



TUALATIN VALLEY

WATER DISTRICT

Date: January 17, 2024
To: Board of Commissioners
From: Justin Carlton, Interim Chief Financial Officer
Subject: Annual Adjustment to the System Development Charge

Requested Board Action:

Consider adopting a resolution amending system development charges for the Tualatin Valley Water District and declaring an effective date.

Key Concepts:

- Ordinance 01-12 requires the District to annually review its system development charges (SDCs) in relation to the Engineering News Record (ENR) Construction Cost Index (CCI) for Seattle.
- The CCI for Seattle increased by 0.39% from December 2022 to December 2023.
- Consistent with Ordinance 01-12 and Oregon law, the proposed resolution sets an effective date of March 1, 2023 for the increase to the District's SDCs of approximately 0.39%.

Background:

The District's SDC ordinance (Ordinance 01-12) requires an annual review of the District's SDCs in relation to the ENR CCI for the Seattle area. From December 2022 to December 2023, the CCI (the index specified in the SDC ordinance) increased by 0.39%. The average annual rate of growth in the CCI since December 2014 has been approximately 4.04%.

The increase in the SDC for a 5/8 x 3/4-inch meter would be \$38, from \$9,716 to \$9,754. In keeping with the District's practice of notifying interested parties, staff contacted a representative of the Home Builders Association of Metropolitan Portland (HBA) in January to apprise them of the change in the CCI.

Budget Impact:

The SDC per equivalent residential unit (ERU) would increase \$38, from \$9,716 to \$9,754. The increase is projected to generate approximately \$23 thousand in additional revenue through the biennial budget ending June 30, 2025. The actual increase in SDC revenue will depend on development activity within the District. SDC revenue is extremely volatile and difficult to predict with accuracy.

Staff Contact Information:

Justin Carlton; Interim Chief Financial Officer; 503-848-3070; justin.carlton@twvd.org
Joe Healy; Senior Management Analyst; 503-848-3085; joe.healy@twvd.org

Attachments:



Proposed resolution

L Leadership Team Initials:

Chief Executive Officer	PSM	Customer Service Manager	AC
Chief Operating Officer	PDB	IT Services Director	(TB)
Interim Chief Financial Officer	IC	Human Resources Director	AB
General Counsel	CB	Water Supply Program Director	(TB)
Communications Manager	SD		





TUALATIN VALLEY
WATER DISTRICT

RESOLUTION NO. 02-24

A RESOLUTION AMENDING SYSTEM DEVELOPMENT CHARGES FOR THE TUALATIN VALLEY WATER DISTRICT AND DECLARING AN EFFECTIVE DATE.

WHEREAS, on July 18, 2012, the Board of Commissioners adopted Ordinance 01-12 “System Development Charge Ordinance” to impose system development charges (SDCs) and other related procedures to comply with ORS 223.297 to ORS 223.314, inclusive, to provide revenues necessary for capital improvements constructed and to be constructed; and

WHEREAS, in accordance with the methodology identified in Section 4 of Ordinance 01-12, the administrative staff of the District calculated the amount of the SDC to be imposed by the Board of Commissioners to collect the statutorily authorized, necessary revenues; and

WHEREAS, Section 9 B of Ordinance 01-12 requires the District to review its SDCs annually in relation to the Engineering News Record (ENR) Construction Cost Index (CCI) (Seattle); and

WHEREAS, construction costs increased 0.39% between December 2022 and December 2023 as evidenced by the ENR CCI (Seattle); and

WHEREAS, pursuant to Section 9 of Ordinance 01-12, the Board of Commissioners by this resolution amends the SDC for the District as set forth below.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE TUALATIN VALLEY WATER DISTRICT THAT:

Section 1: Resolution 03-23 is hereby repealed and superseded by this resolution effective at 7:00 A.M., Pacific Standard Time on March 1, 2024.

Section 2: Prior to making a connection of non-District water facilities to the District’s water system, the applicant for such a connection shall pay in full the SDC to the District, except that there shall be no SDC for a fireline.

Section 3: Further, the Board directs staff, for any calendar year, during which the Board has not adjusted SDCs based on a revised capital improvements or facilities plan, to adjust SDCs March 1 for each ensuing year thereafter, as calculated by staff based on the change, from December of the prior year to December of the current year, in the Engineering News Record (ENR) Construction Cost Index (CCI) (Seattle).

Section 4 (a): Pursuant to Section 3 above, the SDC is calculated for a 5/8 x 3/4 inch meter by a weighting factor. The weighting factors adopted by the Board are based on the American Water Works Association safe operating capacities for displacement type meters.

The SDCs for meter sizes up to 1-1/2 inches are:

Reimbursement Fee	\$ 1,708/ERU
Improvement Fee	7,885/ERU
<u>Administration</u>	<u>161/ERU</u>
Total SDC	\$ 9,754/ERU

Meter Size	Weighting Factors (ERUs)	Charge
5/8 x 3/4 inch	1.0	\$ 9,754
3/4 x 3/4 inch	1.5	14,631
1 inch	2.5	24,385
1-1/2 inch	5.0	48,770

Section 4 (b): Pursuant to Section 4(a) above, for meters over 1-1/2 inches, the SDC shall be determined based on the customer's anticipated water usage. Anticipated peak-day water usage will be divided by the peak-day system design flow of 844 gallons per day per equivalent residential unit (ERU) to determine peak-day ERUs. Anticipated average daily water usage will be divided by 358 gallons per day per ERU to determine average-day ERUs (storage ERUs).

Peak-Day SDC cost is:

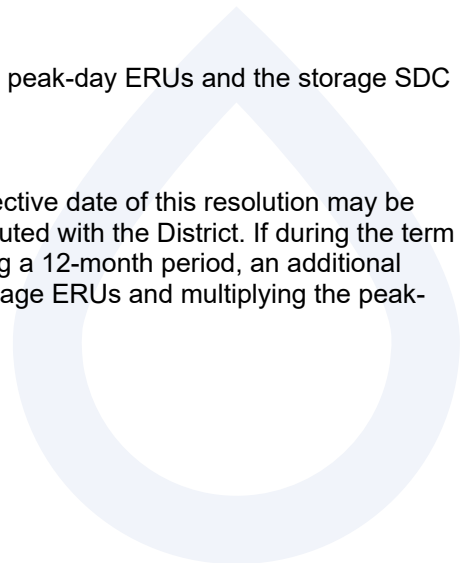
Reimbursement Fee	\$1,121 per peak-day ERU
Improvement Fee	<u>6,900</u> per peak-day ERU
Peak-Day SDC cost	\$8,021 per peak-day ERU

Storage SDC cost is:

Reimbursement Fee	\$ 748 per storage ERU
Improvement Fee	<u>985</u> per storage ERU
Storage SDC cost	\$1,733 per storage ERU

The SDC shall be the sum of the peak-day SDC cost per ERU multiplied by the peak-day ERUs and the storage SDC cost per ERU multiplied by the storage ERUs.

Section 4 (c): The SDC paid for meters larger than 1-1/2 inches as of the effective date of this resolution may be adjusted upward based on actual usage pursuant to an SDC agreement to be executed with the District. If during the term of the SDC agreement, the usage is greater than 110% of anticipated volume during a 12-month period, an additional SDC may be charged, using the same techniques for calculating peak-day and storage ERUs and multiplying the peak-day SDC cost per ERU and the storage cost per ERU then in effect.



Section 4 (d): The SDC paid for a residential 3/4 x 3/4 inch or 1 inch water meter, in the circumstance where a larger meter is required only for the purpose of meeting a residential multi-purpose fire sprinkler system requirement, will consist of the SDC for the appropriate size meter that would be required without the multi-purpose fire sprinkler system plus 18% of the difference between the price of the SDC for the meter size meeting the domestic water requirements and the SDC for the meter size meeting the fire sprinkler requirement. The 18% factor represents the approximate storage cost component of the SDC. Should the customer regularly use the capacity of the 3/4 x 3/4 inch or 1 inch meter to meet its domestic needs, the customer will be required to pay the remainder of the SDC at the current rate then in effect.

Section 4 (e): If the customer has been charged by the District for an illegal connection and requests a contract for payment of the SDC, the District may withhold the option of providing a contract for said payment of SDC.

Section 4 (f): If the SDC is financed as permitted by ORS 223.208, the financing charge established by the District is 9.0% as authorized in ORS 82.010 Legal Rate of Interest and for a maximum term of 10 years.

Approved and adopted at a regular meeting held on the 17th day of January 2024.

Todd Sanders, President

Jim Doane, Secretary

