

Memorandum Date: May 4, 2009
Order Date: May 20, 2009

TO: Board of County Commissioners
DEPARTMENT: Public Works
PRESENTED BY: Celia Barry, Transportation Planning
AGENDA ITEM TITLE: Report Back on System Development Charge Study Status

I. **MOTION**

None requested.

II. **AGENDA ITEM SUMMARY**

Commissioners Sorenson and Handy asked for a report on the System Development Charge (SDC) study that was approved for going forward by the Finance and Audit Committee. The consultant, FCS Group, will provide an SDC 101 Power Point presentation and a status report. The status report is **Attachment A**. The study objective is to institute a new transportation SDC and update the Parks SDC methodology. Mr. Todd Winter will be present for Parks Division questions.

III. **BACKGROUND/IMPLICATIONS OF ACTION**

A. **Board Action and Other History**

Historical Board action occurred in 2006-2007 at the Finance and Audit Committee level. A consultant was hired in August 2008.

Staff can provide copies of materials from the Finance and Audit Committee meetings. It appears written materials were produced for Finance and Audit beginning December 1, 2006, and subsequent discussions occurred in February 2007 and August 2007.

B. **Policy Issues**

Transportation System Plan (TSP) policy 22-a states:

The dedication of adequate right-of-way and construction of road improvements may be required to serve traffic that will be generated due to the development.

Policy 23-b states:

Identify and consider additional potential funding sources and strategies, such as a local option gas tax or vehicle registration fee, in the event of loss or reduction of existing funding sources.

C. **Board Goals**

Two goals from the Strategic Plan, page 13 are related to this item:

- *Contribute to appropriate community development in the areas of transportation and*

telecommunications infrastructure, housing, growth management, and land development.

- *Protect the public's assets by maintaining, replacing or upgrading the County's investments in systems and capital infrastructure.*

D. Financial and/or Resource Considerations

No action is requested so there are no immediate financial impacts as a result of today's item. Staff requests Board direction on whether to pursue city involvement in SDC implementation. The consultant is expected to have additional financial information available by the time the work session takes place. See also Attachment A, page 3, Outstanding Issues.

E. Analysis

SDCs can be a reimbursement fee, an improvement fee, or a combination of both. FCS Group will brief the Board on these approaches, regulated by ORS 223.297-314. Essentially, a reimbursement SDC charges individual developments (by building permit) based upon the relative benefit that development receives from the existing road system. Improvement fee SDCs collect the fee for future road improvements necessary to serve the development, based upon its impacts relative to the value of a future project list.

Direction given by Finance and Audit was to hire a consultant to help implement a reimbursement SDC outside of the Eugene-Springfield urban growth boundary (UGB), and to also look at an urban SDC, particularly if it could be combined with a county-wide gas tax and vehicle registration fee, as a funding package that could facilitate city-county collaboration. A storm water fee was also considered but due to anticipated difficulty in collecting it, was not explored further.

When it became known that renewal of Secure Rural Schools money was unlikely the Board became interested in pursuing other sources of stable funding. Interest increased when Ballot Measure 37 was enacted resulting in the potential for major developments outside of urban growth boundaries. Ballot Measure 49 replaced Ballot Measure 37, reducing the number of potential lots resulting from valid claims, from limitless to three per claim.

The limitations on development permitted outside UGBs under state land use law, and the good condition of the County Road system, means a reimbursement fee approach is likely to be more lucrative than the improvement fee approach outside urban growth boundaries.

The County Road system includes many roads within cities. In order for these roads to be included when implementing an SDC, the respective city must agree. Staff thinks some cities would have a potential gain by joining the County in a single, county-wide SDC. Staff is unsure of the status of these discussions and requests Board approval to resurrect them. We would also like to request Board direction regarding the form of these discussions. For instance, staff could provide a letter for Board Chair signature to individual cities describing the number of county road miles within the city and potential benefits, and staff could follow-up with contact to the cities after mailing the letters.

If cities are not involved in implementing a county-wide SDC, then staff believes revenue from SDCs may be much less significant due to state land use law limitations on development outside UGBs. In any case, implementation of an SDC is timely given the decline or loss of

other revenues. FCS Group will likely have a draft transportation SDC fee for review by the time of the work session. The Parks SDC is dependent on population forecast numbers, not yet adopted.

The County's TSP was used to develop a project list for the improvement SDC. County staff did extensive analysis used by FCS Group for further analysis, to come up with potential transportation SDC rates for Board consideration. The analysis generally involves the existing condition of the road system, its capacity, and value of future projects. FCS Group will provide additional information at the work session.

f. Alternatives/Options

While this is a report back and no formal action is necessary, Board direction on whether to approach cities and the form of that approach is requested as described in the previous section. In addition, FCS Group is expected to have a draft transportation SDC rate for your reaction. Questions and concerns at this time would be appreciated.

V. TIMING/IMPLEMENTATION

Once population forecasts are adopted FCS Group can move forward with a Parks SDC proposal. Upon approval to move forward with the draft rate anticipated to be available at your work session, the public process for the transportation SDC can begin. In order to contain consultant costs staff recommends only one public process for both the Parks and Transportation SDCs. The consultant can provide additional timing details.

VI. RECOMMENDATION

Not applicable at this time.

VII. FOLLOW-UP

The public process required by the SDC ORS will follow upon availability of a draft SDC proposal. The SDC will provide more detail at your work session.

VII. ATTACHMENTS

A. FCS Group Memorandum, Status Report