City Council packet for the meeting on January 24, 2024. Any comments received after that date will be reviewed and added the night of the public hearing.

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Burns City Hall

Posted online: October 12, 2023



CITY OF BURNS

Draft – Pre-Decisional – System Development Charge Study and Report

Publication Date
October 12, 2023

City of Burns City Council
c/o Judy Erwin, City Manager
242 S. Broadway Street
Burns, Oregon 97720

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System Development Charge (SDC) Overview

Oregon Revised Statutes (ORS) 223.297 to 223.316 provide a uniform framework imposing system development charges (SDCs) by local governments. SDCs are one-time fees charged on new development to help pay for the infrastructure needed to support it. SDCs are a critical component of local funding for infrastructure in Oregon, and they have been used to fund a variety of infrastructure projects, including roads, sewers, water systems, parks, and recreational facilities. SDCs are designed to recover a fair share of the cost of existing and planned facilities that provide capacity to serve future growth.

The first SDCs in Oregon were adopted in the 1970s. These early SDCs were typically used to fund roads and sewers. In the 1980s, SDCs began to be used to fund a broader range of infrastructure projects, including water, parks, and other public improvements.

The use of SDCs in Oregon has increased significantly in recent years. In 2020, Oregon cities and counties collected over \$1 billion in SDCs. This growth is due to several factors, including increased development activity in Oregon, rising infrastructure costs, and the lack of alternative funding for infrastructure.

SDCs may be used for capital improvements for the following public facilities:

- Water supply, treatment, and distribution;
- Wastewater collection, transmission, treatment, and disposal;
- Drainage and flood control;
- Transportation; and
- Parks and Recreation.

Background on Oregon's System of SDCs

There is no one-size-fits-all methodology for setting SDCs. The methods used to set SDCs vary from city to city. However, most cities use an approach that takes into account the cost of the infrastructure to be funded and the impact of new development on existing infrastructure. These factors are calculated by adding together a reimbursement fee component (to recover the cost of existing infrastructure) and an improvement fee component (to fund new infrastructure) as defined by ORS 223.299.

SDCs can significantly impact the cost of housing, particularly for affordable housing. A study by the Oregon Department of Land Conservation and Development found that SDCs can add up to \$100,000 to the cost of a single-family home. However, in most rural communities, SDCs are more manageable. The League of Oregon Cities (LOC) publishes a survey of SDC charges by its member cities every three years. Among survey respondents in 2023, 76% of cities collected SDCs for their city, county, or special districts. SDCs for residential sewer system improvements statewide averaged \$4,564 (Table 1a), while water system SDCs averaged \$3,941 (Table 1b). Based on 2022 data collected by FCS GROUP, the average total SDC costs for a single-family residence statewide is roughly \$15,000.¹

¹ Oregon System Development Charges Study: Final Report, page 6.

Average Estimated Sewer SDCs FY2022		
	Residential	Non-Residential
1st Quintile	NA	NA
2nd Quintile	\$3,973	\$4,098
3rd Quintile	\$3,954	\$22,034
4th Quintile	\$4,239	\$16,248
5th Quintile	\$5,397	\$27,723
TOTAL	\$4,564	\$20,368
N. Coast	\$4,866	\$15,435
Metro	\$7,682	\$33,414
N. Willamette	\$5,117	\$26,025
S. Willamette	\$4,842	\$15,150
C. Coast	NA	NA
S. Coast	NA	NA
S. Oregon	\$1,857	\$1,438
Gorge	\$2,118	\$11,296
C. Oregon	\$4,373	\$29,914
SC Oregon	\$6,691	NA
NE Oregon	\$2,577	\$14,580
E. Oregon	NA	NA
TOTAL	\$4,564	\$20,368

Average Estimated Water SDCs FY2022		
	Residential	Non-Residential
1st Quintile	\$3,235	\$25,880
2nd Quintile	\$3,144	\$2,040
3rd Quintile	\$1,540	\$10,862
4th Quintile	\$3,765	\$15,931
5th Quintile	\$5,353	\$20,027
TOTAL	\$3,941	\$16,817
N. Coast	\$2,714	\$11,079
Metro	\$8,763	\$27,943
N. Willamette	\$4,564	\$27,232
S. Willamette	\$2,772	\$15,029
C. Coast	NA	NA
S. Coast	NA	NA
S. Oregon	\$2,257	\$2,304
Gorge	\$4,803	\$16,241
C. Oregon	\$3,165	\$23,936
SC Oregon	\$8,260	\$26,432
NE Oregon	\$1,522	\$3,120
E. Oregon	NA	NA
TOTAL	\$3,941	\$16,817

FIGURE 1A. SEWER SYSTEM SDCs FROM 2023 LOC SURVEY

FIGURE 1B. WATER SYSTEM SDCs FROM 2023 LOC SURVEY

The impact of SDCs on the cost of housing is particularly acute for affordable housing. Affordable housing developers often have to pay higher SDCs than market-rate developers. This can make it difficult for affordable housing developers to build affordable housing.

In Burns, however, these cost impacts on new development can largely be mitigated by the Burns Urban Renewal Agency (URA). The Burns Urban Renewal Plan adopted in 2021 allows the URA to finance and complete infrastructure improvements including, but not limited to, streets, sidewalks, water, sewer, stormwater, and parks as determined by the Agency to help facilitate development, including paying SDCs for residential development.²

The Regional Rural Revitalization (R3) Strategies Consortium can also assist by providing financing to offset SDC costs to developers that can be recovered through the URA’s tax base, essentially acting as the bank to pre-pay these costs on behalf of the developer while still allowing the City to recover essential SDC income for current and future improvements.

Factors to Consider

Beyond the SDC cost, there are several other factors that informed the Burns SDC approach. Specifically, the:

- Timing for collecting SDC fees;
- SDC credits for developers that build public improvements on the SDC project;
- Ability of the City to accurately estimate SDC charges for developers; and
- Transparency around the process, methodology, and uses of SDC funds.

² See Plan Goals, page 6, of the Burns Urban Renewal Plan, 2021

These factors are especially important for Burns, which has had little new growth and development but is anticipating at least 250 new dwelling units in Phase 1 of Miller Springs (approved in March 2023) and approximately 200 new dwellings in the Palmer Estates subdivision (planning application currently in review).

State statutes provide a high degree of flexibility around the timing for assessing and collecting SDC charges. Oregon Revised Statutes 223.208 also allows local governments to provide financing of SDCs under the provisions of the Bancroft Bonding Act. These provisions offer loan-like financing of SDCs to offset the immediate impact on developers. Figure 2 shows the timing of the options ordered from earliest to latest.

Option	Assess	Collect
1	Issuance of development permit	Issuance of development permit
2	Issuance of development permit	Issuance of building permit
3	Issuance of building permit	Issuance of building permit
4	Issuance of development permit	Connection to the capital improvement
5	Issuance of building permit	Connection to the capital improvement
6	Connection to the capital improvement	Connection to the capital improvement
7	Issuance of development permit	Increased usage of a capital improvement
8	Issuance of building permit	Increased usage of a capital improvement
9	Connection to the capital improvement	Increased usage of a capital improvement
10	Increased usage of a capital improvement	Increased usage of a capital improvement

FIGURE 2. SOURCE: FCS GROUP, BASED ON ORS 223.299(4)(A), OREGON SYSTEM DEVELOPMENT CHARGES STUDY: FINAL REPORT PG. 112

SDC Statutory Requirements

Local governments are required to prepare a capital improvement project list or comparable plan before establishing an improvement SDC. This plan must include a list of the improvements the jurisdiction intends to fund with improvement fee revenues and the estimated timing, cost, and eligible portion of each improvement.³ This requirement was an added provision to the original statute to provide greater transparency on the basis of improvement fee costs and expenditures. The project list requirement is not applicable for reimbursement fees since these are based on existing facilities. The SDC capital project list may be updated at any time. Still, if a list update proposes to increase SDC costs, then written notice must be provided to interested parties at least 30 days before the proposed modification is adopted. A public hearing must be held if requested within seven days of the planned adoption.

The City must also provide a credit against the improvement fee for constructing “qualified public improvements.” Qualified public improvements are improvements required as a condition of development approval, identified in the SDC capital project list, and either: a) Not located on or contiguous to property that is the subject of development approval; or b) Located in whole or in part on or contiguous to property that is the subject of development approval and required to be built larger or with greater capacity than is necessary for the particular development project to which the improvement fee is related.⁴

Expenditures of SDC revenues are limited to payment for capital improvements (including repayment of indebtedness) for the systems for which the fees are collected. Improvement fee revenues are limited to capacity-increasing capital improvements needed to provide service to future users under the SDC capital

³ ORS 223.309

⁴ ORS 223.304(4)

project list. SDC revenue may also be spent on the cost of complying with the statutes but not on administrative office facilities or operation and maintenance costs associated with capital facilities.⁵

Local governments are required to deposit SDC revenues into dedicated accounts and provide an annual accounting of revenues and expenditures.⁶ Furthermore, local governments must create administrative procedures for individuals to challenge SDC revenue expenditures or calculations and to provide adequate notice regarding review procedures, including the right to petition for review pursuant to ORS 34.010 to 34.100. A sample SDC Report is included in Exhibit A to this memo.

Report Methodology

The City has two primary approaches to develop its SDC methodology: 1) the total infrastructure costs to be recovered (the “cost basis”) or 2) allocating SDC charges across different development types, sizes, and contexts (the “charge basis”).

The **cost basis** is the total cost that the SDCs are intended to recover from SDCs for new and planned improvements. This approach for the City of Burns Water SDCs, for example, would take into account the cost of the City’s water system improvements, which are currently estimated at \$8,099,000 in 2023 dollars.⁷ Similarly, the Sewer System has plans for a master plan and several future stabilizing improvements, including replacement of two pump stations estimated to cost \$1,000,000 in 2023 dollars.

The **charge basis** uses specific characteristics of a proposed development (i.e., the number of restrooms, size of a residential unit, estimated usage, etc.) to determine the improvement’s proportionate impact on existing and planned infrastructure. In this approach, the development’s size, type, or use (e.g., single-family residential, multi-family residential, commercial, industrial, etc.) would form the basis for determining the SDC cost.

Scaling residential SDCs based on the house size (in square feet of living area or number of bedrooms) has become more commonplace in the last decade rather than providing a flat rate per dwelling unit. This approach also makes it easier to apply a uniform standard for accessory dwelling units and other non-standard home types.

After conferring with the Burns City Council in August 2023, the council elected to adopt the cost basis for their SDC methodology using meter capacity equivalents (MCEs). For Burns, an MCE is equal to the flow capacity of a 3/4- by 5/8-inch meter.

⁵ Per 223.307(2), “an increase in system capacity may be established if a capital improvement increases the level of performance or service provided by existing facilities or provides new facilities.” See also Oregon OHCS Study Final Report, pages 8-9

⁶ *ibid*

⁷ Figure 6-2, City of Burns Water System Master Plan, 2021

SDC Summary and 2024 Fee Schedule

The planned Water and Sewer SDCs are summarized in Tables 1 and 2, respectively. The schedule of charges, or Fee Schedule, for 2024 is shown in Table 3.

Based on planned expenditures for Water System capital improvements and the SDC analysis performed on these improvements, the proposed **Water SDC fee is \$4,317 per MCE**, which consists of a Water Reimbursement Fee of \$644 per MCE and a Water Improvement Fee of \$3,673 per MCE (Table 1).

Based on planned expenditures for the Burns Sewer System and the SDC analysis performed on these improvements, the proposed **Sewer SDC Fee is \$2,785 per MCE**, which consists of a Sewer Reimbursement Fee of \$1,302 per MCE and a Sewer Improvement Fee of \$1,483 per MCE (Table 2).

These fees will be implemented in accordance with the Fee Schedule (Table 3), which summarizes total SDCs based on MCEs for the varying meter sizes used in Burns.

The capital improvements on which the SDC Improvement Fees are based are provided in Enclosure 1. Capital Projects List.

TABLE 1. SUMMARY OF WATER SDCs

SDC	Amount	Description
Water Reimbursement Fee	\$644	per MCE
Current Investment in Water Inf.	\$1,040,968	FY22 Audit
Unused Capacity	42%	Derived
Cost of Unused Capacity	\$434,251	0
Growth Projection	674	MCEs
Water Improvement Fee	\$3,673	per MCE
Net Cost of Capacity Increasing Impr.	\$2,477,000	Derived
Growth Projection	674	MCEs
Total Water SDC Fees	\$4,317	per MCE

TABLE 2. SUMMARY OF SEWER SDCs

SDC	Amount	Description
Sewer Reimbursement Fee	\$1,302	per MCE
Current Investment in Sewer Inf.	\$1,568,181	FY22 Audit
Unused Capacity	56%	Derived
Cost of Unused Capacity	\$878,181	0
Growth Projection	674	MCEs
Sewer Improvement Fee	\$1,483	per MCE
Net Cost of Capacity Increasing Impr.	\$1,000,000	Derived
Growth Projection	674	MCEs
Total Sewer SDC Fees	\$2,785	per MCE

Total (Combined) SDC Fees	\$7,103	per MCE
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TABLE 3. 2024 SDC SCHEDULE

2024 SDC Schedule*				
Meter Size	Flow Factor	Water SDCs	Sewer SDCs	Total SDCs
3/4- and 5/8-inch	1	\$4,317	\$2,785	\$7,103
1-inch	1.4	\$6,044	\$3,900	\$9,944
1-1/2-inch	1.8	\$7,771	\$5,014	\$12,785
2-inch	2.9	\$12,521	\$8,078	\$20,598
3-inch	11.0	\$47,492	\$30,639	\$78,131
4-inch	14.0	\$60,444	\$38,995	\$99,440

*Rates will be updated annually based on the Engineering News Record Construction Cost Index

Water SDC Calculations

Water SDCs were calculated using the baseline data derived from the 2021 Water System Master Plan, which identifies 1,217 Residential Connections (85%) and 212 Commercial (15%) for a total of 1,429 Connections.

Growth rates were assumed to follow an S-curve function, with 0.5 percent growth in the early and late years of the City's redevelopment and a more rapid growth period in the middle years, scaling up to annual growth of 2.5 percent.

This assumed growth rate is based on the planned Miller Springs and Palmer Estates developments, which will conservatively add 674 MCEs between them over the next 20 years. The net result is an increase in MCEs from 1,575 today to 2,249 in 2043, an increase of 43 percent (see Table 4 insert, below).

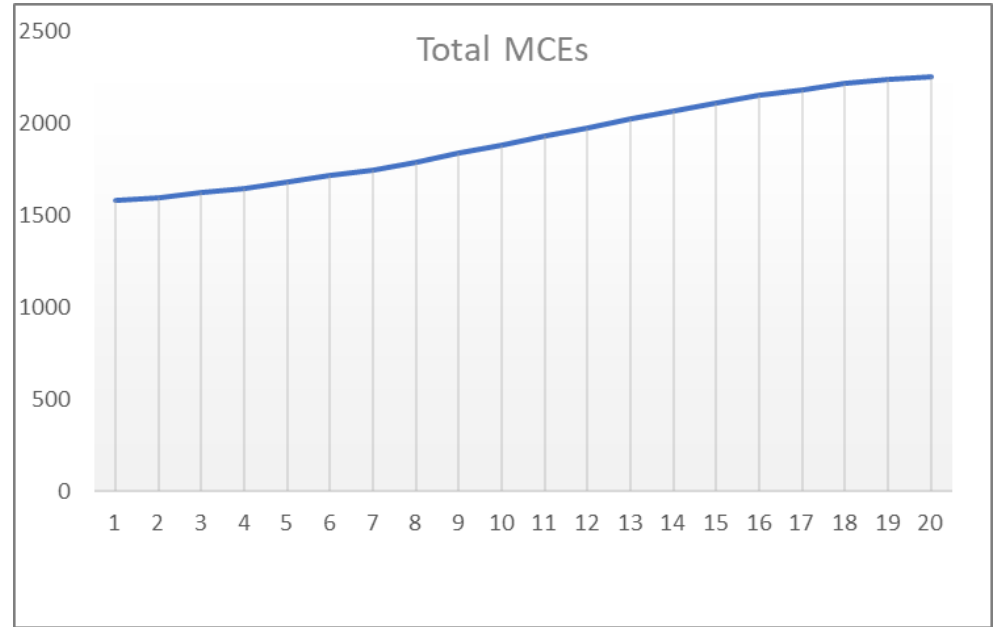
The City has no long-term debt in its Water Fund. Water Reimbursement Fees were derived from the See Statement of Net Position Proprietary Funds, page 22, for the period ending June 30, 2022.

Water Improvement Fees were derived from the capacity analysis and public improvements planned in the 2021 Water System Master Plan (Table 5 and Enclosure 1).

TABLE 4. WATER SDC CALCULATIONS

SDC	Amount	Description
Water Reimbursement Fee	\$644	per MCE
Current Investment in Water Inf.	\$1,040,968	FY22 Audit
Unused Capacity	42%	Derived
Cost of Unused Capacity	\$434,251	
Growth Projection	674	MCEs
Water Improvement Fee	\$3,673	per MCE
Net Cost of Capacity Increasing Impr.	\$2,477,000	Derived
Growth Projection	674	MCEs
Total Water SDC Fees	\$4,317	per MCE

Account Type	No. of Accounts	Ratio
Residential	1,217	85%
Commercial	212	15%
Total	1,429	100%



Growth Unit	2023	2043	Growth	Growth Share
Meter Capacity Equivalents	1,575	2249	674	43%

Account Type	No. of Accounts	Ratio
Residential	1,217	85%
Commercial	212	15%
Total	1,429	100%

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Growth Rate	0.5%	1.0%	1.5%	1.5%	2.0%	2.0%	2.0%	2.5%	2.5%	2.5%
Nominal MCE Growth	8	16	24	24	33	34	34	44	45	46
Total MCEs	1583	1599	1622	1647	1680	1713	1748	1791	1836	1882

	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
Growth Rate	2.5%	2.5%	2.5%	2.0%	2.0%	2.0%	1.5%	1.5%	1.0%	0.5%
Nominal MCE Growth	47	48	49	41	41	42	32	33	22	11
Total MCEs	1929	1977	2027	2067	2109	2151	2183	2216	2238	2249

Customer Data			Usage Data			
Meter Size	Flow Factor	No. of Meters	Meter Capacity Equivalents	Total Average Annual Use	Average Monthly Use	Average Monthly Use (Per MCE)
Connections			Cubic Feet			
3/4- and 5/8-inch ICL	1	1,247	1,247	17,525,502	1,460,458	1,171
1-inch ICL	1.4	87	122	2,779,002	231,584	1,901
1-1/2-inch ICL	1.8	9	16	286,872	23,906	1,476
2-inch ICL	2.9	22	64	883,802	73,650	1,154
3-inch ICL	11.0	1	11	33,485	2,790	254
4-inch ICL	14.0	4	56	10,901	908	16
3/4- and 5/8-inch OCL	N/A	55	55	781,765	65,147	1,184
1-inch OCL	N/A	1	1	43,036	3,586	3,586
1-1/2-inch OCL	N/A	1	1	35,213	2,934	2,934
2-inch OCL	N/A	1	1	40,173	3,348	3,348
3-inch OCL	N/A	0	0	0	0	0
4-inch OCL	N/A	1	1	1,194,741	99,562	99,562
Total		1,429	1,575	23,614,492	1,967,874	1,250

TABLE 5. WATER SYSTEM CAPACITY ANALYSIS AND PLANNED PUBLIC IMPROVEMENTS

Capacity Analysis	
Current Flow (Daily)	2751
Available Capacity	4720
Unused Capacity	1969
% Capacity Unused	42%

Water System Master Plan (WSMP) Improvements	
Existing Water Fund Debt Service	\$ -
Estimated Future Annual Water Fund Debt Service (SDWRLF Loan)	\$ 234,000
Projected Annual OM&R Cost	\$ 414,000
Total Estimated Annual Expense to be Funded by Water Rates	\$ 648,000
Water System Improvements	\$ 9,250,000
<i>Less Grant Funding</i>	\$ 6,773,000
Residual Cost for SDC Calculation	\$ 2,477,000

Estimated Project Costs		
Budget Line Items	Preliminary Design (CDBG-CV)	Final Design + Construction (CDBG + Match)
Engineering	\$ 578,000	\$ 578,000
Environmental Review	\$ 20,000	\$ -
Grant Administration	\$ 35,000	\$ -
Easement Resolution	\$ 20,000	\$ -
Permitting	\$ 5,000	\$ -
Cultural Resource Inventory	\$ 100,000	\$ -
Wetland Delineation Report	\$ 10,000	\$ -
Agency Review Fees	\$ 5,000	\$ -
Legal		\$ 50,000
Record Drawings and GIS Mapping		\$ 50,000
Supply System Improvements		\$ 305,394
Existing Dist. System Improvements		\$ 5,912,318
Construction Contingency		\$ 831,289
Subtotal	\$ 773,000	\$ 7,727,000
Total Estimated Project Cost		\$ 8,500,000

Estimated Project Revenues			
Funding Source	Total Financing	Grant Amount	Loan Amount
CDBG	\$ 773,000	\$ 773,000	\$ -
CDBG	\$ 2,500,000	\$ 2,500,000	\$ -
SDWRLF	\$ 1,727,000	\$ -	\$ 1,727,000
EPA CDS	\$ 3,500,000	\$ 3,500,000	\$ -
Total	\$ 8,500,000	\$ 6,773,000	\$ 1,727,000

Sewer SDC Calculations

Sewer SDCs were calculated using the baseline data derived from the 2021 Water System Master Plan, coupled with feedback from the City of Burns Public Works Department on planned system improvements.

Growth rates were assumed to follow a similar S-curve function as the Water System, with 0.5 percent growth in the early and late years of the City’s redevelopment and a more rapid growth period in the middle years, scaling up to annual growth of 2.5 percent, also resulting in an increase of 43 percent in Sewer System utilization (Table 6).

The Sewer System today treats between 350,000 gallons per day (GPD) and 500,000 GPD average flow. The maximum rated capacity under the City’s Wastewater Pollution Control Facility (WPCF) permit is 1.14 million gallons per day (MGD). The City has at times seen peak flows of 2.1 MGD peak flood due to inflow and infiltration (I&I) during flood events.

The City is in the process of starting a Wastewater System Master Plan to determine the need for future capital investments in its collection and treatment systems. As a result, this SDC study only considers capital costs for the currently planned investments, which are upgrades to two existing pump stations estimated to cost \$1M (Enclosure 1).

The Sewer System currently has no debt. The City’s current investment in Sewer infrastructure was derived from its FY22 Audited Financial Reports.⁸

TABLE 6. SEWER SDC CALCULATIONS

SDC	Amount	Description
Sewer Reimbursement Fee	\$1,302	per MCE
Current Investment in Sewer Inf.	\$1,568,181	FY22 Audit
Unused Capacity	56%	Derived
Cost of Unused Capacity	\$878,181	
Growth Projection	674	MCEs
Sewer Improvement Fee	\$1,483	per MCE
Net Cost of Capacity Increasing Impr.	\$1,000,000	Derived
Growth Projection	674	MCEs
Total Sewer SDC Fees	\$2,785	per MCE

Growth Unit	Growth	Growth Share
Meter Capacity Equivalents	674	43%

⁸ See Statement of Net Position Proprietary Funds, page 22, for the period ending June 30, 2022

Funding Plan and Cumulative SDC Proceeds

The SDCs calculated in this report are, in our opinion, the maximum water and sewer SDCs that the City of Burns can legally charge.

The City is under no legal obligation to impose its full SDCs. However, the anticipated SDC revenues will only cover 63 percent of the City’s planned public improvements (Table 7).

Additionally, most of the SDC revenues identified in this report will be generated by the Burns Urban Renewal Agency (URA) from new construction planned within the URA Plan Area. These fees will be paid by the URA to the City of Burns on behalf of the developer, which has the benefit of reducing the development cost (and profitability/affordability of new housing) while simultaneously funding a significant portion of the City’s anticipated public improvements.

Compliance costs (costs associated with calculating SDCs) are not included since the Burns Urban Renewal Agency will primarily administer the SDC program.

TABLE 7. PLANNED PUBLIC IMPROVEMENTS AND PROJECTED SDC REVENUES

Planned Capital Improvement Projects	Est. Date	Estimated Cost
Water System Improvements	2023-2025	\$ 8,500,000
Future Water System Improvements (500,000 reservoir)	2025-2030	\$ 750,000
Sewer System Improvements (Triangle Lift Station)	2023-2025	\$ 500,000
Sewer System IMprovements (Egan Lift Station)	2023-2025	\$ 500,000
Total All Projects	4	\$ 10,250,000

SDC Revenues	2024-2044
Total Estimated Connections (MCEs)	674
Combined SDC Fees per MCE	\$ 7,103
Annual Cost Escalation (est.)	3%
Cumulative SDC Revenues	\$6,498,952

Percent of Capital Projects Funded 63%

SDC Credits

SDC credits reduce the SDC fees for a specified development. ORS 223.304 requires that SDC credits be issued for the construction of a qualified public improvement that is: (1) required as a condition of development approval; (2) identified in the City's adopted SDC project list; and either (3) "not located on or contiguous to property that is the subject of development approval," or (4) 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, credits 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."

Rate Indexing

Oregon Revised Statutes 223.304 allows for the periodic indexing of SDCs for inflation, as long as the index used is:

1. 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;
2. 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
3. Incorporated as part of the established methodology or identified and adopted in a separate ordinance, resolution, or order.

This study indexes the Engineering News Record Construction Cost Index for the City of Seattle and recommends that the City of Burns adjust its charges annually based on this index. There is no comparable Oregon-specific index.

Summary and Implementation Timeline

The proposed schedule for review and adoption of the SDC report is shown in Table 8. Based on this schedule, the ordinance would be adopted during the **January 24, 2024** city council meeting then take effect thirty days later. This approach will still allow the City to implement its SDCs before charging for any new connections within the I/E Zone or Miller Springs, which will not occur until spring 2024.

Table 8. SDC Adoption Schedule

Action Item	Date
Work Session to Review SDC Report and Methodology	30-Aug-2023
Council Review of Draft SDC Report	13-Sep-2023
90-Day Notice Published	12-Oct-2023 (online) 18-Oct-2023 (print)
SDC Ordinance Hearing and Adoption in City Council Meeting	24-Jan-2024

Adoption and Notice Procedures

ORS 223.304(6) and (7) requires the City to give a 90-day notice to interested parties before adopting or amending SDC costs. Some jurisdictions go above and beyond statutory notice and information availability requirements to engage and inform stakeholders. As a result of the most recent amendments in 2021, SDC rates, methodology reports, project lists, and contact information for questions must be available on a website or other means free of charge upon request.⁹

The City must also maintain a list of persons who have made a written request for notification of the establishment or modification of an SDC and provide notice to such individuals at least 90 days before the first public hearing to enact a new or modified SDC. The SDC methodology must also be available for review 60 days before the first public hearing. A sample public notice is included in Enclosure 2 and has been added before the cover sheet to the SDC report.

⁹ ORS 223.316

Enclosure 1. Capital Projects List

TABLE 9. CAPITAL PROJECTS

Water System Capital Projects	Est. Date	Estimated Cost	SDC Eligible	SDC Portion
Water System Improvements	2023-2025	\$ 8,500,000	100%	\$ 8,500,000
Future Water System Improvements (500,000 reservoir)	2025-2030	\$ 750,000	100%	\$ 750,000
Total All Water Projects	2	\$ 9,250,000		\$ 9,250,000

Sewer System Capital Projects	Est. Date	Estimated Cost	SDC Eligible	SDC Portion
Sewer System Improvements (Triangle Lift Station)	2023-2025	\$ 500,000	100%	\$ 500,000
Sewer System Improvements (Egan Lift Station)	2023-2025	\$ 500,000	100%	\$ 500,000
Total All Sewer Projects	2	\$1,000,000		\$1,000,000

TABLE 10. CUMULATIVE SDC REVENUE GROWTH (ASSUMES 3% ANNUAL COST ESCALATION)

Period	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Estimated SDC	\$7,103	\$7,316	\$7,536	\$7,762	\$7,994	\$8,234	\$8,481	\$8,736	\$8,998	\$9,268
Estimated MCEs	8	16	24	24	33	34	34	44	45	46
Total Revenues	\$55,929	\$115,790	\$180,684	\$188,896	\$263,309	\$276,632	\$290,630	\$381,670	\$402,948	\$425,412

Period	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
Estimated SDC	\$9,546	\$9,832	\$10,127	\$10,431	\$10,744	\$11,066	\$11,398	\$11,740	\$12,092	\$12,455
Estimated MCEs	47	48	49	41	41	42	32	33	22	11
Total Revenues	\$449,129	\$474,168	\$500,603	\$422,809	\$444,203	\$466,680	\$367,720	\$384,433	\$267,937	\$139,368

Enclosure 2. 90-Day Notice



PUBLIC NOTICE **City of Burns**

90-day Notice of System Development Charge Implementation

The City of Burns hereby issues public notice, pursuant to ORS 223.304, of its intent to create a new Waste Water System Development Charge and Water System Development Charge.

The portion of the report addressing the methodology and calculation of the proposed charges is attached. For a copy of the full document please visit our website at: <https://www.cityofburnsor.gov/documents>.

A public hearing to accept comments regarding the proposed implementation of the System Development Charges will be held on January 24, 2024 at 6:00 p.m. in the Burns City Hall Council Chambers. If you wish to comment, but cannot attend the public hearing, please address written comments to the following address:

City of Burns
City Hall
242 S Broadway Ave.
Burns, Oregon 97720

Those wishing to offer written comments are asked to submit their comments on or before 4:00 p.m. on January 18, 2024 so that they can be included in the City Council packet for the meeting on January 24, 2024. Any comments received after that date will be reviewed and added the night of the public hearing.

Publish Date: October 18, 2023 (Burns Times Herald)

Posted at: Harney County Clerk's Office
U.S. Post Office
Burns City Hall
October 12, 2023

Respectfully submitted this 11th day of October 2023

Catalyst Public Policy Advisors, LLC

By: Nicholas Green

Its: President

