



Home of the Tualatin River National Wildlife Refuge

## RESOLUTION 2018-049

### AUTHORIZING THE ANNUAL INDEXING AND RATE ADJUSTMENT OF CITY SYSTEM DEVELOPMENT CHARGES

**WHEREAS**, System Development Charges (SDCs) are one-time fees on new development paid at the time of development and are intended to recover a fair share of the cost of existing and planned facilities that provide capacity for future growth; and

**WHEREAS**, Oregon Revised Statutes (ORS) 223.304 states that a change in the SDC rate based on periodic application of specific cost indexes does not constitute a modification of the SDC rate methodology; and

**WHEREAS**, SDCs are based on the estimated construction cost of the master planned improvement projects, with the per unit cost using SDC establishment year values; and

**WHEREAS**, per unit construction values may increase or decrease from the SDC establishment year, and it is common practice to increase or decrease the yearly SDC rate based on a standardized indexing methodology; and

**WHEREAS**, the City Transportation System Development Charge Methodology Report, adopted by Resolution 2016-074, recommended that the Transportation SDC be adjusted annually and indexed to the *Engineering News Record* (ENR) Construction Cost Index (CCI) using the City of Seattle indices; and

**WHEREAS**, the City Parks and Recreation Master Plan, adopted October 2006, recommended that the Parks SDC be adjusted based on the Seattle construction cost index; and

**WHEREAS**, the City Water System Development Charges Methodology Report and Rate Study and the City Sanitary Sewer System Development Charges Methodology Report are silent on indexing of SDC rate adjustments; and

**WHEREAS**, the City Transportation SDCs and Water System SDCs are comprised of a Reimbursement SDC portion, an Improvement SDC portion, and an Administrative SDC portion; and

**WHEREAS**, the City Sanitary Sewer SDCs are comprised of a Reimbursement SDC portion and an Improvement SDC portion only; and

**WHEREAS**, the City Parks SDCs are comprised of an Improvement SDC portion and an Administrative SDC portion only; and

**WHEREAS**, City staff recommends using the *Engineering News Record* (ENR) Construction Cost Index (CCI) using the City of Seattle indices for all Improvement SDCs and Reimbursement SDCs; and

**WHEREAS**, single year fluctuations in the ENR CCI can produce unsupportable increases or decreases in a single year indexed rate adjustment; and

**WHEREAS**, to normalize yearly ENR CCI fluctuations, City staff recommends using a running three (3) year average of the ENR CCI, using the month of March as the base month for determining the annual index rate adjustment; and

**WHEREAS**, City staff recommends using the *United States Bureau of Labor Statistic*, Consumer Price Index, West Region (CPI-W), for Urban Wage Earners and Clerical Workers, for Administrative SDCs, using the immediately preceding year ending in March in determining the annual indexing rate adjustment; and

**WHEREAS**, City staff recommends authorizing the City Manager to implement these yearly indexed SDC changes without having to present additional resolutions to City Council for approval.

**NOW, THEREFORE, THE CITY OF SHERWOOD RESOLVES AS FOLLOWS:**

**Section 1.** The City hereby adopts using the *Engineering News Record* (ENR) Construction Cost Index (CCI) for the City of Seattle, utilizing a running three (3) year average, with the month of March as the base month, for determining the annual indexing rate adjustment for all City infrastructure systems Improvement SDCs and Reimbursement SDCs.

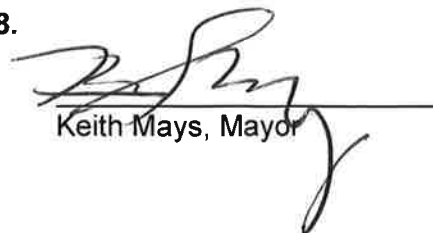
**Section 2.** The City hereby adopts using the *United States Bureau of Labor Statistics*, Consumer Price Index, West Region (CPI-W), for Urban Wage Earners and Clerical Workers, utilizing the immediately preceding year ending in March, in determining the annual indexing rate adjustment for all City infrastructure systems Administrative SDCs.

**Section 3.** Effective the first day of July of each fiscal year and beginning on July 1, 2018, the City's rates for Transportation SDCs, Sanitary Sewer SDCs, Water SDCs and Parks SDCs, without further legislative action being required on the part of the Sherwood City Council, shall be changed by the annual indexing rate adjustment as determined in Section 1 and Section 2 above.

**Section 4.** The City Manager, or his or her designee, shall cause the City's fee schedule to be amended annually to reflect the adjustments described in Section 1, 2, and 3 above, and to provide for a notation on the fee schedule indicating that the above-described SDCs are subject to the provisions of this Resolution.

**Section 5.** This Resolution shall be effective upon its approval and adoption.

**Duly passed by the City Council this 12<sup>th</sup> day of June, 2018.**

  
Keith Mays, Mayor

Attest:

  
Sylvia Murphy, MMC, City Recorder