

Appendix 1

League of Oregon Cities Summary of SDC Law

From August 18, 2000
“Capital Improvement Plan and Methodology
for Street Systems Development Charges”
by bst, inc.

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The League of Oregon Cities prepared the following summary of major features of the SDC law.

1. Authorized Government Objectives

The charge must be for capital improvements that are facilities or assets used for:

- a. Water supply, treatment and distribution.
- b. Wastewater collection, treatment and disposal.
- c. Drainage and flood control.
- d. Transportation.
- e. Parks and recreation.

Administration office facilities are authorized only if they are an incidental part of the listed capital improvements. Routine maintenance may not be funded from system charges. Charges collected for future improvements must be spent on capacity increasing capital improvements in proportion to the capacity requirements of current projected development.

2. Systems Development Charges Methodology.

An ordinance or resolution must establish the Systems Development Charges. Two general types of fees could be combined into a single charge for each infrastructure system, depending on whether infrastructure improvement capacity was pre-financed or whether the monies are collected toward a future improvement. Several factors, such as the cost of the facilities, value of unused capacity and others must be considered in the methodology.

3. Infrastructure Plan Relationship.

A capital improvement plan, public facilities plan, master plan or comparable plan should list the improvements that would be eligible for Systems Development Charges. Modification of the lists in the plans is allowed at any time in order to keep current with development trends. Amendment procedures may exist in other statutes or rules or may, for some types of plans, need to be developed locally. This provision allows the City to measure and analyze facility standards and services that may be related to current or projected development.

4. Segregated Funds and Fund Accountability.

The charges collected must be segregated from the general fund and reserved for use only on the specific infrastructure systems for which they were collected. An annual accounting is needed to report total revenues collected for each system and the projects funded.

5. Credit for Other Exactions

There must be a credit available if a builder/developer pays an SDC and also contributes toward the same infrastructure improvement through a development exaction. The credit need not exceed the amount of the systems charge paid. Cities will rely on the plan and methodology to identify instances where the two forms of contribution for one improvement occur. This provision only affects off-site development exactions.

6. Existing Deficiencies and Utility Fees.

In general, Cities will not be authorized to use Systems Development Charges to correct system deficiencies. However, the governing language in the bill is in concept of "capacity increasing" improvements. Since the solution of existing deficiencies is only a part of "capacity increasing", it is reasonable to expect that existing development should pay a portion of the costs of improving the associated facilities. A Utility Fee is charged to existing development to amortize the associated cost of these improvements.

7. Judicial Review.

A statute of limitations outlines a time period to contest methodology. The City would adopt administrative review procedures to enable a challenge of an expenditure. The decision of the City is appealed only by a writ of review. The legal challenge procedures are clear, well-defined and efficient. The remedy for misspent expenditures is replenishment of the fund by a time certain.