



**City of Prineville**  
**DEPARTMENT OF PLANNING & COMMUNITY DEVELOPMENT**  
**STAFF REPORT**

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**Date:** August 26, 2008

**To:** Prineville City Council

**From:** Ricky Sites, Community Development Director

**Issue:** Update – SDC fees

The City Council heard a presentation on SDC's by FCS at the Workshop of August 11, 2008 . As a result of this informational briefing, FCS prepared a proposal to identify and select SDC methodology for transportation, water and sewer based on Council's direction; to analyze and assign new fees based on existing Comprehensive Plan and Master Plans; to assist with preparing updates to the Transportation, Water and Sewer Master Plans; and, finally, to revise SDC fees to reflect updates in the Master Plans. Details of the proposed Phase I of this work are outlined on the attachment. The fee for this portion of the Work is \$24,200.

There was some question as to whether the facilities adopted in the Master Plans were priced appropriately, or if the estimates were too high, resulting in inflated SDC fees. After careful staff review, staff recommends using the estimates as stated in the Master Plans. The possible exceptions to this finding, are additional costs for Water Rights (not included in the Water Master Plan), and an update to the Transportation Plan estimates that are significantly lower than current day costs (the majority of these estimates are 10 years old) with the rise in cost of all petroleum based products .

This study has not been budgeted for this fiscal year and a fund would have to be identified to contract for the work. The SDC funds do not have monies available.

**Staff Recommendation:**

Based on the lack of funding available at this time, it is staff's recommendation that the Council limit the scope of work for the consultant to preparing a computation of EDU costs to cover only those costs identified in the Master Plans, utilizing a formula for Water and Sewer based on Meter size and fixture counts (similar to Building Permit computations) – and utilizing the ITE manual at the lowest range of assessment values for each identified use.



August 21, 2008

**Liz Schuette**  
City of Prineville Finance Department  
387 NE 3<sup>rd</sup> Street  
Prineville, OR 97754

**Dear Ms. Schuette:**

FCS GROUP is pleased to provide this letter of interest / proposal to perform a system development charge (SDC) update study for the City of Prineville's water, wastewater and transportation services.

FCS GROUP completed a similar assessment for the City several years ago, and we have an understanding of the City's issues. Since the previous project, we have completed SDC studies for Prineville neighbors Madras, Bend, Redmond, and Deschutes County. Our staff of twenty-four makes us one of the largest independent utility rate, SDC, and financial management consulting practices in the Northwest. Since the firm's inception in 1988, we have performed over one hundred and fifty utility rate, charge, and fee studies for cities, counties, and special purpose districts in Oregon alone, most of which have included SDC analyses. Our client list also includes public agencies in Washington, Nevada, Utah, Montana, Idaho, Alaska, and California. We are licensed to do business in the state of Oregon and are intimately familiar with Oregon SDC law (ORS 223.297-314).

The overall approach is focused on developing a new SDC methodology for transportation, water and sewer SDCs for Prineville based on current Comprehensive Plan, zoning, buildable lands, project lists, capital cost, existing capacity, projected capacity and growth assumptions. This work order will address **Step 1**, which includes identifying methodologies that can be utilized by the City to formulate SDC charges.

Following, the city council's direction on a preferred methodology using current project list, cost, and growth assumptions, we would work with City staff to update these "input" assumptions with current Comprehensive Plan, zoning, buildable lands, project lists, capital costs, capacity, and growth assumptions in **Step 2**. Step 2 would result in analysis of new SDC fees for transportation, water and sewer under the revised input assumptions.

With direction from the City Council, following Step 2, we would assist City staff, as appropriate, with preparing updates to the Transportation, Water, and Sewer master plans during **Step 3**. Step 3 would result in a new SDC fees for transportation, water and sewer using the updated transportation and public facility plan assumptions using revised inputs for project lists, capital costs, capacity and growth.

We would approach the project for **Step 1** as follows:

**Task 1: Data Collection & Review** - Prepare an initial data request identifying data to be collected from the City for the SDC study, including updated capital and/or system plans, debt service schedules, fixed assets listings, and customer data. Once the initial data sets have been obtained, we will review the data and make requests for any additional items or explanations as necessary.

**Task 2: Policy Review** - Identify with staff any key policy questions surrounding system development charges and their applications for the water, wastewater, and transportation services. Analyze policy choices and recommend a course of action on each policy question (up to four).

**Task 3: Technical Analysis** - The SDC analyses will generally include both a reimbursement fee and an improvement fee for each service. The following task elements are included:

Task 3.1: Develop Reimbursement Fees – Working with City staff, identify the recoverable costs of existing system facilities for each service and calculate the “reimbursement fee” portion of the SDCs.

Task 3.2: Develop Improvement Fees – Calculate the “improvement fee” portion of the SDCs, working with City staff, the capital project lists, and other related financial / engineering information.

**Task 4 - Study Documentation and Presentation** - In addition to the analytical elements, the SDC study will require professional communication of findings and results. This will include reviews with the City Council. The following task elements are anticipated:

Task 4.1: Methods and Options – Prepare materials for on-site meeting with the City staff (Task 4.3) to review and discuss key policy options.

Task 4.2: Prepare SDC Study Report – Prepare and submit an electronic copy of the draft report, summarizing all study assumptions, methodologies, analytical results and recommendations for each service. The report will also include a technical appendix supporting the findings. Incorporate City comments on the draft, as appropriate, and submit up to 10 copies of the final report.

Task 4.3: City Council Presentations – Prepare materials and discuss / present SDC findings at up to two (2) City Council meetings and / or public hearings.

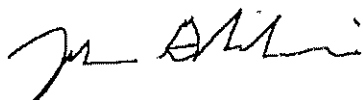
The cost to complete the proposed work plan is \$24,200, detailed below:

Task	Consultant Hours				Estimated Budget	
	Principal	Project Manager	Consultant	Admin. Support	Total Hours	Total Budget
	Ghilarducci	Chase	Wilde			
<i>Hourly Billing Rates:</i>	\$190	\$170	\$120	\$65		
<b>Task 1 - Data Collection &amp; Review</b>	0	2	12	2	16	\$1,910
<b>Task 2 - Policy Review / Development</b>	2	2	0	0	4	\$720
<b>Task 3 - Technical Analysis</b>						
Task 3.1 - Develop Reimbursement Fees	2	8	20	0	30	\$4,140
Task 3.2 - Develop Improvement Fees	2	8	36	0	46	\$6,060
<b>Task 4 - Study Documentation &amp; Presentation</b>						
Task 4.1 - Methods & Options	4	8	0	2	14	\$2,250
Task 4.2 - Prepare SDC Study Report	2	24	0	2	28	\$4,590
Task 4.3 - City Council Presentations (2)	16	8	0	2	26	\$4,530
<b>Total Estimated Budget</b>	<b>28</b>	<b>60</b>	<b>68</b>	<b>8</b>	<b>164</b>	<b>\$24,200</b>

I will serve as the project principal with assistance from Todd Chase as the manager on this assignment. Todd and I have collectively managed dozens of SDC studies, including current and recent efforts for Oregon City, Mt. Angel, Washington County, St. Helens, Seaside, Milwaukie, Mosier, Central Point, Talent, Shady Cove, Jacksonville, Silverton, Corvallis, the Central Oregon communities mentioned previously, and many other jurisdictions.

Thank you for the opportunity to work with the City of Prineville on this effort. If you have any questions about this submittal, please call me at (425) 867-1802 x225, or Todd at (503) 353-7440.

Yours very truly,



**John Ghilarducci**  
Principal