



The Oregonian

City plans to overhaul fees from developers

Infrastructure - System development charges ensure that growth pays for growth

Thursday, July 03, 2008

COLIN MINER

Special to The Oregonian

For the first time in 11 years, Oregon City is reevaluating the way it assesses developers a fee that covers the cost of providing the infrastructure, such as roads, to new construction and structures being redeveloped.

The fee, known as a system development charge, is the mechanism used in Oregon to ensure that growth pays for growth, said the consultant hired to study the fee, John Ghilarducci of the FCS Group, based in Redmond, Wash. "It's about making sure that new developments are not subsidized by existing taxpayers."

Oregon law permits public agencies to impose the charges to cover five services: transportation, parks, water, storm water and wastewater. Oregon City is focusing on its transportation fee, which has two major components, a reimbursement fee and an improvement fee.

The reimbursement component is based, for example, on a development's effect on unused capacity of an existing road. The improvement fee is based on future projects.

To determine system development charges, city officials will total the value of existing and planned transportation. That number becomes the amount the city hopes to recover through the charges.

Officials will then develop a formula for the charge, deciding what factors – such as average daily trips – should be taken into consideration. Money collected can only be spent on transportation projects.

Taxpayers contribute only if they undertake substantial renovations on their nonresidential property.

Ghilarducci said that while Oregon City hasn't updated its SDC in 11 years, the city is better off than some places. "The city has been careful to at least try to have the charge keep pace with inflation," he said. "There are some cities that haven't seen any change in their charge."

Though Ghilarducci said that there is no way to determine what Oregon City's system development charge - \$1,859 for a single-family residence - will be when the process is done, many cities in Oregon charge \$3,000 to \$4,000.

The city's Transportation Advisory Committee, which is spearheading the process, has added two meetings this summer to work on the issue.

"We have a responsibility to the citizens of Oregon City that our charges are appropriate," committee chairman Bill Blanchard says. "We need to make sure that we do as a thorough job as possible. We're up to the task."

©2008 Oregonian