



## CITY COUNCIL MEETING STAFF REPORT

<b>Meeting Date:</b> June 2, 2025		<b>Subject:</b> Sewer & Storm System Development Charge Update  <b>Staff Member:</b> Zach Weigel, P.E., City Engineer Keith Katko, Finance Director  <b>Department:</b> Community Development and Finance	
<b>Action Required</b>		<b>Advisory Board/Commission Recommendation</b>	
<input type="checkbox"/> Motion <input type="checkbox"/> Public Hearing Date: <input type="checkbox"/> Ordinance 1 <sup>st</sup> Reading Date: <input type="checkbox"/> Ordinance 2 <sup>nd</sup> Reading Date: <input type="checkbox"/> Resolution <input checked="" type="checkbox"/> Information or Direction <input type="checkbox"/> Information Only <input type="checkbox"/> Council Direction <input type="checkbox"/> Consent Agenda		<input type="checkbox"/> Approval <input type="checkbox"/> Denial <input type="checkbox"/> None Forwarded <input checked="" type="checkbox"/> Not Applicable  <b>Comments:</b> N/A	
<b>Staff Recommendation:</b> N/A			
<b>Recommended Language for Motion:</b> N/A			
<b>Project / Issue Relates To:</b>			
<input type="checkbox"/> Council Goals/Priorities:	<input checked="" type="checkbox"/> Adopted Master Plan(s): 2015 Wastewater Collection System Master Plan, 2023 Wastewater Treatment Plant Master Plan, 2024 Stormwater Master Plan		<input type="checkbox"/> Not Applicable

### ISSUE BEFORE COUNCIL:

Staff will provide a briefing on the updated sewer and storm System Development Charge (SDC) and discuss next steps.

## EXECUTIVE SUMMARY:

System Development Charges (SDCs) are one-time charges assessed on development at the time of building permit issuance. The SDC fees pay for expansion and extension of utility infrastructure that is needed to accommodate future growth. Growth-related infrastructure improvements include upsizing pipelines, expansion of pumping and treatment facilities, and extension of pipelines to serve new development areas. The SDC fee provides a mechanism for which new growth pays for its fair share of infrastructure costs rather than existing taxpayers or utility ratepayers, ensuring “growth pays for growth.”

The SDC calculation consists of three components. The Reimbursement Fee represents developer reimbursement of previous City investment in stormwater and sewer capacity that is being used by the development. The Improvement Fee represents the cost of planned capacity increasing infrastructure that serves future growth. The SDC calculation also includes a nominal Compliance Fee for the costs associated with implementing the SDC program.

The City of Wilsonville’s stormwater SDC was last updated in April 2012 by Resolution No. 2353. The adopted resolution included an implementation schedule per Equivalent Residential Unit (ERU) as follows:

**2012 Stormwater SDC Implementation Schedule**

<b>Date</b>	<b>Improvement Fee</b>	<b>Reimbursement Fee</b>	<b>Total Fee</b>
2012	\$620	\$160	\$780
2013	\$748	\$320	\$1,068
2014	\$876	\$480	\$1,356

The Stormwater SDC is indexed for inflation on an annual basis and updated every July 1. The current total Stormwater SDC fee is \$2,432 per ERU.

In April 2006, the Sewer SDC was last updated by Resolution No. 1987, establishing a total sewer SDC of \$4,068 per ERU. Like the Stormwater SDC, the Sewer SDC is indexed for inflation on an annual basis. Currently, the total Sewer SDC is \$7,102 per ERU. Both the Stormwater and Sewer SDC are scheduled for a 0.4% annual inflation increase planned for July 1, 2025.

On January 18, 2024, City Council adopted the 2023 Wastewater Treatment Plant Master Plan (Ordinance No. 888). Also, the 2024 Stormwater Master Plan was adopted by City Council on April 1, 2024 (Ordinance No. 890). Adoption of both Master Plan documents included new Capital Improvement Project (CIP) lists, which consist of utility improvements that will be needed over the next twenty years to meet projected growth, operation and maintenance needs, and regulatory requirements. Both Master Plan documents identify the projects or portions of projects that are needed to support anticipated growth within Wilsonville.

With the updated twenty-year project list, review of the stormwater and sewer SDC is necessary to ensure development is paying its share of needed infrastructure costs. Beginning in July 2024, the City entered into a Professional Services Agreement with FCS Group to perform a sewer and storm rate and SDC fee study that will result in a recommended update to the sewer and storm utility rate and SDC fee. FCS Group has completed the stormwater and sewer SDC analysis and has determined the maximum defensible SDC for each utility as follows:

#### Stormwater SDC

SDC Type	Fee per ERU
Improvement Fee	\$1,636
Reimbursement Fee	\$1,884
Compliance Fee	\$12
<b>Total</b>	<b>\$3,532</b>
Increase	\$1,100

#### Sewer SDC

SDC Type	Fee per ERU
Improvement Fee	\$14,745.11
Reimbursement Fee	\$2,569.36
Compliance Fee	\$7.12
<b>Total</b>	<b>\$17,321.58</b>
Increase	\$10,219.56

The project team would like to answer any questions from City Council and receive feedback prior to issuing the 90-day notice, as required by Oregon law, prior to the first public hearing for adoption of a SDC methodology. Once the 90-day notice is issued, the project team will make the proposed SDC methodology available for public review and schedule stakeholder meetings with interested parties.

#### EXPECTED RESULTS:

The updated stormwater and sewer SDC fee will provide the estimated funding required for completing the infrastructure projects needed to accommodate future growth within Wilsonville. The recommended SDC fees will ensure that growth will pay for its share of infrastructure costs rather than existing taxpayers and utility ratepayers.

#### TIMELINE:

Final utility rate and SDC adoption are anticipated for the third quarter of 2025.

#### CURRENT YEAR BUDGET IMPACTS:

The consultant work is included in the current CIP budget. Funds not spent in the Fiscal Year (FY) 2024-25 budget will be rolled over to the FY2025-26 fiscal year to ensure adequate funds are available for the completion of this work.

**COMMUNITY INVOLVEMENT PROCESS:**

Prior to adoption of a final utility rate and SDC fee schedule, the project team will be holding a virtual open house with interested community members, stakeholder meetings with the Home Builders Association and local developers, and coordination with top ten industrial users for their input into rate and fee analysis. Prior to any rate or fee increase becoming effective, articles will be printed in the Boones Ferry Messenger, flyers included in the monthly utility bills, and information provided on the City's website.

**POTENTIAL IMPACTS OR BENEFIT TO THE COMMUNITY:**

The updated utility rate and SDC fee will provide the funding necessary to support planned growth, maintain existing utility assets, and meet regulatory requirements, helping to maintain a financially sound sewer and storm utility program.

**ALTERNATIVES:**

N/A

**CITY MANAGER COMMENT:**

N/A

**ATTACHMENT:**

1. Wilsonville Stormwater and Sewer SDC Update Slide Deck





# Wilsonville Sewer and Stormwater System Development Charges



June 2, 2025





# Agenda

- **System Development Charge:** A one-time fee paid at the time of development to collect the cost of capacity for growth.
- Results shown today will be the maximum defensible system development charges



Methodology



Existing and planned capacity of each system



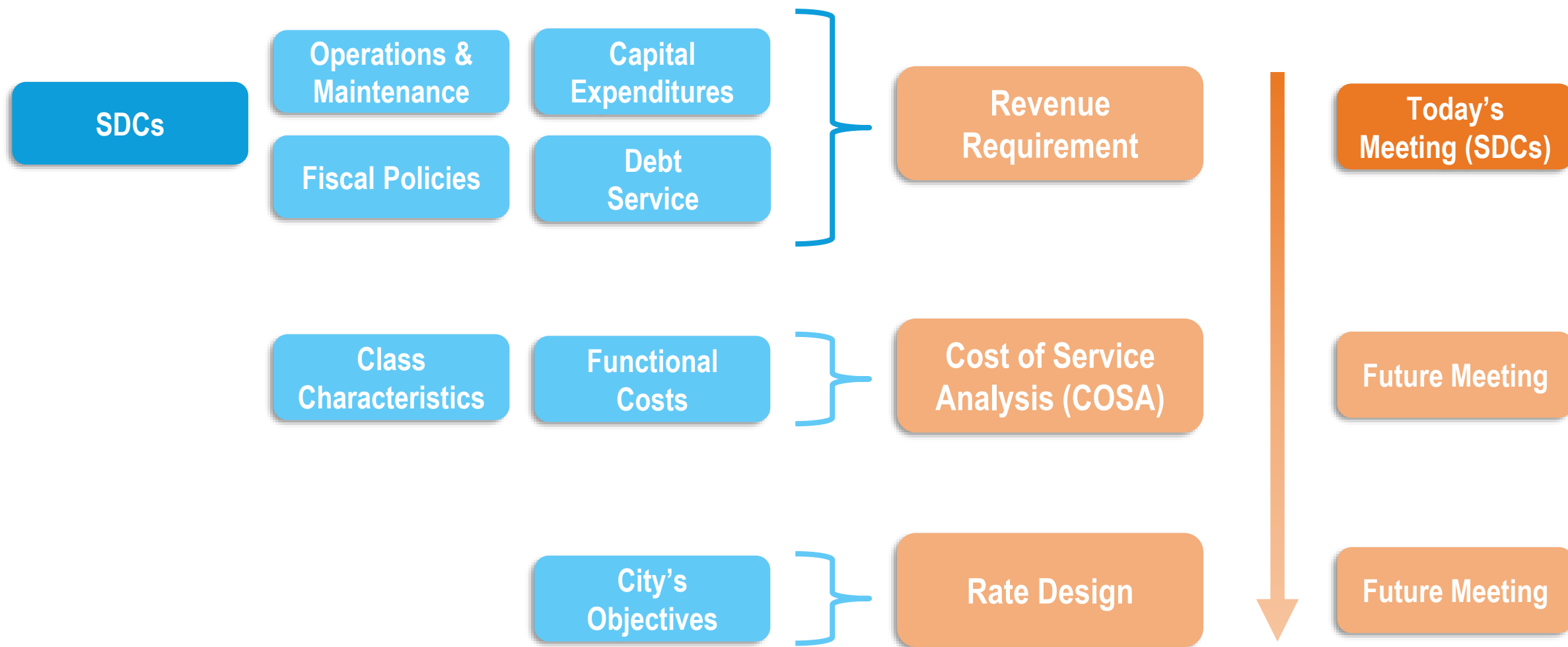
Eligible cost of the project lists and existing systems



Feedback / tweaks welcome



# Rate Study Overview





# Key Characteristics of SDCs

Item A.

SDCs are one-time charges, not ongoing rates. Paid at the time of development.

SDCs are available for water, wastewater, stormwater, transportation, and parks.

SDCs are for capital only, in both their calculation and in their use.

SDCs include both existing and future (planned) infrastructure cost components.

SDCs are for “system” facilities, not “local” facilities.





# Legal Framework for SDCs

Item A.

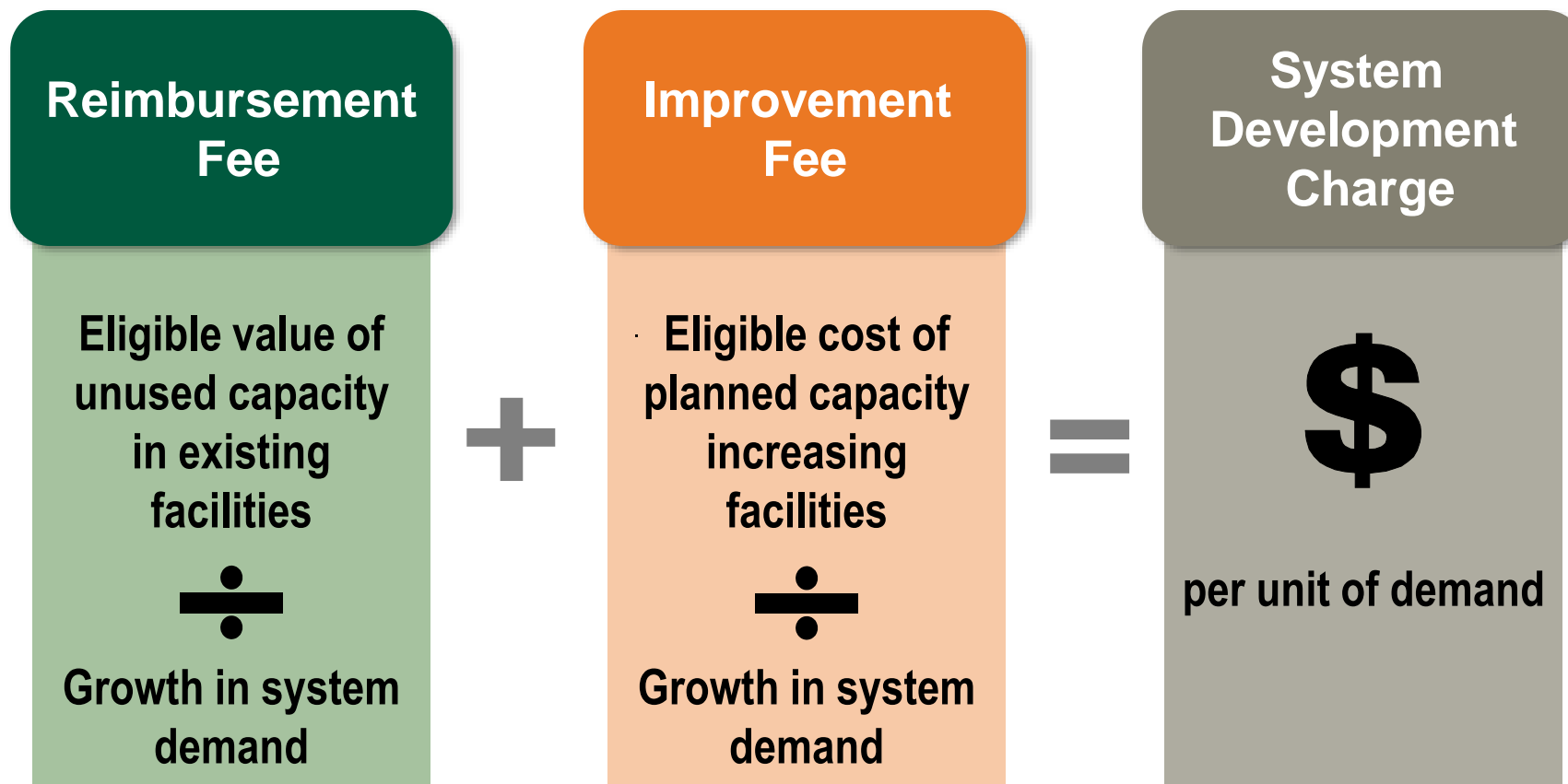
**ORS 223.297 - 316, known as *the SDC Act*, provides “a uniform framework for the imposition of system development charges by governmental units” and establishes “that the charges may be used only for capital improvements.”**





# The SDC Calculation

Item A.

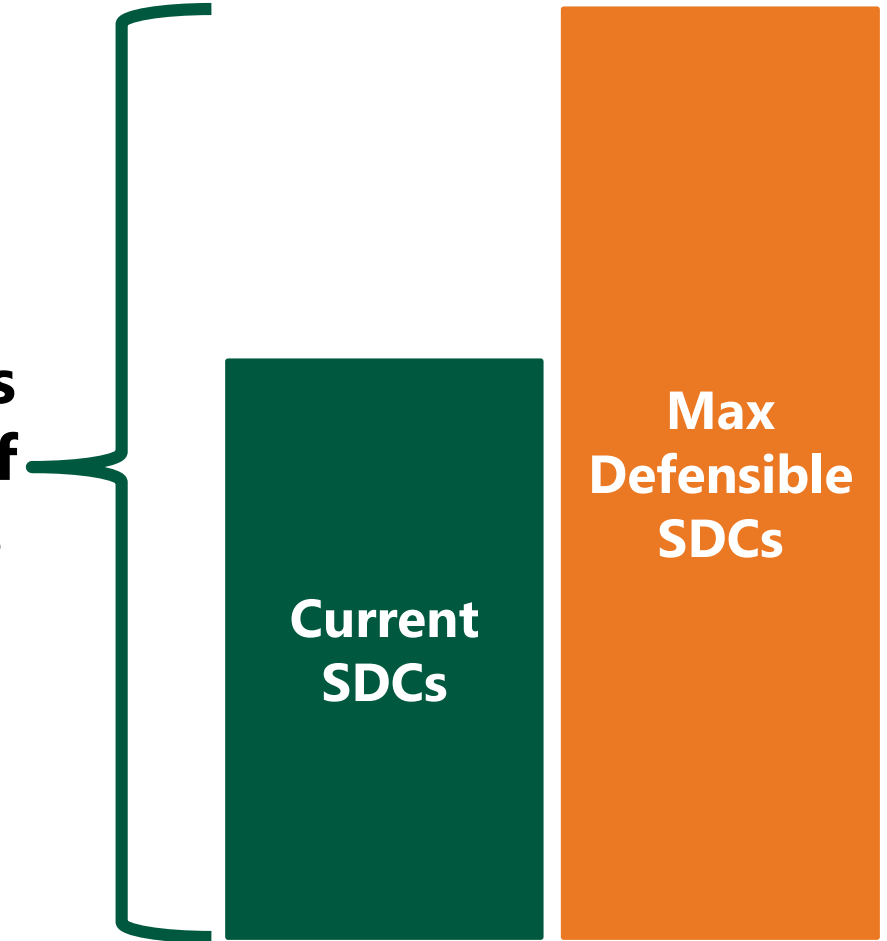




# Methodology Goals

- Calculations are intended to set the maximum defensible SDCs
- Council can adopt anything up to that maximum for any reason

**Council's  
Range of  
Options**



Item A.



# Stormwater SDC







# Calculated Stormwater SDC

Item A.

Calculated SDC	
Improvement Fee Cost Basis	\$ 14,979,904
Outstanding Improvement Fee Fund Balance	(2,309,441)
Reimbursement Fee Cost Basis	14,594,801
Compliance Costs	90,520
<b>Total</b>	<b>\$ 27,355,784</b>
Growth in EDUs	<b>7,745</b>
Improvement Fee per EDU	\$1,636
Reimbursement Fee per EDU	\$1,884
Compliance Fee per EDU	\$12
<b>Total SDC per EDU (2,750 Sq. Ft.)</b>	<b>\$3,532</b>





# Growth in Stormwater EDUs

	2024	2043	CAGR	Growth (2024-2043)	Growth Share
Impervious Acres	2,881	3,785	1.45%	905	23.90%
Billable EDUs	24,663	32,408	1.45%	7,745	23.90%

**Source:** *Stormwater Master Plan, Appendix B, Attachment B (growth in impervious acres); City customer billing data (billable EDUs)*

- Based on the City's planned growth in impervious acres, the number of billable stormwater equivalent dwelling units (EDUs) will increase by 7,745



# Stormwater Improvement Fee Cost Basis

Item A.

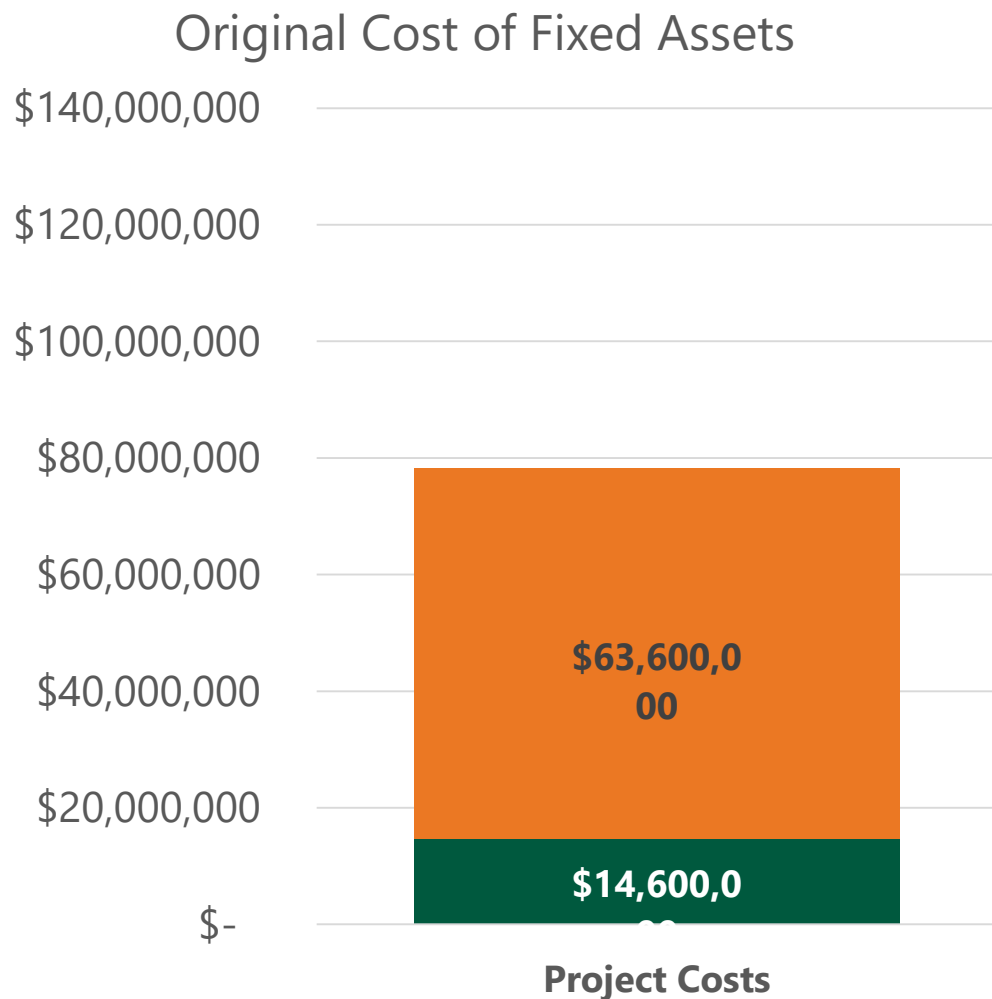


- Most of the City's stormwater project list is for the rehabilitation and repair of deficient assets
- Only about \$15 million (13% of the project list total) is for capacity for growth



# Stormwater Reimbursement Fee Cost Basis

Item A.



- Most of the City's stormwater fixed asset list is not recoverable in the SDC
- Only about \$14.6 million (19% of the fixed asset list total) represents available capacity for growth



# Calculated Stormwater SDC

Item A.

Calculated SDC	
Improvement Fee Cost Basis	\$ 14,979,904
Outstanding Improvement Fee Fund Balance	(2,309,441)
Reimbursement Fee Cost Basis	14,594,801
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# Sewer SDC







# Calculated Sewer SDC (MCE Method)

Calculated Cost Bases	Full SDC
Improvement Fee Cost Basis	\$ 98,744,256
Outstanding Improvement Fee Fund Balance	(550,583)
Reimbursement Fee Cost Basis	16,793,844
Compliance Costs	45,260
<b>Total</b>	<b>\$ 115,032,777</b>

Calculated SDC (MCE Method)	Full SDC
Improvement Fee per MCE	\$14,745.11
Reimbursement Fee per MCE	\$2,569.36
Compliance Fee per MCE	\$7.12
<b>Total SDC per MCE</b>	<b>\$17,321.58</b>

*MCE = meter-capacity equivalent*



## Sewer SDC Capacity

- Unlike stormwater, where capacity was measured in one metric (EDUs), sewer has four measures of capacity:
  - » **Collection (Flow)** – Measured in average dry weather flow
  - » **Treatment (Flow)** – Measured in peak hourly flow
  - » **Treatment (BOD)** – Measured in maximum month pounds per day
  - » **Treatment (TSS)** – Measured in maximum month pounds per day
- Measuring capacity in four different ways allows the City to charge high-strength customers



# Sewer Capacity

Loadings	Collection (Flow)	Treatment (Flow)	Treatment (BOD)	Treatment (TSS)
Units	ADWF mgd	PHF mgd	MM ppd	MM ppd
2020 Loadings	1.91	8.79	10,685	8,906
2025 Loadings (Estimated)	2.24	10.10	12,379	10,265
2045 Loadings	4.20	17.60	22,301	18,116
Growth Rate	3.20%	2.82%	2.99%	2.88%

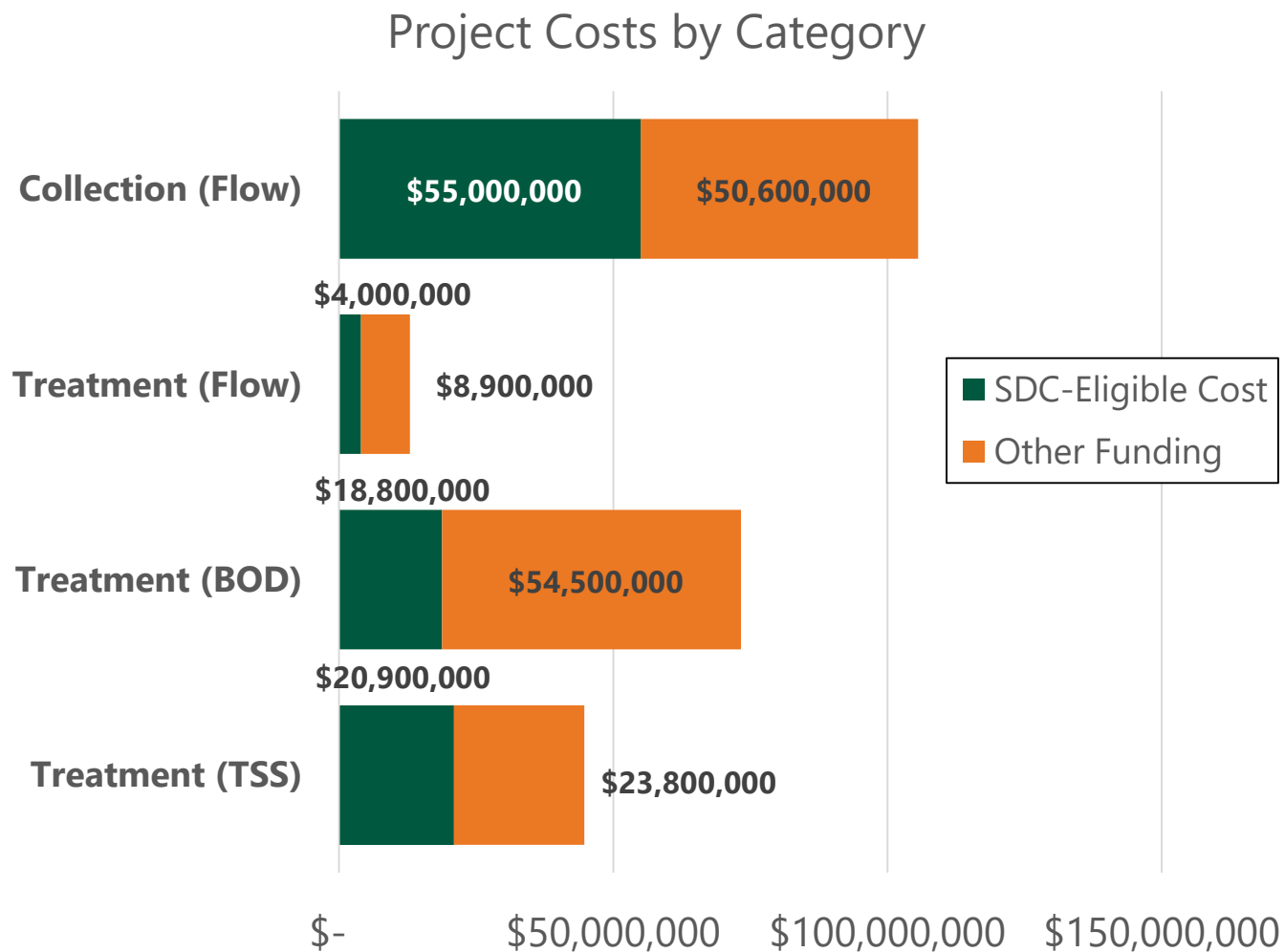
**Abbreviations:** ADWF = average dry weather flow, mgd = million gallons per day, PHF = peak hour flow, ppd = pounds per day

Growth (High-Strength Connections)	Collection (Flow)	Treatment (Flow)	Treatment (BOD)	Treatment (TSS)
Units	PHF gpd	PHF gpd	MM ppd	MM ppd
2025	10,099,355	10,099,355	12,379	10,265
2045	17,600,000	17,600,000	22,301	18,116
<b>Growth</b>	<b>7,500,645</b>	<b>7,500,645</b>	<b>9,922</b>	<b>7,851</b>



# Sewer Improvement Fee Cost Basis

Item A.

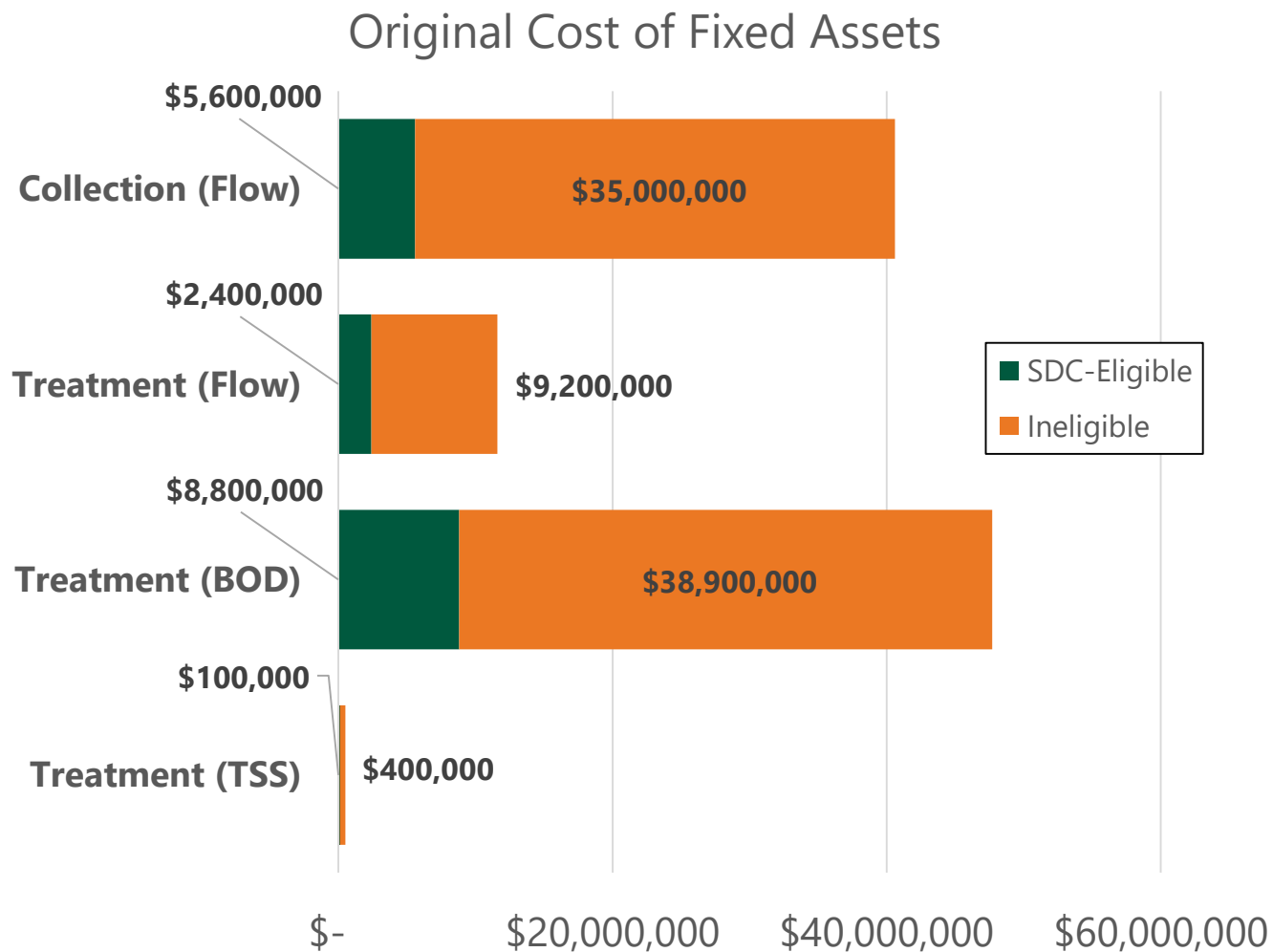


- \$98.7 million (about 42%) of the City's sewer project list is allocable to growth
- The remainder (\$137.8 million) must be collected from other sources



# Sewer Reimbursement Fee Cost Basis

Item A.



- \$16.8 million (about 17%) of the City's fixed assets represent capacity available for growth





# Calculated Sewer SDC (MCE Method)

Item A.

Calculated Cost Bases	Full SDC
Improvement Fee Cost Basis	\$ 98,744,256
Outstanding Improvement Fee Fund Balance	(550,583)
Reimbursement Fee Cost Basis	16,793,844
Compliance Costs	45,260
<b>Total</b>	<b>\$ 115,032,777</b>

Calculated SDC (MCE Method)	Full SDC
Improvement Fee per MCE	\$14,745.11
Reimbursement Fee per MCE	\$2,569.36
Compliance Fee per MCE	\$7.12
<b>Total SDC per MCE</b>	<b>\$17,321.58</b>



# Calculated Sewer SDC (Flows and Loadings Method)

Item A.

Calculated Cost Bases	Collection (Flow)	Treatment (Flow)	Treatment (BOD)	Treatment (TSS)
Improvement Fee Cost Basis	\$ 55,012,026	\$ 3,973,884	\$ 18,831,716	\$ 20,926,630
Outstanding Improvement Fee Fund Balance	(137,646)	(137,646)	(137,646)	(137,646)
Reimbursement Fee Cost Basis	5,561,896	2,384,988	8,752,538	94,422
Compliance Costs	11,315	11,315	11,315	11,315
<b>Total</b>	<b>\$ 60,447,591</b>	<b>\$ 6,232,541</b>	<b>\$ 27,457,923</b>	<b>\$ 20,894,722</b>

Calculated SDC (High Strength Customers)	Collection (Flow)	Treatment (Flow)	Treatment (BOD)	Treatment (TSS)
Units	PHF gpd	PHF gpd	MM ppd	MM ppd
Growth in Units	7,500,645	7,500,645	9,922	7,851
Improvement Fee per Unit	\$7.32	\$0.51	\$1,884.10	\$2,647.94
Reimbursement Fee per Unit	\$0.74	\$0.32	\$882.13	\$12.03
Compliance Fee per Unit	\$0.00	\$0.00	\$1.14	\$1.44
<b>Total SDC per Unit</b>	<b>\$8.06</b>	<b>\$0.83</b>	<b>\$2,767.37</b>	<b>\$2,661.41</b>



# SDC Schedule (MCE Method)

Item A.

Meter Size	MCEs	SDC
3/4"	1.00	\$17,322
1"	1.67	\$28,869
1 1/2"	3.33	\$57,739
2"	5.33	\$92,382
3"	10.67	\$184,764
4"	16.67	\$288,693
6"	33.33	\$577,386



# SDC Example (Flows and Loadings Method)

SDC Category	Unit	Unit Rate	Quantity	Calculated SDC
Collection (Flow)	PHF gpd	\$8.06	4,000 gpd	\$32,236
Treatment (Flow)	PHF gpd	\$0.83	4,000 gpd	\$3,324
Treatment (BOD)	MM ppd	\$2,767.37	5 ppd	\$13,837
Treatment (TSS)	MM ppd	\$2,661.41	5 ppd	\$13,307
<b>Total</b>				<b>\$62,704</b>



## Next Steps

- **System development charge scenarios?**
- **Cost-of-service analyses**
- **Rate design**



# Thank you! Questions?

[www.fcsgroup.com](http://www.fcsgroup.com)

