

RESOLUTION NO. 3587

**A RESOLUTION ADOPTING WATER SYSTEM DEVELOPMENT CHARGES,
METHODOLOGY REPORT, AND PROJECT LIST, AND
REPEALING RESOLUTION NO. 3553**

The City of Gresham Finds:

- A. Chapter 11, Infrastructure, of the Gresham Revised Code, provides that the Council shall establish certain fees and charges by resolution, including system development charges (SDCs).
- B. A periodic review of existing SDC methodologies and project lists are needed to ensure that the changing infrastructure needs of the City are met.
- C. The last Water SDC Methodology Report update occurred in 2016. Since 2016, minor project list updates have been adopted annually, maintaining the 2017 aggregate project costs plus an annual cost index based on the Engineering News-Record's annual 20-city average cost index for construction. The current growth-based capital improvement project list exceeds the 2016 aggregate project costs, even with annual indexing.
- D. In 2016, the Water SDC Methodology report and all subsequent resolutions relating to Water SDCs also included Wastewater's SDC methodology, project list and rates. Combined methodologies and resolutions are no longer preferred for Water and Wastewater. Wastewater's SDC methodology, project list and rates are being concurrently readopted under Resolution 3588.
- E. Feedback from the development community, when presented with the proposed SDC increase, included a request to phase in the rate increases.

THE CITY OF GRESHAM RESOLVES:

Section 1. The fees and charges (Rates) for Gresham Revised Code Chapter 11, Infrastructure relating to Water SDCs are established as shown in Exhibit A and incorporated herein by reference. The Rates reflect a phased increase of the Rates over three years. The rate is a 16.94% increase of the current Water SDC for adopted by Resolution No. 3553, rounded up to the nearest whole dollar.

Section 2. The effective dates of the 2nd and 3rd phases of the rate increase will occur on July 1, 2025, and on July 1, 2026, respectively and shall also be 16.94%, applied to the rate in effect at that time and shall be rounded up the next whole dollar.

Section 3. Exhibit B is titled "Water System Development Charges Methodology Update," dated November 13, 2023, and the methodologies, assumptions, conclusions, and findings in the report refer to the determination of the Water SDC. This report is hereinafter referred to as "Water SDC Methodology Report."

Section 4. Exhibit C includes the project list.

Section 5. Methodology

1. For the purposes of SDC calculations, the minimum water meter size shall be based upon the demand of all the fixtures served by the water meter as determined by the Water Supply Fixture Unit (WSFU) table and the associated Demand Load charts of the Oregon Plumbing Specialty Code, as adopted by OAR Chapter 918. For demands which exceed the values of the chart, the demand, in gallons per minute (GPM), will be calculated to be proportional to the chart's maximum WSFU to GPM ratio.

2. A property owner or tenant may choose to be served by a water meter larger than the minimum size. If a property is served by a water meter larger than the minimum size, SDCs shall be based on the larger meter size installed for the property.

3. If a property's water is provided by a well or other provider, such as Rockwood Water PUD, and is not served by City water, no City Water SDC shall be due.

Section 6. Resolution 3553 is hereby repealed.

Section 7. This resolution shall be effective July 1, 2024.


Yes: Stovall, Piazza, DiNucci, Gladfelter, Hinton, Jones-Dixon, Morales

No: None

Absent: None

Abstain: None

Passed by the Gresham City Council on February 20, 2024.


Eric Schmidt
Interim City Manager


Travis Stovall
Mayor

Approved as to Form:

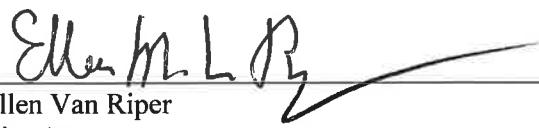

Ellen Van Riper
City Attorney

Exhibit A

Water System Development Charges

Gresham Revised Code (GRC) sections are for reference and are subject to change.

Establishing Resolution No. 3587 was passed on February 20, 2024 and effective July 1, 2024.

The following are fees in place from July 1, 2024-June 30, 2025. Fees to index on July 1, 2025 and July 1, 2026.

Water System Development Charges (GRC 11.05)	Improvement Rate	Reimbursement Rate	Total Rate
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Charged based on Water Meter Size.

3/4"	\$ 3,841.00	\$ 2,712.00	\$ 6,553.00
1"	\$ 6,402.00	\$ 4,520.00	\$ 10,922.00
1.5"	\$ 15,363.00	\$ 10,849.00	\$ 26,212.00
2"	\$ 24,324.00	\$ 17,179.00	\$ 41,503.00
3"	\$ 55,689.00	\$ 39,330.00	\$ 95,019.00
4"	\$ 96,014.00	\$ 67,811.00	\$ 163,825.00
6"	\$ 204,831.00	\$ 144,663.00	\$ 349,494.00
8"	\$ 358,453.00	\$ 253,161.00	\$ 611,614.00

For meter sizes over 8", the Water SDC Rate will be determined using the same methodology as smaller meters which is based on the maximum continuous operating capacity of the meter.

Exhibit B



Department of Environmental Services

Water
System Development Charge
Methodology Report

Date: November 13, 2023

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Introduction and Summary

In 2016, the City of Gresham retained the services of Shaun Pigott, LLC to update the Gresham Water and Wastewater system development charge (SDC) methodology in place at that time. This work was based on the 2012 Water System Master Plan and adopted by Council resolution in June of 2016. The City Water Division now wishes to update the Water system SDC methodology report to include current projects and calculations based on the adopted 2022 Water System Master Plan. Credit for much of the narrative and methodology included in this report are due to the previous report submitted by Shaun Pigott. This update does not change the overall methodology to calculate SDCs developed in the previous report. The desire is to only update the variables included in the calculations to develop the current SDC. This report does not modify the current adopted Wastewater SDC methodology or calculations. The 2016 report remains in place for Wastewater's SDC methodology.

The City of Gresham conducts periodic updates of their Water System Master Plan to evaluate the capital requirements typically over a 20-year planning period. Growth/demand projections determine the current and future facility needs of the utility in order to anticipate and plan for repairs, replacements and improvements to the system. Capital costs are invariably significant, so an important consideration in this process is funding and specifically how these planned improvements will be a shared expense of both current and future utility customers.

A key component to funding public facilities is the City's system development charge program. SDCs are one-time charges applied to new development and are designed to recover the costs of infrastructure capacity needed to serve new development. The Water system SDC is charged based on the size of a new water meter or the difference between the cost of a property's existing water meter and their proposed larger water meter. The legal framework for SDCs is established in ORS 223.297 - 223.314 and Gresham Revised Code Section 11.05. This legal context served as the basis for updating the City's Water system SDCs.

Process for Updating the SDC

The foundation for all SDCs combines fixed asset schedules and adopted master plans. As stated in ORS 223.309:

“Prior to the establishment of a system development charge by ordinance or resolution, a local government shall prepare a capital improvement plan, public facilities plan, master plan or comparable plan that includes a list of the capital improvements that the local government intends to fund, in whole or in part, with revenues from an improvement fee and the estimated cost, timing and percentage of costs eligible to be funded with revenues from the improvement fee for each improvement.”

Table 1 contains a bibliography of the documents/sources that were relied upon to develop this analysis and the resulting SDCs.

Table 1: Data Sources for the Calculation of Water SDCs

Utility	Data Sources
Water	<ul style="list-style-type: none"> • City of Gresham Water System Master Plan; March 2022; MurraySmith, Inc. Engineers/Planners • Groundwater Development Master Plan; September 2020; MurraySmith Inc. Engineers/Planners • City of Gresham Annual Comprehensive Financial Report Fiscal Year Ended June 30,[2022/2023] • City of Gresham Water System Fixed Asset Schedule; June 30, [2022/2023]; City records • City of Gresham Water System Construction Work in Progress Balances Work Papers; June 30, [2022/2023]; City records • City of Gresham Current and Prospective Debt Service; June 30, [2022/2023]; City Records • City of Gresham Utility Billing records • City of Gresham Annual SDC Report

SDC Legal Authorization

Oregon Revised Statute (ORS) 223.297-314 provides the definition of system development charges, their application, and their accounting. In general, an SDC is a one-time fee imposed on new development (or expansion of an existing development), and assessed at the time of development approval or increased usage of the system. Overall, the statute is intended to promote equity between new and existing customers by recovering a proportionate share of the cost of existing and planned/future capital facilities that serve the developing property. Statute further provides the framework for the development and imposition of SDCs and establishes that SDC receipts may only be used for growth accommodating capital improvements and/or related debt service.

SDC Cost Eligibility

Reimbursement Fee

The reimbursement fee represents a buy-in to the cost of infrastructure capacity within the existing system. Generally, if a system were adequately sized for future growth, the reimbursement fee might be the only charge imposed, since the new customer would be buying existing capacity. However, staged system expansion is needed, and an improvement fee is imposed to allocate those growth-related costs. Even in those cases, the new customer also relies on capacity within the existing system, and a reimbursement component is warranted.

In order to determine an equitable reimbursement fee to be used in conjunction with an improvement fee, two points should be highlighted. First, the cost of the system to the City's customers may be far less than the total plant-in-service value. This is due to the fact that elements of the existing system may have been contributed at no cost to the City, whether from developers, governmental grants, and other sources. Therefore, the net investment by the customer/owners is less. Second, the value of the existing system to a new customer is less than the value to an existing customer, since the new customer must also pay, through an improvement fee, for expansion of some portions of the system.

The method used for determining the reimbursement fee accounts for both points. First, the charge is based on the net investment in the system, rather than the gross cost. Therefore, donated facilities, typically including local facilities, and grant-funded facilities, would be excluded from the cost basis. Also, the charge should be based on investments clearly made by the current users of the system, and not already supported by new customers. Tax supported activities fail this test since funding sources have historically been from general revenues, or from revenues which emanate, at least in part, from the properties now developing. Second, the cost basis is allocated between used and unused capacity, and capacity available to serve growth. In the absence of a detailed asset by asset analysis, it is appropriate to allocate the cost of existing facilities between used and available capacity proportionally based on the forecasted population as converted to equivalent dwelling units (EDUs) over the planning period. This approach reflects the philosophy, consistent with the City's updated Water System

Master Plans, that facilities have been sized to meet the demands of the whole customer base within the established planning period.

Improvement Fee

For this SDC update, the improvement fee represents a proportionate share of the cost to expand the systems to accommodate growth. This charge is derived from the capital improvements contained in the master plans for water services. The costs that can be applied to the improvement fees are those that can be reasonably allocated to growth. Statute requires that the capital improvements used as a basis for the charge be part of an adopted capital improvement schedule, whether as part of a system plan or independently developed, and that the improvements included for SDC eligibility be capacity or level of service expanding. The improvement fee is intended to protect existing customers from the cost burden and impact of expanding a system that is already adequate for their own needs in the absence of growth.

The key step in determining the improvement fee is identifying capital improvement projects that expand the system and the share of those projects attributable to growth. Some projects may be entirely attributable to growth, such as a water line that exclusively serves a newly developing area. Other projects, however, are of mixed purpose, in that they may expand capacity, but they also improve service or correct a deficiency for existing customers.

The improvement portion of the SDC is based on the proportional approach toward capacity and cost allocation in that only those facilities (or portions of facilities) that either expand the respective system's capacity to accommodate growth or increase its respective level of performance have been included in the cost basis of the improvement fee. As part of this SDC update, City Staff and their engineering consultants were asked to review the planned capital improvement lists in order to assess SDC eligibility. The criteria in Figure 1 were developed to guide the City's evaluation:

Figure 1: SDC Eligibility Criteria

<p style="text-align: center;">City of Gresham Steps Toward Evaluating <u>Capital Improvement Lists for SDC Eligibility</u></p> <p><u>ORS 223</u></p> <ol style="list-style-type: none">1. Capital improvements mean the facilities or assets used for :<ol style="list-style-type: none">a. Water supply, transmission, storage and distributionThis definition DOES NOT ALLOW costs for operation or routine maintenance of the improvements;2. The SDC improvement base shall consider the cost of projected capital improvements needed to increase the capacity of the systems for future growth;3. An increase in system capacity is also established if a capital improvement increases the “level of performance or service” provided by existing facilities or provides new facilities.
<p style="text-align: center;"><u>Under the City’ approach, the following rules will be followed</u></p> <ol style="list-style-type: none">1. Repair costs are not to be included;2. Replacement costs will not be included unless the replacement includes an upsizing of system capacity and/or the level of performance of the facility is increased;3. New regulatory compliance facility requirements fall under the level of performance definition and should be proportionately included;4. Costs will not be included which bring deficient systems up to established design levels.

Only capacity increasing/level of performance costs were used as the basis for the SDC calculation, as reflected in the capital improvement schedules developed by the City. The improvement fee is calculated as a function of the estimated number of projected additional equivalent dwelling units for water served by the City’s facilities over the planning horizon.

Once the future costs to serve growth have been segregated (i.e., the numerator), they can be divided into the total number of new EDUs that will use the capacity derived from those investments (i.e., the denominator).

SDC Credits

ORS 223.304 requires that a credit be allowed for the construction of a "qualified public improvement" which is required as a condition of development approval and in the capital improvement plan. The credit for a qualified public improvement may only be applied against an SDC for the same type of improvement, and may be granted only for the cost of that portion of an improvement which exceeds the minimum standard facility size or capacity needed to serve the particular project.. In addition to these required credits, the City may, if it so chooses, provide a greater credit, establish a system providing for the transferability of credits, provide a credit for a capital improvement not identified in the capital improvement plan, or provide a share of the cost of an improvement by other means.

The City has adopted a policy for granting SDC credits, and has codified this policy in the Gresham Revised Code (GRC) 11.05.060.

Other Considerations

The City has chosen to incentivize select new developments by the City paying some or all of the SDCs on behalf of the development. This practice has been used as an incentive for businesses to locate in Gresham. In Gresham's case, the SDC revenues that are not collected from new development are funded through allocations from the budgets of the programs/utilities that would have received the SDC revenues.

Water SDC Basis and Calculation

Water Capital Improvement Plan

The primary source document for the water capital improvement plan (CIP) was the 2022 Water System Master Plan. The projects contained in this Plan were reviewed as part of the SDC Review Committee's work and each project was evaluated opposite the criteria identified in Figure 1. The total cost of all master plan projects is \$89,294,533. Completed or partially completed projects that were identified in the Water System Master Plan or projects beyond the 20-year Master Plan horizon are not included in this total. The City indexes the SDC project costs on an annual basis in accordance with Engineering News Record 20 City Construction Cost Index. Project costs used in this report are based on the December 2022 index value of 13,175.00.

Table 2: CIP Funding Allocation Worksheet

Capital Improvement Category/Subcategory/Project	2023 CIP Total	Funding Source	
		Rates	SDCs
<i>Gresham Service Area:</i>			
Supply and Treatment	97,274,737.00	77,736,920.80	19,537,816.20
Storage Facilities	466,853	-	466,853
Pumping Facilities	-	-	-
Distribution Piping - fire flow improvements	40,311,398	29,427,320	10,884,078
Immediate piping improvements for system expansion	390,915	-	390,915
Subtotal Gresham Service Area	\$ 138,443,903	\$ 107,164,241	\$ 31,279,662
<i>Pleasant Valley Service Area:</i>			
Supply and Treatment	-	-	-
Storage Facilities	14,959,693	-	14,959,693
Pumping Facilities	-	-	-
Distribution Piping - fire flow improvements	-	-	-
Immediate piping improvements for system expansion	2,761,174	-	2,761,174
Medium term piping improvements for system expansion	12,799,954	-	12,799,954
Subtotal Pleasant Valley Service Area	\$ 30,520,821	\$ -	\$ 30,520,821
<i>Springwater Service Area:</i>			
Supply and Treatment	-	-	-
Storage Facilities	5,861,725	-	5,861,725
Pumping Facilities	-	-	-
Medium term piping improvements for system expansion	21,632,326	-	21,632,326
Subtotal Springwater Service Area	\$ 27,494,051	\$ -	\$ 27,494,051
2023 CIP Totals	\$ 196,458,775	\$ 107,164,241	\$ 89,294,533

Water Customers Current and Future Demand

Estimated Demand per Equivalent Dwelling Unit (EDU)

Single-unit residential water services generally have a consistent daily pattern of water use whereas water demands for multi-unit residences, commercial and industrial users may vary significantly from service to service depending on the number of units per service or the type of commercial or industrial enterprise. When projecting future water demands based on population change, the water needs of nonresidential and multi-unit residential customers are represented by comparing the water use volume at these services to the average single-unit residential water service. The water volume used by an average single-unit residential service is referred to as an equivalent dwelling unit or EDU. The average daily water demand (ADD) associated with an EDU in the Gresham system is approximately 184 gallons per day (gpd) per EDU (gpd/EDU) based on 2011 AMI data for 5/8-inch x 3/4-inch or 3/4-inch meters which is the base residential meter size. Maximum day demand (MDD) is estimated as 1.8 times ADD. Because daily demand remains fairly constant over time, the 2022 Water System Master Plan used the 184 gallons per day per EDU established in the 2012 Master Plan.

Projected Demand

In the 2022 Water System Master Plan, the estimated number of EDUs per acre for each land use type was established based on current water demand by customer class. Land use type is analogous to customer type, which is to say the land use or zoning of a particular property reflects the type of water service, such as residential or commercial, provided to that property. The estimated number of potential EDUs per acre is applied to developable land within the existing water service area, along with the Pleasant Valley and Springwater service areas, to estimate future water demand. Table 3 summarizes the Master Plan projected EDUs and water demands in million gallons per day (mgd) for each service area:

Table 3: 2022 Water System Master Plan Estimate of Current and Future Water EDUs

	2022			2027			2032			2042			Build-Out		
	EDUs	ADD (mgd)	MDD (mgd)	EDUs	ADD (mgd)	MDD (mgd)	EDUs	ADD (mgd)	MDD (mgd)	EDUs	ADD (mgd)	MDD (mgd)	EDUs	ADD (mgd)	MDD (mgd)
	32,534	6.02	10.2	34,540	6.4	10.8	36,759	6.8	11.5	42,300	7.8	13.2	49,327	9.1	15.4

Notes:

1. Build-out Equivalent Dwelling Units (EDUs) are calculated based on available developable land, current zoning and an average number of EDUs per acre for each customer class. Customer class is considered to be analogous to a general zoning category. EDUs for each customer class are summarized in Table 2-4 of the 2022 Water System Master Plan.
2. Average Daily Water Demand (ADD) in million gallons per day (mgd) is calculated based on an average per EDU demand of 184 gallons per day/EDU. Analysis used to determine this per EDU consumption rate is summarized on page 2-5 of the 2022 Water System Master Plan.

Reimbursement Fee Calculation

As discussed earlier in this report, the reimbursement fee represents a buy-in to the cost, or value, of infrastructure capacity within the City's existing water system. In order to determine an equitable reimbursement fee calculation, a number of issues must be addressed;

- First, the cost of the system to the City's existing customers may be far less than the total plant-in-service value. This is due to the fact that elements of the existing system may have been contributed, whether from developers, governmental grants, and other sources.
- Second, the value of the existing system to a new customer is less than the value to an existing customer, since the new customer must also pay, through an improvement fee, for expansion of some portions of the system.
- Third, the accounting treatment of asset costs generally has no relationship to the capacity of an asset to serve growth. In the absence of a detailed asset by asset analysis detailed in the balance sheet (or fixed asset schedule), a method has to be used to allocate cost to existing and future users of the asset. Generally, it is industry practice to allocate the cost of existing facilities between used and available capacity proportionally based on the forecasted population as converted to equivalent dwelling units over the planning period.
- Fourth, the Oregon SDC statute has limitations on what type of assets can be included in the basis of the reimbursement fee. ORS 223.299 specifically states that a "capital improvement" does not include costs of the operation or routine maintenance of capital improvements. This means the assets on the balance sheet such as certain vehicles and equipment used for heavy repair and maintenance of infrastructure cannot be included in the basis of the reimbursement fee.

For this water SDC methodology update, the following calculation steps were followed to arrive at the recommended water reimbursement fee.

- Step 1: Calculate the original cost of water fixed assets in service. From this starting point, eliminate any assets that do not conform to the ORS 223.299 definition of capital improvement. This results in the adjusted original cost of water fixed assets.
- Step 2: Subtract from the original cost of water assets in service any grant funding or contributed capital.
- Step 3: Subtract from the original cost any principal outstanding on long term debt used to finance those assets.
- Step 4: Subtract the fund balance held in the Water Reimbursement SDC Fund.
- Step 5: Divide the net water reimbursement original cost basis by the sum of existing and future EDUs to arrive at the net reimbursement fee before future interest expense.
- Step 6: Divide the total future interest expense on water system long term debt for SDC funded projects by the total number of projected growth EDUs over the planning period (20 years). This is the future interest expense fee.
- Step 7: Add the future interest expense fee to the net reimbursement fee to determine the total water reimbursement fee.

Table 4: Calculation of Reimbursement Fee

Utility plant in service original cost	
Buildings	\$ 2,077,316
Easements (intangible assets)	314,803
Infrastructure	130,093,415
Land	1,152,531
Machinery & Equipment*	-
Construction Work-in-progress	9,915,044
	\$ 143,553,109
Grants and developer contributions	
Contributed capital	\$ 11,894,709
	\$ 11,894,709
Notes payable:	
2015 full faith and credit water obligations	\$ 3,960,000
2022 Water Infrastructure Finance and Innovation Act (WIFIA)	-
Revenue bonds:	
2021 revenue bond	41,455,000
	\$ 45,415,000
Subtotal principal outstanding on long term debt	\$ 45,415,000
Less: Reimbursement fee fund balance at June 30, 2022	\$ -
Utility plant in service net of grants, contributed capital, principal outstanding on long term debt, and water reimbursement fee fund balance	\$ 86,243,400
Projected existing capacity available to serve all customers (in EDUs):	32,534
Reimbursement fee before inclusion of future interest expense on debt outstanding	\$ 2,651
Add: future interest expense on long term debt outstanding	\$ 17,780,086
divided by growth EDUs	16,793
Future interest expense fee	\$ 1,059
Total Reimbursement fee	\$ 3,710

1 Annual Comprehensive Financial Report, June 30, 2022

2 City of Gresham records

Improvement Fee Calculation

The improvement fee represents a proportionate share of the cost to expand the system to accommodate growth. This charge is based on the Water System Master Plan capital improvement plan for the system and specifically on costs allocable to growth. Statute requires that the capital improvements used as a basis for the charge be part of an adopted capital improvement schedule, whether as part of a system plan or independently developed, and that the improvements be capacity expanding.

In allocating improvement costs between existing and future customers, a number of potential approaches were considered by the City:

- An incremental approach that assigns costs to existing customers based on the cost of the project needed to serve them, with any incremental costs to oversize the project assigned to growth.
- A proportional approach, such as a capacity basis, which assigns cost shares based on relative capacity requirements of existing and future customers who will use the system.
- An absolute approach, which assigns all costs to growth for any project induced by growth.

The improvement portion of the SDC is based on the proportional approach toward capacity and cost allocation in that only those facilities (or portions of facilities) that either expand the water system's capacity to accommodate growth or increase its level of performance have been included in the cost basis of the improvement fee. The SDC Review Committee evaluated each project to exclude costs related to correcting existing system deficiencies or upgrading for historical lack of capacity. Only capacity increasing/level of performance costs were used as the basis for the SDC calculation, as reflected in the capital improvement schedule contained in Table 5. The improvement fee is calculated as a function of the estimated number of projected additional EDUs to be served by the City's facilities over the planning horizon.

Under this methodology, three steps are required to arrive at the improvement fee:

- Step 1: Accumulate the future cost of planned improvements needed to serve growth. This arrives at the gross improvement fee basis.
- Step 2: Subtract from the gross improvement fee basis the fund balance held in the Water Improvement SDC Fund. This arrives at the net water improvement fee basis.
- Step 3: Divide the net water improvement fee basis by the forecasted number of growth EDUs over the planning period. This arrives at the total water improvement fee.

Table 5: Calculation of the Water Improvement Fee

	Funding Source					
	Total Master	Contributed			Other	
	Plan CIP	Rates	Capital	SDCs	LIDs	
Supply/Treatment	\$ 97,274,737	\$ 77,736,921	-	\$ 19,537,816	-	\$ -
Storage Facilities	21,288,271	-	-	21,288,271	-	-
Pumping Facilities	0	0	-	0	-	-
Distribution Piping						
Immediate fire flow improvements	9,648,673	7,043,531	-	2,605,142	-	-
Short term fire flow improvements	0	0	-	0	-	-
Medium term fire flow improvements	30,662,725	22,383,789	-	8,278,939	-	-
Long term fire flow improvements	-	-	-	-	-	-
Immediate piping improvements for system expansion	3,107,089	-	-	3,107,089	-	-
Short term piping improvements for system expansion	0	0	-	0	-	-
Medium term piping improvements for system expansion	34,432,280	-	-	8,333,025	-	-
Total	\$ 196,458,775	\$ 107,164,241	\$ -	\$ 89,294,533	\$ -	\$ -
<i>Improvement fee basis:</i>				89,294,533		
less: improvement fee SDC fund balance				<u>1,080,000</u>		
Adjusted improvement fee basis				\$ 88,214,533		
			Growth EDUs	16,793		
			Unit Improvement Fee SDCs - \$/EDU	<u>\$ 5,253</u>		

Summary and Results

The 2016 Water SDC Methodology Report and the 2023 Water SDC Methodology Report have been prepared in accordance with ORS 223 and Gresham’s Revised Code Chapter 11.05, and with the benefit of the adopted Water System Master Plan. The analysis indicates the City can charge a maximum of \$8,963 for the standard ¾” residential water meter. A comparison of the proposed and current water SDCs for the average single-unit residential customer is shown below in Table 6.

Table 6: Proposed and Current Water SDCs

Comparison by Fee Type
For a Standard Single-Unit Residential ¾" Meter

Line Item Description	Proposed	Current	Difference
SDC components:			
Reimbursement fee:	\$ 3,710	\$ 2,555	\$1,155
Improvement fee:	5,253	3,048	2,205
Total	\$ 8,963	\$ 5,603	\$3,360

For water meters larger than ¾”, a schedule of SDCs based on the design criteria for Sensus “smart meters” (used in the Gresham service area) was developed. The flow factor equivalence by meter size is shown in Table 7.

Table 7: Flow Factor Equivalence

Meter Size	City Calculated		Flow Factor
	Flow (GPM)*	Equivalence	Equivalence
0.75"x 0.75" - Displacement or Multi-jet	30		1.00
1.00 inch - Displacement or Multi-jet	50		1.67
1.50 inch - Displacement Class I Turbine	120		4.00
2.00 inch - Displacement or Class I & II Turbine	190		6.33
3.00 inch - Compound	435		14.50
4.00 inch - Displacement or Compound	750		25.00
6.00 inch - Displacement or Compound	1,600		53.33
8.00 inch - Compound	2,800		93.33

Exhibit C

SDC ID #	Project Name	Total Project Cost	SDC Eligible Cost
Gresham Service Area - Supply and Treatment			
ST1	Test Wells	\$ 500,000	\$ 105,000
ST2-A	Cascade Well 9 / Gresham Well 2	\$ 6,272,487	\$ 1,317,222
ST2-B	Cascade Well 7 / Gresham Well 3	\$ 4,900,000	\$ 1,029,000
ST2-C	Cascade Well 6/ Gresham Well 4	\$ 14,206,306	\$ 2,983,324
ST2-D	Cascade Well 10 / Gresham Well 5	\$ 7,826,488	\$ 1,643,562
ST4	Infrastructure Reconciliation (Rockwood Partnership)	\$ 2,230,272	-
ST5-A	Cascade Reservoir No. 1 Rehab	\$ 2,007,245	-
ST5-B	Cascade Pump Station Expansion	\$ 5,299,997	\$ 1,112,999
ST5-C	Cascade Reservoir No. 2	\$ 7,380,000	\$ 1,549,800
ST5-D	Cascade Groundwater Filtration	\$ 24,765,765	\$ 5,200,811
ST6-A	Groundwater Secondary Transmission Main	\$ 15,385,897	\$ 3,231,038
ST6-B	North Meter Station and Pipeline	\$ 1,500,240	\$ 315,050
ST6-C	Columbia South Shore Improvements	\$ 5,000,040	\$ 1,050,008
SUBTOTAL =		\$ 97,274,737	\$ 19,537,816

Gresham Service Area - Storage Facilities			
SF-5	SE Orient Dr. and SE Barnes Rd. PRV	\$ 466,853	\$ 466,853
SUBTOTAL =		\$ 466,853	\$ 466,853

Gresham Service Area - Immediate Fire Flow Improvements			
FF1	Grant Butte	\$ 9,648,673	\$ 2,605,142
SUBTOTAL =		\$ 9,648,673	\$ 2,605,142

Gresham Service Area - Medium Term Fire Flow Improvements			
FF2-22	Fire Flow Improvements per Master Plan	\$ 30,662,725	\$ 8,278,936
SUBTOTAL =		\$ 30,662,725	\$ 8,278,936

Gresham Service Area - Immediate Piping Improvements for System Expansion			
OS-1	Waterline Oversizing	\$ 390,915	\$ 390,915
SUBTOTAL =		\$ 390,915	\$ 390,915

GRESHAM SERVICE AREA TOTAL= \$ 138,443,903 \$ 31,279,662

SDC ID #	Project Name	Total Project Cost	SDC Eligible Cost
Pleasant Valley Service Area - Storage Facilities			
SF-2	Pleasant Valley Reservoir	\$ 14,959,693	\$ 14,959,693
		SUBTOTAL = \$ 14,959,693	\$ 14,959,693

Pleasant Valley Service Area - Immediate Piping Improvements for System Expansion			
MIT1	Advanced Wetland, Stream & Floodplain Mitigation	\$ 215,635	\$ 215,635
PV2	SW Pleasant Valley drive to SW Eastwood Ave.	\$ 2,327,424	\$ 2,327,424
PV4-A	SW Pleasant View between PV1 and Richey	\$ 153,378	\$ 153,378
PV4-C	SE Richey Rd. btwn SE 182nd and SW Pleasant View	\$ 64,737	\$ 64,737
		SUBTOTAL = \$ 2,761,174	\$ 2,761,174

Pleasant Valley Service Area - Medium Term Piping Improvements for System Expansion			
PV3-B	SW 31st St extension, btw Van Buren Farms & SE 182nd	\$ 453,162	\$ 453,162
PV3-C	SE 182nd Avenue between SW 30th & 31st streets	\$ 194,212	\$ 194,212
PV4 - B	SE Giese Rd. btw SE 182nd Ave. and SW Pleasant View	\$ 1,119,660	\$ 1,119,660
PV4-D	SE 182nd Ave. between SW 31st St. and Richey Road	\$ 1,092,769	\$ 1,092,769
PV5	SW Pleasant View drive/190th between Richey Road	\$ 1,178,464	\$ 1,178,464
PV6	Extend main west along SE McKinley Road	\$ 1,211,325	\$ 1,211,325
PV7 - A	SE Cheldelin Rd. btw SE 182nd and SW Pleasant View	\$ 1,324,163	\$ 1,324,163
PV7 - B	SE 182nd Ave. from SE Richey to SE Cheldelin	\$ 1,070,326	\$ 1,070,326
PV8 - A	SE Giese Road between SE 172nd & 182nd avenues	\$ 1,485,209	\$ 1,485,209
PV8 - B	SE 172nd Ave. btw SE Giese Road and SE Richey Road	\$ 1,025,075	\$ 1,025,075
PV8 - C	SE 172nd Ave. btw SE Richey and SE Cheldelin	\$ 1,214,242	\$ 1,214,242
PV8 - D	SE Cheldelin Rd. Btwn SE 172nd and 182nd avenues	\$ 1,196,347	\$ 1,196,347
HH1	SW 40th St west of Brookside, Ph 3 to SE 190th, north to SW 33rd	\$ 235,000	\$ 235,000
		SUBTOTAL = \$ 12,799,954	\$ 12,799,954

PLEASANT VALLEY SERVICE AREA TOTAL= \$ 30,520,821 \$ 30,520,821

SDC ID #	Project Name	Total Project Cost	SDC Eligible Cost
Springwater Service Area - Storage Facilities			
SF-4	Wheeler North Reservoir	\$ 5,861,725	\$ 5,861,725
SUBTOTAL =		\$ 5,861,725	\$ 5,861,725

Springwater Service Area - Medium Term Piping Improvements for System Expansion			
SW-1	South Hills SE Butler Road transmission from S. Hills	\$ 273,100	\$ 273,100
SW2-A	SE Hogan Road between SE Butler Road and SE Rugg	\$ 1,500,547	\$ 1,500,547
SW2-B	SE Rugg Road between SE Hogan Road/242nd	\$ 1,362,508	\$ 1,362,508
SW2-C	SE 252nd Ave between SE McNutt Rd and SE Rugg Rd	\$ 999,513	\$ 999,513
SW2-D	SE McNutt road between SE Hogan road/242nd Ave.	\$ 1,375,289	\$ 1,375,289
SW3-A	Extend South Hills distribution piping - Butler	\$ 1,822,642	\$ 1,822,642
SW3-B	Extend South Hills distribution piping - SE 252nd	\$ 996,957	\$ 996,957
SW4-A	SE Orient Drive align Anderson and Wheeler reservoir	\$ 2,014,363	\$ 2,014,363
SW4-B	SE Anderson Rd. between SE Orient and SE Jeanette	\$ 1,017,407	\$ 1,017,407
SW4-C	SE Jeanette Rd. align btw Anderson and Wheeler Res.	\$ 1,999,026	\$ 1,999,026
SW5 - A	SE Telford Road between SW3 and SE Stone Rd	\$ 2,372,246	\$ 2,372,246
SW5 - B	SE McNutt Road between SW3 and SE Telford Rd.	\$ 871,797	\$ 871,797
SW6	Barnes Road loop extension	\$ 845,321	\$ 845,321
SW7	SE 247th Avenue between SW3 and SE McNutt Rd.	\$ 803,395	\$ 803,395
SW8-A	Extend South Hills distribution piping - SE Hogan	\$ 2,037,370	\$ 2,037,370
SW8-B	Extend intermediate distribution from SE 30th Street	\$ 452,465	\$ 452,465
SW9	SE 247th Avenue between SW8 and SE Hogan Rd.	\$ 888,380	\$ 888,380
SUBTOTAL =		\$ 21,632,326	\$ 21,632,326

SPRINGWATER SERVICE AREA TOTAL= \$ 27,494,051 \$ 27,494,051

TOTAL FOR THREE SERVICE AREAS= \$ 196,458,775 \$ 89,294,534