

RESOLUTION NO. 3597

A RESOLUTION ADOPTING STORMWATER SYSTEM DEVELOPMENT CHARGES, METHODOLOGY REPORT AND PROJECT LISTS AND REPEALING RESOLUTION NO. 3551

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.
- B. On June 6, 2023, Council passed Resolution Number 3551 adopting Stormwater System Development Charges, methodology report and project lists.
- C. An annual adjustment to system development charge rates and project costs is necessary to cover construction costs that increase with inflation and to provide adequate system development charge credit to developers constructing eligible projects as a condition of their development permit.
- D. In December 2023, the Engineering News-Record released their annual 20-city average cost index for construction for 2023. The construction cost index was 2.6%.

THE CITY OF GRESHAM RESOLVES:

Section 1. The fees and charges for Gresham Revised Code Chapter 11, Infrastructure relating to Stormwater System Development Charges (SDC) are as shown in Exhibit A, attached hereto and incorporated herein by reference and reflect a 2.6% index rounded up to the nearest whole dollar.

Section 2. Except for tables 4,5,6 & 7 therein, the City hereby re-adopts without changes the report attached as Exhibit B, entitled "Stormwater System Development Charges Methodology Update," dated January 13, 2017, and the methodologies, assumptions, conclusions and findings in the report which refer to the determination of the Stormwater SDC. The attached Exhibit C replaces Tables 4, 5, 6, & 7 of the 2017 "Stormwater System Development Charges Methodology Update. The updates reflect a 2.6% index rounded up to the nearest whole dollar.

Section 3. Resolution Number 3551 is hereby repealed.

Section 4. This resolution shall be effective on July 1, 2024.


Yes: Stovall, Piazza, DiNucci, Gladfelter, Morales

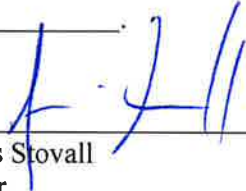
No: None

Absent: Hinton, Jones-Dixon

Abstain: None

Passed by the Gresham City Council on April 2, 2024


Eric Schmidt
Interim City Manager


Travis Stovall
Mayor

Approved as to Form:

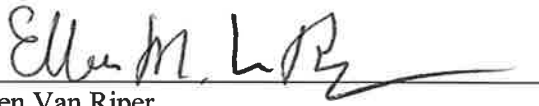

Ellen Van Riper
City Attorney

Exhibit A

Stormwater System Development Charges

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

Establishing Resolution No. 3597 was passed on April 2, 2024 and effective July 1, 2024.

Charged per "Drainage Residential Unit", which is equal to 2,500 square feet of impervious area. Rate depends on location as described below.

Stormwater System Development Charges (GRC 11.05)	Total	Improvement	Reimbursement
Current City Limits*	\$ 1,457.00	\$ 622.22	\$ 834.78
Pleasant Valley**	\$ 2,444.00	\$ 2,386.05	\$ 57.95
Springwater***	\$ 2,524.00	\$ 2,524.00	\$0.00

**City limits of Gresham except for the Pleasant Valley and Springwater Plan Districts as they existed on January 1, 2006. Also includes the Kelley Creek Headwaters Plan Area.*

***The Pleasant Valley Plan District as defined by GCDC 4.1400.*

****The Springwater Plan District as defined by GCDC 4.1500.*



Department of Environmental Services

Stormwater SDC Methodology Update

Prepared by
Shaun Pigott Associates, LLC



January 13, 2017

City of Gresham
2016 Stormwater SDC Methodology Update
Table of Contents

Introduction and Summary of the Analysis	1
Process for Updating the SDC Methodologies	7
SDC Legal Authorization	7
SDC Cost Eligibility	7
Reimbursement Fee	7
Improvement Fee	8
SDC Credits	9
Other Considerations	10
Stormwater SDC Calculation Methodology	11
2016 Stormwater Capital Improvement Plan	11
Stormwater Customers – Estimated Current and Future Demand	18
Estimated Demand per DRU – Existing City SDC	18
Estimated Demand per DRU – Pleasant Valley and Springwater SDC Planning Areas	18
Reimbursement Fee Calculation	19
Improvement Fee Calculation	23
Underground Injection Control Policy	23
Stormwater SDC Summary	26

Introduction and Summary of the Analysis

The city of Gresham (City) conducts periodic updates to its system development charges (SDC) in conjunction with reviews of its respective facility planning documents to provide for the orderly and sustained improvement of its municipal infrastructure. In this case, the focus is on the capital planning update for the City's storm and surface water management utility. The purpose of these plan updates is to evaluate the capital requirements for built and natural systems that comprise the stormwater system. Growth/demand projections determine the current and future facility needs of the utility in order to anticipate and plan for improvements to these systems. Capital costs are significant, so funding is an important consideration in this process; specifically how these planned improvements will be a shared expense of both current and future stormwater customers.

A key component to funding these public facilities is the City's SDC program. SDCs are one-time charges applied to new connections and are designed to recover the costs of existing and future infrastructure capacity needed to serve new development. The legal framework for SDCs is established in ORS 223.297 - .314. This legal context serves as the basis for updating the City's stormwater SDCs.

Gresham's current SDC for stormwater was last reviewed and updated in 2006. Aside from annual inflationary adjustments (curtailed in 2008), the SDC methodology has remained unchanged. The City's current schedule of stormwater SDCs consists of specific fees for three distinct planning areas. Due to the hydrologic independence of each planning area and the fact that stormwater facility plans have been developed which are unique to each area, the continued use of area-specific SDCs is considered appropriate and equitable. These planning areas are described as follows:

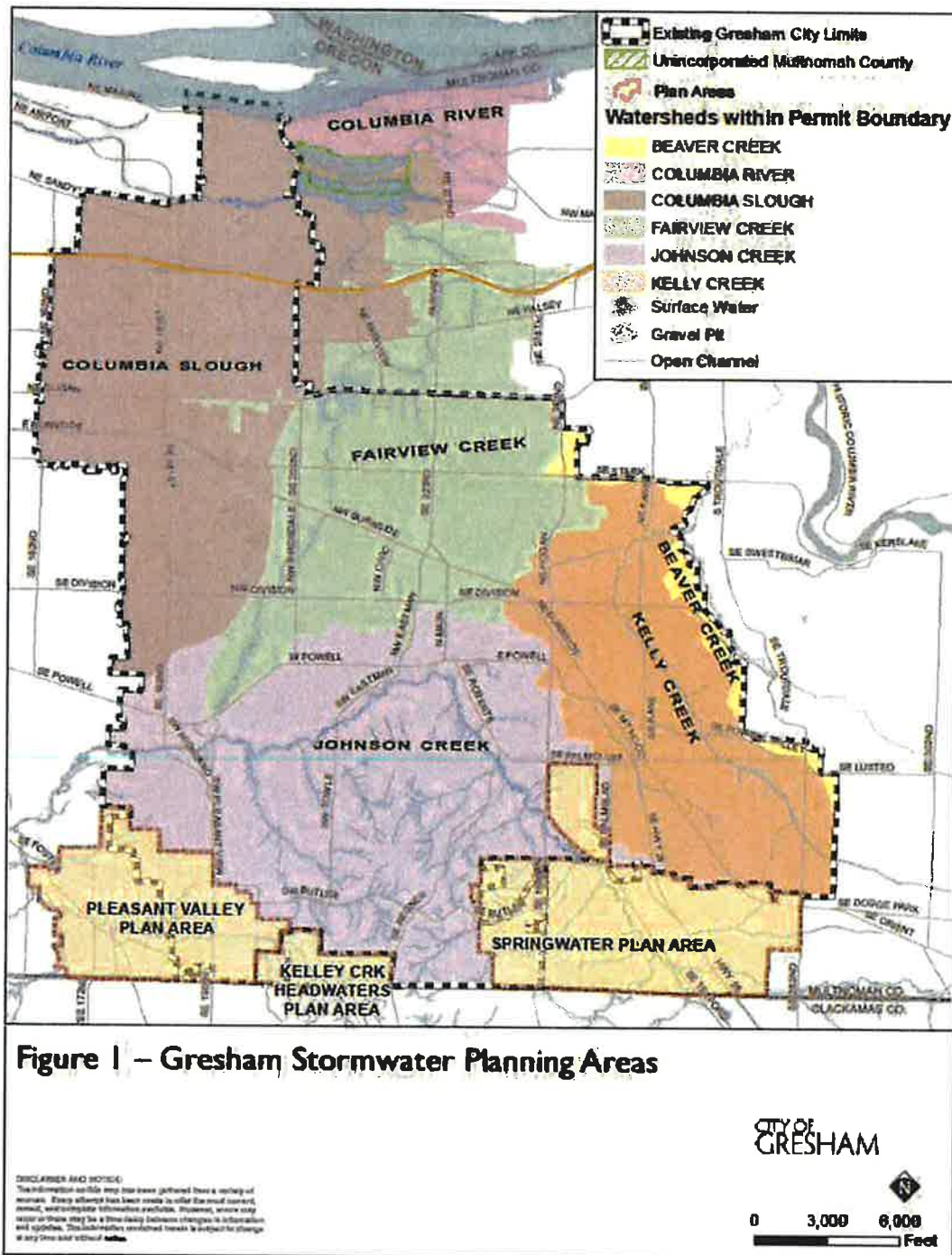
1. *Existing City Service Area* – this consists of the current city limits as of November, 2016 but does not include the Pleasant Valley and Springwater planning areas. The primary drainage basins within the existing City are:
 - a. *Columbia Slough/West Gresham* - The entire Columbia Slough watershed encompasses approximately 62 square miles, of which about 4,640 acres lie within the Cities of Gresham and Fairview. About 6 sq. miles are within Gresham's NPDES permit area. The headwaters of the slough begin with Fairview Creek, flowing north to Fairview Lake in the City of Fairview, then paralleling the Columbia River west from the lake to its confluence with the Willamette River. While there are several major piped stormwater outfalls within west Gresham that drain and discharge directly to the slough, the majority of the west Gresham basin's drainage is served by drywells (also known as underground injection controls) that drain to groundwater.
 - b. *Fairview Creek* - The entire Fairview Creek watershed encompasses approximately 3,454 acres (5.4 square miles) and is a tributary to Fairview Lake. About 4.3 sq. miles lie within Gresham's NPDES permit area. Fairview Creek is also recognized as the headwaters of the Columbia Slough. The creek originates within Gresham city limits near West Powell Boulevard and SE 182nd Avenue. The creek flows in a northeasterly direction through Gresham and enters Fairview just west of N.E. 223rd Avenue at NE Glisan Street, and remains within the City of Fairview's jurisdiction for its remaining length. The Fairview Creek watershed encompasses most of the city of Fairview and the north-central part of Gresham.

- c. *Kelly Creek & Beaver Creek* - The Kelly Creek watershed encompasses about 2,597 acres (4.1 square miles) and is a tributary to the Beaver Creek watershed and ultimately to the Sandy River. Beaver Creek watershed comprises about 293 acres (0.5 square miles) within Gresham. Kelly Creek originates east of Gresham and enters the city limits just a few hundred yards east of SE 282nd Avenue and north of SE Dodge Park Boulevard. It flows in a northwesterly direction until its confluence with Burlingame Creek, its main tributary which lies just northwest of NE Kane Road and NE 18th Court. Most of east Gresham drains to Kelly Creek.
 - d. *Johnson Creek* - The entire Johnson Creek watershed encompasses 54 square miles and is a tributary of the Willamette River in the Milwaukie/Portland area. About 5,483 acres (8.6 square miles) lie within Gresham's permit area. Although Johnson Creek does not originate in Gresham, some of the upper reaches of the creek flow through the City of Gresham. Presently, Johnson Creek enters the Gresham city limits at approximately SE 252nd Avenue and SE Telford Road, flows in a northwesterly direction to Powell Boulevard and Main Avenue, then generally westward until it leaves the city limits near its intersection with SE 174th Avenue. Butler Creek, a significant tributary of Johnson Creek in Gresham, enters Johnson Creek a few hundred yards east of SW Pleasant View Drive. Much of south Gresham, including the downtown area, is located in the Johnson Creek watershed.
2. *Pleasant Valley Planning Area* - The Pleasant Valley planning area spans the southeast corner of the city of Portland, portions of unincorporated Multnomah and Clackamas Counties, and areas in the western edge of Gresham. The site's western boundary roughly follows SE 162nd Avenue. Its northern boundary follows the edge of developed portions of the City of Gresham and extends north of Foster Road to include portions of Johnson Creek. The eastern boundary of the site extends past SE 190th Drive to Rodlun Road, and the southern boundary generally parallels Sager and Cheldelin Roads. The area encompassed by the Pleasant Valley site comprises approximately 1,532 acres. Agricultural and rural residential are the most widespread existing uses within the planning area.
- Pleasant Valley includes most of the Kelley Creek sub-basin and a small area along Johnson Creek. Seven sub-watersheds exist within the valley. Those subareas include Jenne Creek, Clatsop Creek, Mitchell Creek, the Saddle, Gresham South Slope, Lower Kelley Creek and Powell-Jenne Valley (Johnson Creek). The sub-basin drains approximately five square miles of a northwest sloping area with land cover including forest, agricultural lands and rural residential areas. Elevations in the area range from 1,230 feet to the east to 238 feet at the junction with Johnson Creek to the west at 159th Avenue. The major drainage feature, Kelley Creek, flows northwesterly for approximately two miles where it joins with Johnson Creek. Several major tributaries, including Jenne Creek, Clatsop Creek and Mitchell Creek, are also significant conveyance features in the sub-basin and convey runoff to the main stem of Kelley Creek.
3. *Springwater Planning Area* - Springwater consists of 1,152 acres that were added to the Urban Growth Boundary in December 2002 and 120 acres that have been in the Gresham urban services boundary since 1983 but which has never been annexed to the City or had planning done for future urbanization. The planning area lies south (to the County line) and east (as far as 282nd Avenue) of the current Gresham city limits. Nearly two miles of

Johnson Creek runs through Springwater flowing west before entering Gresham. NOAA Fisheries considers the main stem of Johnson Creek (including the Springwater section) as critical habitat for Lower Columbia River steelhead and Chinook, and it has been listed as essential fish habitat for Coho and Chinook. Stormwater runoff is conveyed to natural drainage areas or to drainage ditches adjacent to local roads.

Figure 1 shows the existing City, Pleasant Valley and Springwater planning areas.

Figure 1 - Gresham Stormwater Planning Areas



In addition to the three planning areas, the City identified a subset of capital projects that will serve its entire service area. These projects, listed in Table 7, were classified as “city-wide” and designated as future facility costs that should be allocated over all future growth in the City.

This update of Gresham’s stormwater SDCs was done in conjunction with the City’s review of stormwater capital improvement plans (CIP) within the City, along with CIPs for the Pleasant Valley and Springwater planning areas. Shaun Pigott Associates, LLC was hired to review and update the stormwater SDCs with City staff who identified the following objectives for this update:

- Review the basis for the stormwater SDC to ensure a consistent methodology among all City utilities;
- Address specific policy, administrative and technical issues that have arisen from application of the existing stormwater SDC;
- Determine the most appropriate and defensible fees to ensure that development is paying its proportional fair share of capital costs;
- Consider possible revisions to the structure or basis of the charges which might improve equity while also improving consistency in the application of the SDC;
- Provide clear, orderly documentation of the assumptions, methodology and results so City staff can, by reference, respond to questions or concerns from the public.

This report summarizes the recommended SDC methodologies for the three stormwater SDC planning areas. It also reflects the combined effort of the “SDC Review Committee” which included both the consultant and City staff in evaluating options and establishing direction over multiple meetings between July and December 2016. The result is a logical, proportionate, consistent and legally defensible SDC methodology which reflects the City’s historic investment in providing capacity to new connections and the future facility requirements necessary to accommodate growth. The SDC update complies with ORS as well as Gresham Revised Code Sections 3.40. Table 1 shows the proposed and current schedule of stormwater SDCs.

Table 1 Summary of Existing and Proposed Stormwater SDCs per Drainage Residential Unit (DRU)

Service Area	Reimbursement	Improvement		Total
		Local	Citywide	
<i>Proposed:</i>				
Existing City	\$ 648	\$ 462	\$ 21	\$ 1,131
Pleasant Valley	45	1,832	21	1,898
Springwater	-	1,940	21	1,961
<i>Current:</i>				
Existing City	\$ 503	\$ 321	\$ -	\$ 824
Pleasant Valley	-	2,326	-	2,326
Springwater	-	6,052	-	6,052
<i>Difference - proposed vs. existing</i>				
Existing City	\$ 145	\$ 141	\$ 21	\$ 307
Pleasant Valley	45	(494)	21	(428)
Springwater	-	(4,112)	21	(4,091)

Process for Updating the SDC Methodologies

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.”

For this project, the consultant team has relied on the 2006 capital improvement plans (revised effective 2016) for the three stormwater SDC planning areas. Additional data was gathered from City utility billing records, fixed asset information, certified census data and utility financial documents.

SDC Legal Authorization

ORS 223.297-314 provides the definition of SDCs, 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 is 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 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. The new customer relies on capacity within the existing system, and a reimbursement component is warranted. In the case of stormwater, reimbursement fees are being applied to the existing City and Pleasant Valley. A reimbursement fee cannot be justified for the Springwater planning area because the City has not made any prior investments in stormwater infrastructure there.

In order to determine an equitable reimbursement 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. 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 of these 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 drainage residential units (DRUs) over the planning period. This approach reflects the philosophy, consistent with the City's master plans, that facilities have been sized to meet the demands of the whole customer base within the established planning period.

Improvement Fee

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 2016 stormwater capital improvement plan. 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 are 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 associated share of those projects attributable to growth. Some projects may be entirely attributable to growth, such as a stormwater collection line that exclusively serves a newly developing area. Other projects, however, could have a mixed purpose, in that they may expand capacity, but 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. Only those facilities (or portions of facilities) that either expand the system's capacity to accommodate growth or increase its respective level of performance, in part, to accommodate growth, have been included in the cost basis of the improvement fee. As part of this SDC update, City staff were asked to review the planned capital improvement lists in order to assess SDC eligibility. The criteria in Figure 2 were developed to guide the City's evaluation:

Figure 2 SDC Eligibility Criteria

City of Gresham	
Steps Toward Evaluating	
<u>Capital Improvement Lists for SDC Eligibility</u>	
<u>ORS 223</u>	
1.	Capital improvements mean the facilities or assets used for : <ol style="list-style-type: none">Stormwater collection, treatment, detention, conveyance, and disposal This 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 system 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.
<u>Under the City' approach, the following rules will be followed</u>	
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.

In developing the improvement fee, the SDC Review Committee evaluated each of its CIP projects 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. The improvement fee is calculated as a function of the estimated number of projected additional DRUs 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 DRUs 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. For multi-phase projects, any excess credit may be applied against SDCs that

accrue in subsequent phases of the original development 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) §3.40.027 for stormwater.

GRC §3.40.027 for stormwater

- A. A credit shall be given for the actual cost of a qualified public improvement that is funded in the Capital Improvement Plan in effect when the notice to proceed for the improvement is issued. The credit provided for by this subsection shall be only for the improvement fee charged for the type of improvements being constructed and only in the amount of the actual cost of the improvement not to exceed the amount the improvement is funded with SDC funds in the Capital Improvement Plan. Credit for qualified public improvements may be granted only for the cost of that portion of such improvement that exceeds the governmental unit's minimum standard facility size or capacity needed to serve the particular development project or property. The applicant shall have the burden of demonstrating that a particular improvement qualifies for credit.
- B. When the construction of a qualified public improvement gives rise to a credit amount greater than the improvement fee that would otherwise be levied against the project receiving development approval, the excess credit may be applied against improvement fees that accrue in subsequent phases of the original development project. Credits shall be used not later than 10 years from the date the credit is given. (Ord. No. 1602, Enacted, 04/01/2005)

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.

Stormwater SDC Calculation Methodology

2016 Stormwater Capital Improvement Plan

The revised 2016 stormwater capital improvement plan (CIP) is based on the 2006 Stormwater 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 2. The total cost of all master plan projects is:

Existing City	\$28,973,149
Pleasant Valley.....	12,859,965
Springwater	<u>47,329,200</u>
Total	\$89,162,314

Among these planned facilities, the SDC Review Committee identified several projects that were deemed to be no longer viable. Therefore, the first step was to exclude these from the SDC methodology update. The specific master plan projects eliminated through this process are shown in Table 2:

Table 2 – Stormwater Master Plan Projects Eliminated from the 2016 SDC Calculations

Master Plan		Capital Project List			2006 Total
SDC Zone	Basin or Sub basin	Project ID	CIP No.	All Basins & Planning Areas	Project Cost
Existing City	West Gresham Basin	WQ-1A	911900	Water Quality Facility at N 162nd Ave	\$ 3,933,580
Existing City	West Gresham Basin	WQ-1B	911800	WQ Facility @ 162nd & I-84 (Eliminated from MP Final List)	-
Existing City	Fairview Creek Basin	FC02	-	FV Creek improvement, Ruby Junction to Birdsdales	196,435
Existing City	Fairview Creek Basin	FC03	-	FV Creek Improvements, Burnside to Stark Revegetation	14,400
Existing City	Fairview Creek Basin	FC01	910400	FV Creek Improvements, Stark Street Culvert	236,700
Existing City	Kelly Creek Basin	KCN-1	917600	NR1 NE Hale Place	141,967
Existing City	Kelly Creek Basin	KCN-2	917700	NR2 NE 17th Street	280,944
Existing City	Kelly Creek Basin	KCN-3A	918700	NR3A NE Division Street	22,639
Existing City	Kelly Creek Basin	KCN-3B	-	NR3B Bell Acres to SE Kane	24,897
Existing City	Kelly Creek Basin	KCN-3C	918900	NR3C Dogwood Lane	42,681
Existing City	Kelly Creek Basin	KCN-3D	919000	NR3D SE Powell Valley Road	44,460
Existing City	Kelly Creek Basin	KCN-4	919100	NR4 Bell Acres Trailer Park	446,634
Existing City	Kelly Creek Basin	KCN-5	917800	NR5 NE 7th Court	125,165
Existing City	Kelly Creek Basin	KCN-6	919200	NR6 Powell Valley Pools	142,021
Existing City	Kelly Creek Basin	KCN-7	917900	NR7 Gresham Golf Course Riparian Enhancement	128,536
Existing City	Kelly Creek Basin	KCN-8	919300	NR8 Gresham Golf Course Creek Meandering	501,750
Existing City	Kelly Creek Basin	KCN-9	919400	NR9 SE 24th Street to SE Salquist Rd	257,445
Existing City	Johnson Creek Basin	NR01	913200	NR01 SE 7th St. Riparian Corridor Restoration	293,525
Existing City	Johnson Creek Basin	NR02	913300	NR02 East Gresham Grade School	134,238
Existing City	Johnson Creek Basin	NR03	913400	NR03 SE Dowsett St. Riparian Corridor Restoration	185,148
Existing City	Johnson Creek Basin	NR04	913500	NR04 Grace Community Church	130,062
Existing City	Johnson Creek Basin	NR05	913600	NR05 Bus Creek Restoration	66,201
Existing City	Johnson Creek Basin	NR06	913700	NR06 West Gresham Grade School	66,134
Existing City	Johnson Creek Basin	NR07	913800	NR07 SW 14th St. Riparian Corridor Restoration	51,404
Existing City	Johnson Creek Basin	NR08	913900	NR08 SE Gresham Riparian Corridor Restoration	517,439
Existing City	Johnson Creek Basin	NR09	914000	NR09 Willowbrook Pond	25,711
Pleasant Valley				Sub-Area 1D	691,734
Pleasant Valley				Sub-Area 2A	2,067,905
Pleasant Valley				Sub-Area 2B	84,732
Pleasant Valley				Sub-Area 2C	279,536
Pleasant Valley				Sub-Area 2D	1,472,948
Pleasant Valley				Sub-Area 3A	1,112,542
Pleasant Valley				Sub-Area 3B	2,335,052
Pleasant Valley				Sub-Area 3C	1,319,379
Pleasant Valley				Sub-Area 4A	1,351,940
Pleasant Valley				Sub-Area 4C	2,144,197
Springwater				Annex Area 2	2,071,203
Springwater				Annex Area 3a	1,110,159
Springwater				Annex Area 3b1	2,304,159
Springwater				Annex Area 3b2	1,860,468
Springwater				Annex Area 4a	126,315
Springwater				Annex Area 4b	1,892,926
Springwater				Annex Area 4c	2,779,846
Springwater				Annex Area 5a	1,756,344
Springwater				Annex Area 5b	4,851,291
Springwater				Annex Area 5c	1,694,241
Springwater				Annex Area 6a	1,538,053
Springwater				Annex Area 6b	243,651
Springwater				Annex Area 7a	2,391,388
Springwater				Annex Area 7b	59,156
Springwater				NR Hogan Cedar	8,600,000
Springwater				NR Springwater Gateway Wetlands	1,600,000
Springwater				NR Buttes w/ Slopes >25%	6,000,000
Springwater				NR Hogan & Botefuhr Creeks Wildlife Corridor	600,000
Springwater				NR Sunshine & McNutt Wildlife Corridor	2,800,000
Springwater				NR Brigman Pond Removal	900,000
Springwater				NR McNutt Headwater Wetland	400,000
Springwater				NR Johnson Creek Hwy 26 Wetland Complex and Floodplain Reconnection	900,000
Springwater				NR North Fork John Creek Riparian Enhancement	750,000
Springwater				NR Johnson Creek (Telford-Hwy 26) Riparian Floodplain Reconnection	100,000
Citywide			920900	Infrastructure Capacity Improvements	-
					\$ 68,199,281

The second step in the CIP review process was to eliminate from the improvement fee all costs for projects constructed since adoption of the 2006 Master Plan. These projects are now captured in the City's fixed asset schedule which is the basis for the *reimbursement* fee calculation. Table 3 contains a listing of the 2006 Master Plan projects that are now constructed (and therefore eliminated from the improvement fee calculation):

Table 3 - 2006 Stormwater Master Plan Projects Constructed as of November, 2016

SDC Zone	Basin or Sub basin	Master Plan		Capital Project List	2006 Total
		Project ID	CIP No.	All Basins & Planning Areas	Project Cost
Existing City	West Gresham Basin	WQ-4B	-	Water Quality Facility N of Sandy/W of 197th Pl (East Boeing Site)	\$ 2,130,020
Existing City	West Gresham Basin	WQ-4A	-	Water Quality Facility N of Sandy/E of 185th (West Boeing Site)	3,031,900
Existing City	Fairview Creek Basin	DT01	-	Birdsdale site detention & WQ	1,822,500
Existing City	Fairview Creek Basin	DT02	-	Red Sunset Park Detention	115,800
Existing City	Fairview Creek Basin	SD01	-	Storm drain improvement, Birdsdale to Riverside	483,400
Existing City	Johnson Creek Basin	BSG-1	-	BSG-1 Culvert Improvement - Butler South	229,773
Citywide			913000	Flood Plain Re-Mapping	9,671
					<u>\$ 7,823,064</u>

Through this two-step review process, the SDC Review Committee has eliminated projects that are no longer viable, and projects that have been constructed since the 2006 Master Plan. The remaining Master Plan projects were then evaluated in terms of the SDC eligibility criteria contained in Figure 2. The resulting Master Plan CIP now consists of future projects that comprise the SDC eligible list. The resulting by-project SDC allocations are shown in the following tables:

Table 4 Existing City SDC

Table 5 Pleasant Valley SDC

Table 6 Springwater SDC

Table 7 City-wide SDC

Replaced By Exhibit C of this resolution.

Table 4: SDC-eligible Project Costs for the Existing City SDC

Basin or Sub basin	Master Plan Project ID	CIP No.	Capital Project List All Basins & Planning Areas	2016 Total Project Cost	2016 SDC Eligible Cost
West Gresham Basin	WQ-3A	911600	North 181st and Sandy Blvd Water Quality Facility	\$ 686,679	\$ 151,069
West Gresham Basin	FC-3A	912500	Pipe replacements S. 181st	1,068,200	106,820
West Gresham Basin	FC-5	912200	Pipe replacements Barr Road Halsey	1,281,200	397,172
West Gresham Basin	FC-4	912300	Pipe replacements N. 181st	1,072,500	246,675
West Gresham Basin	FC-2	912600	Pipe replacements N. 162nd	445,600	178,240
West Gresham Basin	FC-6	912100	Pipe replacements cul de sac E of 194th	56,400	28,764
West Gresham Basin	FC-1	912700	South 162nd Ave. Pipe Replacements	82,300	27,159
West Gresham Basin	-	910300	Columbia Slough Regional WQ Facility Maintenance	76,990	-
West Gresham Basin	-	907400	194th Avenue Pipe Enlargement at I-84	307,800	-
West Gresham Basin	WQ-4C	911400	WQ Facility @ 194th (Eliminated from MP Final List)	511,020	-
West Gresham Basin	WQ-1C	911700	WQ Facility @ 162nd & Thompson (Eliminated from MP Final List)	718,700	-
Fairview Creek Basin	WQ02	914300	Water quality monitoring	22,800	-
Fairview Creek Basin	WQ01	910800	Division Street Diversion for Water Quality	71,136	4,980
Fairview Creek Basin	WQ03	-	Glisan Street WQ Swale	208,589	58,405
Fairview Creek Basin	SD02	905200	Storm drain improvement, Burnside to Civic Drive	199,336	49,836
Fairview Creek Basin	WQ05	-	Stark Street West PRF	66,690	46,683
Fairview Creek Basin	WQ06	911200	Burnside West PRF	53,352	-
Fairview Creek Basin	WQ07	911300	Burnside East PRF	53,352	5,335
Fairview Creek Basin	WQ04	-	Stark Street WQ Swale	176,586	-
Fairview Creek Basin	SD03	910700	Storm drain improvement, Division to Kelly	272,688	87,260
Fairview Creek Basin	9NEW01	919600	NR - Fairview Creek Wetland Mitigation Bank	5,175,559	-
Fairview Creek Basin	9FC005	-	NR - SE 202nd	188,661	47,165
Fairview Creek Basin	9FC006	-	NR - Fairview Creek Headwaters Enhancement	603,744	150,936
Fairview Creek Basin	910600	-	NR - Stark Street to Fujitsu Ponds	338,166	67,633
Fairview Creek Basin	-	920800	NE Cleveland (18th-22nd) Stormwater System	64,700	-
Fairview Creek Basin	-	920000	Segment 1 Fairview Creek Basin Central Core Trunk Improvements	754,264	117,854
Fairview Creek Basin	-	920100	Segment 2 Fairview Creek Basin Central Core Trunk Improvements	364,127	145,651
Fairview Creek Basin	-	920200	Segment 3a Fairview Creek Basin Central Core Trunk Improvements	564,197	225,679
Fairview Creek Basin	-	920300	Segment 3B Fairview Creek Basin Central Core Trunk Improvements	622,218	248,887
Fairview Creek Basin	-	920400	Segment 3C Fairview Creek Basin Central Core Trunk Improvements	338,307	135,323
Fairview Creek Basin	-	920500	Segment 3D Fairview Creek Basin Central Core Trunk Improvements	1,022,308	408,923
Kelly Creek Basin	KC1	918100	KC1 Hydraulic & WQ	664,633	-
Kelly Creek Basin	KC2	917300	KC2 Hydraulic & WQ	782,022	-
Kelly Creek Basin	KC3	918200	KC3 Hydraulic & WQ	125,139	5,006
Kelly Creek Basin	KC4	918300	KC4 Hydraulic & WQ	151,597	-
Kelly Creek Basin	KC5	918400	KC5 Hydraulic & WQ	750,387	-
Kelly Creek Basin	KC6	-	KC6 Hydraulic & WQ	103,680	-
Kelly Creek Basin	KC7	917500	KC7 Hydraulic & WQ	41,725	17,525
Kelly Creek Basin	KC8	918500	KC8 Hydraulic & WQ	317,623	15,881
Kelly Creek Basin	KC9	918600	KC9 Hydraulic & WQ	107,894	2,158
Kelly Creek Basin	-	917600	NR - NE Hale Place/NE 17th Street	112,241	4,490
Kelly Creek Basin	-	919400	NR - SE 24th to SE Salquist Road	262,130	10,485
Kelly Creek Basin	-	919000	NR - SE Powell Valley Road	160,791	6,432
Kelly Creek Basin	-	919100	NR - Bell Acres Trailer Park	912,640	36,506
Kelly Creek Basin	-	917500	NR - Ironwood Access Road	106,735	4,269
Kelly Creek Basin	-	917800	NR - NE 7th Court	106,620	4,265
Kelly Creek Basin	-	910200	Kelly Creek Water Quality Facility	50,000	21,062
Kelly Creek Basin	-	920700	Burlingame Creek System Improvements	132,403	-
Kelly Creek Basin	-	921200	Kane Drive Culvert Repair Improvements	4,491,600	-
Kelly Creek Basin	-	909200	Hogan Place Storm Drain	741,456	-
Kelly Creek Basin	-	909300	East Burnside Parallel Pipe	901,056	-
Kelly Creek Basin	-	909400	Salquist/Barnes Pipe Enlargement	185,452	-
Kelly Creek Basin	-	909600	Burlingame Creek South of Powell Valley Road	298,575	-
Kelly Creek Basin	-	909800	Kelly Creek, South of SE Salquist Road	348,033	-
Kelly Creek Basin	-	909900	Burnside Diversion to Kelly Creek	1,379,683	-
Kelly Creek Basin	-	-	Burlingame Creek Palmquist Culvert Upsize	210,000	42,000

Replaced By Exhibit C of this resolution.

Table 4: SDC-eligible Project Costs for the Existing City (continued)

Basin or Sub basin	Master Plan Project ID	CIP No.	Capital Project List All Basins & Planning Areas	2016 Total Project Cost	2016 SDC Eligible Cost
Johnson Creek Basin	ATG-1	915200	ATG-1 Culvert Improvement - Atherton Ave.	32,968	15,495
Johnson Creek Basin	AVG-1	915300	AVG-1 Pipe Improvement - Ava Ave. Group 1	868,780	24,982
Johnson Creek Basin	BCG-1	915400	BCG-1 Pipe Improvement - Butler Creek Group 1	309,100	154,550
Johnson Creek Basin	BCG-2	915500	BCG-2 Pipe Improvement - Butler Creek Group 2	143,082	72,972
Johnson Creek Basin	BRG-1	915600	BRG-1 Culvert Improvement - Brick Creek	68,153	50,433
Johnson Creek Basin	BWG-3	915800	BWG-3 Pipe Improvement - Butler West Group 3	207,774	103,887
Johnson Creek Basin	CCG-1	915900	CCG-1 Pipe Improvement - Cedar Creek Group 1	433,798	242,927
Johnson Creek Basin	CCG-2	916000	CCG-2 Culvert Improvement - Cedar Creek Group 2	93,071	63,288
Johnson Creek Basin	MAG-1	916100	MAG-1 Pipe Improvement - Mawcrest Dr.	60,756	30,986
Johnson Creek Basin	MEG-1	916200	MEG-1 Pipe Improvement - Miller Ct.	133,094	47,914
Johnson Creek Basin	MOG-1	916300	MOG-1 Pipe Improvement - Morlan Ave.	76,174	38,087
Johnson Creek Basin	PEG-2	916400	PEG-2 Pipe Improvement - Power East Blvd. Group 2	115,986	97,428
Johnson Creek Basin	PLG-1	916500	PLG-1 Pipe Improvement - Powell Loop Group 1	287,073	183,727
Johnson Creek Basin	PLG-2	916600	PLG-2 Pipe Improvement - Powell Loop Group 2	208,490	106,330
Johnson Creek Basin	RBG-1	916700	RBG-1 Pipe Improvement - Roberts Dr.	204,588	5,502
Johnson Creek Basin	RCG-1	-	RCG-1 Culvert Improvement - Refner Creek	258,358	152,524
Johnson Creek Basin	TEG-1	916900	TEG-1 Pipe Improvement - Towle Ave. East Group 1	91,345	36,538
Johnson Creek Basin	TEG-2	917000	TEG-2 Pipe Improvement - Towle Ave. East Group 2	277,658	77,744
Johnson Creek Basin	TSG-1	917100	TSG-1 Pipe Improvement - Towle Ave. South	118,342	62,721
Johnson Creek Basin	WAG-1	917200	WAG-1 Culvert Improvement - Walters Dr.	45,333	17,680
Johnson Creek Basin	-	913200	NR - SE 7th Street	1,648,761	329,752
Johnson Creek Basin	-	909000	NR - Fish Passage Improvements	1,179,242	235,848
Johnson Creek Basin	-	913800	NR - SW 14th St	826,691	165,338
Johnson Creek Basin	-	913900	NR - SE Ambleside to SE Regner	601,883	120,377
Johnson Creek Basin	-	914400	NR - SW Towle Avenue	195,194	39,039
Johnson Creek Basin	-	910600	NR - Stark Street to Fujitsu Ponds	338,166	67,633
Johnson Creek Basin	-	913300	NR - East Gresham Grade School	327,436	65,487
Johnson Creek Basin	-	913400	NR - SE Dowsett Street	107,354	21,471
Johnson Creek Basin	9JC009	-	NR - Main City Park	647,748	129,550
Johnson Creek Basin	-	900300	Linden Avenue Storm Drain	405,069	-
Johnson Creek Basin	-	901500	NE 5th Street Storm Drain	145,201	-
Johnson Creek Basin	-	901700	SE Elkhott-Regner Outfall	39,900	-
Johnson Creek Basin	-	903700	Willow Parkway Storm Drain	99,818	-
Johnson Creek Basin	-	904300	NW 1st St./NW Ava Storm Drain	892,724	-
Johnson Creek Basin	-	919500	Johnson Creek Restoration at Main City Park	179,556	-
Subtotal existing City SDC zone ...				\$ 42,582,865	\$ 5,866,737

Replaced By Exhibit C of this resolution.

Table 5: SDC-eligible Project Costs for Pleasant Valley

SDC Zone	Capital Project List All Basins & Planning Areas	2016 Total	2016 SDC
		Project Cost	Eligible Cost
Pleasant Valley	Basin 1 (537 lf of >12" diameter pipe)	\$ 53,706	\$ 53,706
Pleasant Valley	Basin 2 (755 lf of >12" diameter pipe)	75,485	75,485
Pleasant Valley	Basin 3 (492 lf of >12" diameter pipe)	49,232	49,232
Pleasant Valley	Basin 4 (330 lf of >12" diameter pipe)	33,030	33,030
Pleasant Valley	Basin 5 (379 lf of >12" diameter pipe)	37,921	37,921
Pleasant Valley	Basin 6 (450 lf of >12" diameter pipe)	45,049	45,049
Pleasant Valley	Basin 8 (532 lf of >12" diameter pipe)	53,229	53,229
Pleasant Valley	Basin 9 (731 lf of >12" diameter pipe)	73,145	73,145
Pleasant Valley	Basin 10 (213 lf of >12" diameter pipe)	21,302	21,302
Pleasant Valley	Basin 11 (290 lf of >12" diameter pipe)	28,951	28,951
Pleasant Valley	Basin 13 (47 lf of >12" diameter pipe)	4,726	4,726
Pleasant Valley	Basin 14 (155 lf of >12" diameter pipe)	15,521	15,521
Pleasant Valley	Rain Gardens for portions of pavement in Rights-of-way greater than 60' wide	467,605	467,605
Pleasant Valley	NR - PVJE01	403,796	343,227
Pleasant Valley	NR - PVJE02	287,360	244,256
Pleasant Valley	NR - PVKE01	346,978	294,931
Pleasant Valley	NR - PVKE02	410,425	348,861
Pleasant Valley	NR - PVKE03	425,802	361,932
Pleasant Valley	NR - PVKE04	291,766	248,001
Pleasant Valley	NR - PVKE05	216,256	183,818
Pleasant Valley	NR - PVKE06	171,734	145,974
Pleasant Valley	NR - PVKE07	194,157	165,033
Pleasant Valley	NR - PVKE08	276,595	235,106
Pleasant Valley	NR - PVKE09	147,420	125,307
Pleasant Valley	NR - PVKE10	118,063	100,354
Pleasant Valley	NR - PVKE11	63,200	53,720
Pleasant Valley	ESRA Conservation Easement Acquisition	6,274,600	6,274,600
Subtotal Pleasant Valley SDC zone ...		\$ 10,587,055	\$ 10,084,022

Replaced By Exhibit C of this resolution.

Table 6: SDC-eligible Project Costs for Springwater

SDC Zone	Capital Project List All Basins & Planning Areas	2016 Total	2016 SDC
		Project Cost	Eligible Cost
Springwater	Basin R9 (608 lf of >12" diameter pipe)	\$ 60,834	\$ 60,834
Springwater	Basin C1 (682 lf of >12" diameter pipe)	68,218	68,218
Springwater	Basin I3 (2,694 lf of >12" diameter pipe)	269,406	269,406
Springwater	Basin I4 (1,611 lf of >12" diameter pipe)	161,106	161,106
Springwater	Basin I11 (549 lf of >12" diameter pipe)	54,931	54,931
Springwater	Basin I13 (145 lf of >12" diameter pipe)	14,459	14,459
Springwater	Basin I14 (6,109 lf of >12" diameter pipe)	610,925	610,925
Springwater	Basin I15 (1,535 lf of >12" diameter pipe)	153,467	153,467
Springwater	Rain Gardens for portions of pavement in Rights-of-way greater than 60' wide	741,288	741,288
Springwater	NR - 9SWBO01	109,785	93,317
Springwater	NR - 9SWBO02	291,751	247,988
Springwater	NR - 9SWBR01	228,948	194,606
Springwater	NR - 9SWBR02	205,291	174,497
Springwater	NR - 9SWHO02	484,695	411,991
Springwater	NR - 9SWHO03	669,729	569,270
Springwater	NR - 9SWJC22	490,338	416,787
Springwater	NR - 9SWJC23	595,567	506,232
Springwater	NR - 9SWMDC01	160,740	136,629
Springwater	NR - 9SWMNC01	389,110	330,744
Springwater	NR - 9SWNFJ01	350,762	298,148
Springwater	NR - 9SWNFJ02	504,080	428,468
Springwater	NR - 9SWSC01	314,213	267,081
Springwater	ESRA Conservation Easement Acquisition	7,811,266	7,811,266
Subtotal Springwater SDC zone ...		\$ 14,740,910	\$ 14,021,659

Table 7: SDC-eligible Project Costs for City-wide Stormwater Projects

SDC Zone	Capital Project List All Basins & Planning Areas	2016 Total	2016 SDC
		Project Cost	Eligible Cost
Citywide	Minor Drainage	\$ 584,073	\$ -
Citywide	Low Impact Development Practices Retrofit Program	2,752,463	-
Citywide	Stream Stabilization	572,515	-
Citywide	Rehab & Repair of Pipe System	2,290,229	-
Citywide	UIC Implementation	794,827	-
Citywide	Stormwater Facility Improvements	182,388	-
Citywide	Riparian and Wetland Improvement Projects	612,093	-
Citywide	Water Quality Manual & Design Standards	160,957	64,382
Citywide	Stormwater Infrastructure Master Plan	766,400	383,200
Citywide	Asset Management Software	50,000	-
Subtotal Citywide projects ...		\$ 8,765,945	\$ 447,582

Stormwater Customers – Estimated Current and Future Demand

Gresham's stormwater utility service charge and SDC within the existing City, Pleasant Valley, and Springwater are based on impervious surface area. The average amount of impervious area on a single family residential developed lot is set at 2,500 square feet. This equates to one DRU. Both rates and SDCs are calculated as a function of DRUs meaning that each property's fee is calculated as follows:

$$\text{Impervious Surface area} / 2,500 \text{ Sq. Ft.} = \# \text{ of DRUs.}$$

The number of DRUs is then multiplied by the unit rate to determine the service charge or SDC amount.

Estimated Demand per DRU – Existing City SDC

The number of DRUs in the existing City is 58,964 as established through the City's stormwater utility billing records and annual service charge revenue. In order to determine the future capacity requirements of the City's stormwater system, each basin plan and facility plan forecasts the amount of additional impervious surface through the planning period.

The SDC Review Committee evaluated the 2006 Master Plan DRU projections and determined that the growth anticipated for the existing service area (meaning Gresham proper) through the planning period is 0.9%. Accordingly, the number of DRUs at 2035 would be 69,906, or an increase of 10,941 DRUs through the planning period.

Estimated Demand per DRU – Pleasant Valley and Springwater SDC Planning Areas

The Pleasant Valley and Springwater planning area buildout DRUs were adjusted to reflect future land use patterns which were then converted to expected DRUs. City Staff now estimate that buildout DRUs for Pleasant Valley will be 5,684. The corresponding buildout estimate for Springwater is 7,227 DRUs.

The current and projected DRUs for all three SDCs are shown below in Table 8.

Table 8 - Existing and Future DRUs by SDC Planning Area

Index	Year	Drainage Residential Units (DRUs)		
		Current City	Pleasant Valley*	Springwater*
1	2016	58,964	221	0
2	2017	59,495		
3	2018	60,030		
4	2019	60,570		
5	2020	61,115		
6	2021	61,665		
7	2022	62,220		
8	2023	62,780		
9	2024	63,345		
10	2025	63,915		
11	2026	64,490		
12	2027	65,070		
13	2028	65,656		
14	2029	66,247		
15	2030	66,843		
16	2031	67,445		
17	2032	68,052		
18	2033	68,664		
19	2034	69,282		
20	2035	69,906	5,684	7,227

* Buildout values

Reimbursement Fee Calculation

As discussed earlier in this report, the reimbursement fee represents a buy-in to the cost of infrastructure capacity available to serve growth within the City's existing stormwater system. There will be unique reimbursement fees for the existing City and Pleasant Valley SDCs, while there will not be a reimbursement fee for the Springwater SDC (since no investment in infrastructure has occurred there).

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

- Step 1: Calculate the original cost of stormwater fixed assets in service for each SDC planning area. From this starting point, eliminate any assets that do not conform to the ORS 223.299 definition of a capital improvement. This results in the adjusted original cost of stormwater fixed assets.
- Step 2: Subtract from the original cost of stormwater 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 Stormwater Reimbursement SDC Fund.
- Step 5: Divide the net stormwater reimbursement original cost basis by the sum of existing and future DRUs to arrive at the net reimbursement fee before future interest expense.
- Step 6: Divide the total future interest expense on stormwater system long term debt for SDC funded projects by the total number of projected growth DRUs over the planning period. This is the future interest expense fee.
- Step 7: Add the future interest expense fee to the net reimbursement fee to determine the total stormwater reimbursement fee.

The calculations to determine the stormwater reimbursement fees for the existing City and Pleasant Valley SDC planning areas are shown in Tables 9 and 10.

Table 9 - Stormwater Reimbursement Fee for the Existing City

	<u>Original Cost</u>
Utility plant in service- original cost ¹	
Easements	\$ 743,577
Land	3,163,387
Public improvement projects	1,615,465
Software	31,886
Stormwater lines and systems	64,422,776
Technical equipment	18,816
Utility equipment	975,415
Vehicles	<i>eliminated</i>
Water lines and systems	61,844
Construction work-in-progress	5,203,931
Subtotal utility plant in service	<u>\$ 76,237,097</u>
Less: grants and contributed capital: ²	
Land	1,840,750
Public improvement projects	1,615,465
Stormwater lines & systems	22,594,113
Water lines & systems	61,844
Subtotal grants and contributed capital	<u>26,112,172</u>
Less: principal outstanding on long term debt: ¹	
Loans & lines of credit:	
2014-16 Gresham - URA lines of credit	56,000
2015 Clean Water State Revolving Loan fund	4,700,000
Revenue bonds & obligations:	
Series 2006 stormwater revenue bonds	2,850,000
Subtotal principal outstanding on long term debt	<u>7,606,000</u>
Less: Reimbursement fee fund balance at June 30, 2015	268,186
Utility plant in service net of grants, contributed capital, principal outstanding on long term debt, and wastewater reimbursement fee fund balance	\$ 42,250,739
Projected existing capacity available to serve all customers (expressed in DRUs):	69,906
Reimbursement fee before inclusion of future interest expense on debt outstanding	\$ 604
add: future interest expense on long term debt outstanding	\$ 475,270
divided by growth DRUs	10,942
Future interest expense fee	\$ 43
Total reimbursement fee	<u>\$ 648</u>

¹ Source: City of Gresham Comprehensive Annual Financial Report for the year ended June 30, 2015

² Source: City of Gresham records

Table 10 - Stormwater Reimbursement Fee for Pleasant Valley

	Original Cost
Utility plant in service- original cost ¹	
Easements	\$ -
Land	-
Public improvement projects	-
Software	-
Stormwater lines and systems	256,376
Technical equipment	-
Utility equipment	-
Vehicles	-
Water lines and systems	-
Construction work-in-progress	-
Subtotal utility plant in service	\$ 256,376
Less: grants and contributed capital: ²	
Land	-
Public improvement projects	-
Stormwater lines & systems	-
Water lines & systems	-
Subtotal grants and contributed capital	-
Less: principal outstanding on long term debt: ¹	
Loans & lines of credit:	
2014-16 Gresham - URA lines of credit	-
2015 Clean Water State Revolving Loan fund	-
Revenue bonds & obligations:	
Series 2006 stormwater revenue bonds	-
Subtotal principal outstanding on long term debt	-
Less: Reimbursement fee fund balance at June 30, 2015	-
Utility plant in service net of grants, contributed capital, principal outstanding on long term debt, and wastewater reimbursement fee fund balance	\$ 256,376
Projected existing capacity available to serve all customers (expressed in DRUs):	5,684
Reimbursement fee before inclusion of future interest expense on debt outstanding	\$ 45
add: future interest expense on long term debt outstanding	\$ -
divided by growth DRUs	5,463
Future interest expense fee	\$ -
Total reimbursement fee	<u>\$ 45</u>

¹ Source: City of Gresham Comprehensive Annual Financial Report for the year ended June 30, 2015

² Source: City of Gresham records

Underground Injection Control Policy

As discussed in the introduction to this report, a portion of Gresham's existing service area is served by underground injection controls (UICs). City staff have indicated that future development in the UIC areas will continue to be served with this disposal method, and will be financed by private developers as a condition of development approval.

Prior policy direction had been to make no special designation for these properties in terms of the stormwater SDC. However, this issue remains an equity concern in dealing with these properties as they develop. The question is how to reasonably adjust the stormwater SDC for these properties. After discussion through the SDC Review Committee, some basic updated policy guidelines have been developed. These are:

- The locations within the existing City service area designated for use of UIC are known.
- The stormwater facility plans which support the improvement portion of the proposed SDC do NOT include runoff from these UIC areas...in other words stormwater facilities were not sized to accommodate any flow from these areas.
- Developers will be responsible for the total cost of construction, maintenance and permitting of their on-site UICs.
- SDC reduction eligibility is afforded to only those developments that infiltrate all of their stormwater and have no connection to the City's drainage system.
- SDC reduction will be limited to the improvement portion of the fee. These properties would still pay the full reimbursement portion of the SDC.
- The UIC properties need to be removed from the improvement portion of the stormwater SDC calculation for the existing City. This required an estimate of the DRUs that should be subtracted from the current growth projection of 10,943 DRUs. City Staff calculated the ratio of UIC area to total existing city area, and concluded that 17.84% or 1,952 DRUs would need to be deducted. The resulting "billable" existing City DRUs is 8,991 (i.e., $10,943 - 1,952 = 8,991$).

The methodology for SDC reduction is based on the designated UIC area in order to approximate areas of the City which infiltrate their stormwater. Development outside of the UIC designated area which infiltrates 100% of its stormwater will also be eligible for the SDC reduction. Development within the designated UIC area which connects to the City's non-UIC system is not eligible for the reduction

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 revised 2016 stormwater 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, three 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 serving new development.

The proportional approach toward capacity and cost allocation was selected by the City because only those facilities (or portions of facilities) that either expand the stormwater 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 Tables 4 through 7. The improvement fee is calculated as a function of the estimated number of projected additional DRUs to be served by the City's facilities over the planning horizon.

Under this proportional approach, 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 Stormwater Improvement SDC Fund. This arrives at the net stormwater improvement fee basis.
- Step 3: Divide the net stormwater improvement fee basis by the forecasted number of billable growth DRUs (less any DRUs within the UIC areas) over the planning period. This arrives at the total stormwater improvement fee.

The proposed improvement fees for the three SDC planning areas are shown in Table 11.

Table 11 Calculation of the Stormwater Improvement Fee

	Funding Source					
	Stormwater CIP Total	Rates	Contributed Capital	SDCs	LIDs	Other
<i>Service Area:</i>						
Existing City	\$ 60,364,919	\$ 54,498,182	\$ -	\$ 5,866,737	\$ -	\$ -
Pleasant Valley	10,587,055	503,033	-	10,084,022	-	-
Springwater	14,740,910	719,251	-	14,021,659	-	-
City-wide facilities	9,527,745	9,080,163	-	447,582	-	-
Total	\$ 95,220,629	\$ 64,800,630	\$ -	\$ 30,420,000	\$ -	\$ -
<i>Improvement Fee SDC Basis:</i>						
<i>Existing City</i>				5,866,737		
less: improvement fee fund balance at June 30, 2015				(1,713,729)		
Adjusted Gresham improvement fee basis				4,153,008		
<i>Pleasant Valley</i>				10,084,022		
less: improvement fee fund balance at June 30, 2015				(77,005)		
Adjusted Pleasant Valley improvement fee basis				10,007,017		
<i>Springwater</i>				14,021,659		
<i>City-wide</i>				447,582		
<i>Growth EDUs:</i>						
Existing City				8,990		
Pleasant Valley				5,463		
Springwater				7,227		
Totals				21,680		
<i>Unit Improvement Fee SDCs - \$/EDU</i>						
Existing City				\$ 462		
Pleasant Valley				\$ 1,832		
Springwater				\$ 1,940		
City-wide				\$ 21		

Stormwater SDC Summary

The 2016 stormwater SDC methodology update was done in accordance with ORS 223 and Gresham's Revised Code Chapter 3.40, and with the benefit of the updated 2016 stormwater capital improvement plans. A comparison of the proposed and current stormwater SDCs per DRU is shown below in Table 12.

Table 12 Proposed and Current Stormwater SDCs per DRU

Service Area	Reimbursement	Improvement		Total
		Local	Citywide	
Proposed:				
Existing City	\$ 648	\$ 462	\$ 21	\$ 1,131
Pleasant Valley	45	1,832	21	1,898
Springwater	-	1,940	21	1,961
Current:				
Existing City	\$ 503	\$ 321	\$ -	\$ 824
Pleasant Valley	-	2,326	-	2,326
Springwater	-	6,052	-	6,052
Difference - proposed vs. existing				
Existing City	\$ 145	\$ 141	\$ 21	\$ 307
Pleasant Valley	45	(494)	21	(428)
Springwater	-	(4,112)	21	(4,091)

NOTE: These rates have been subsequently indexed, see Exhibit A of this resolution.

Exhibit C

Table 1: SDC-Eligible Costs for Existing City Stormwater SDC

SDC ID	Project Name	Total Project Cost Indexed	SDC Eligible Cost Indexed
West Gresham Basin			
WG - 2	Pipe replacements Barr Road Halsey	\$ 1,646,630	\$ 510,455
WG - 4	Pipe replacements cul-de-sac east of 194th	\$ 72,490	\$ 36,970
WG - 5	South 162nd Avenue Pipe Replacements	\$ 105,777	\$ 34,906
WG - 6	Sandy Blvd Improvements	\$ 450,228	\$ 450,228
		\$ 2,275,125	\$ 1,032,559
Fairview Creek Basin			
FC - 1	Division Street Diversion for Water Quality	\$ 91,429	\$ 6,401
FC - 3	Stark Street West PRF	\$ 85,716	\$ 60,001
FC - 4	Burnside East PRF	\$ 68,573	\$ 6,857
FC - 5	Storm drain improvement, Division to Kelly	\$ 350,468	\$ 112,150
FC - 6	NR - SE 202nd	\$ 242,474	\$ 60,618
FC - 7	NR - Fairview Creek Headwaters Enhancement	\$ 775,950	\$ 193,988
FC - 8	NR - Stark Street to Fujitsu Ponds	\$ 434,623	\$ 86,924
FC - 9	Wallula Avenue Pipe Open Channel	\$ 809,151	\$ 388,392
FC - 10	Civic Drive Pipe Improvements	\$ 1,232,417	\$ 591,560
FC - 11	K-Mart Pipe Improvements	\$ 5,815,991	\$ 2,791,676
FC - 14	Stark Street Culvert	\$ 483,561	\$ 232,109
FC - 15	Stark Street Swale	\$ 143,502	\$ 68,881
FC - 16	Liberty Ave Green Street	\$ 608,974	\$ 292,308
		SUBTOTAL= \$ 11,142,829	\$ 4,891,865
Kelly Creek Basin			
KC - 1	KC3 Hydraulic & WQ	\$ 160,835	\$ 6,434
KC - 2	KC8 Hydraulic & WQ	\$ 408,220	\$ 20,411
KC - 3	KC9 Hydraulic & WQ	\$ 138,672	\$ 2,774
KC - 4	NR - NE Hale Place/NE 17th Street	\$ 144,257	\$ 5,771
KC - 5	NR - SE 24th to SE Salquist Road	\$ 336,899	\$ 13,476
KC - 6	NR - SE Powell Valley Road	\$ 206,657	\$ 8,267
KC - 7	NR - Bell Acres Mobile Estates	\$ 1,172,949	\$ 46,918
KC - 8	NR - Ironwood Access Road	\$ 137,182	\$ 5,487
KC - 9	NR - NE 7th Court	\$ 137,034	\$ 5,482
KC - 10	Kelly Creek Water Quality Facility	\$ 64,264	\$ 27,071
		SUBTOTAL= \$ 2,906,969	\$ 142,091

SDC ID	Project Name	Total Project Cost Indexed	SDC Eligible Cost Indexed
Johnson Creek Basin			
JC - 19	WAG-1 Culvert Improvement - Walters Dr.	\$ 61,376	\$ 23,937
JC - 20	NR - SW 7th Street	\$ 2,119,029	\$ 423,806
JC - 21	NR - SW 14th St	\$ 85,504	\$ 17,101
JC - 22	NR - SE Ambleside to SE Regner	\$ 773,558	\$ 154,712
JC - 23	NR - SW Towle Avenue	\$ 250,871	\$ 50,174
JC - 24	NR - East Gresham Grade School	\$ 420,833	\$ 84,166
JC - 25	NR - SE Dowsett Street	\$ 137,977	\$ 27,596
JC - 26	NR - Main City Park	\$ 832,504	\$ 166,501
SUBTOTAL=		\$ 4,681,652	\$ 947,993

OVERALL TOTAL= \$ 21,006,575 \$ 7,014,508

Table 2: SDC-Eligible Costs for Pleasant Valley Stormwater SDC

Pleasant Valley			
PV - 01	Basin 1 (537 lf of >12" diameter pipe)	\$ 69,029	\$ 69,029
PV - 02	Basin 2 (755 lf of >12" diameter pipe)	\$ 97,018	\$ 97,018
PV - 03	Basin 3 (492 lf of >12" diameter pipe)	\$ 63,277	\$ 63,277
PV - 04	Basin 4 (330 lf of >12" diameter pipe)	\$ 42,454	\$ 42,454
PV - 05	Basin 5 (379 lf of >12" diameter pipe)	\$ 48,742	\$ 48,742
PV - 06	Basin 6 (450 lf of >12" diameter pipe)	\$ 57,902	\$ 57,902
PV - 07	Basin 8 (532 lf of >12" diameter pipe)	\$ 68,416	\$ 68,416
PV - 08	Basin 9 (731 lf of >12" diameter pipe)	\$ 94,012	\$ 94,012
PV - 09	Basin 10 (213 lf of >12" diameter pipe)	\$ 27,381	\$ 27,381
PV - 10	Basin 11 (290 lf of >12" diameter pipe)	\$ 37,212	\$ 37,212
PV - 11	Basin 13 (47 lf of >12" diameter pipe)	\$ 6,079	\$ 6,079
PV - 12	Basin 14 (155 lf of >12" diameter pipe)	\$ 19,952	\$ 19,952
PV - 13	Rain Gardens for portions of pavement in ROW greater than 60'	\$ 600,980	\$ 600,980
PV - 14	NR - PVJE01	\$ 518,972	\$ 441,126
PV - 15	NR - PVJE02	\$ 369,326	\$ 313,927
PV - 16	NR - PVKE01	\$ 445,947	\$ 379,055
PV - 17	NR - PVKE02	\$ 527,492	\$ 448,368
PV - 18	NR - PVKE03	\$ 547,254	\$ 465,166
PV - 19	NR - PVKE04	\$ 374,988	\$ 318,740
PV - 20	NR - PVKE05	\$ 277,941	\$ 236,250
PV - 21	NR - PVKE06	\$ 220,721	\$ 187,613
PV - 22	NR - PVKE07	\$ 249,539	\$ 212,108
PV - 23	NR - PVKE08	\$ 355,489	\$ 302,166
PV - 24	NR - PVKE09	\$ 189,470	\$ 161,050
PV - 25	NR - PVKE10	\$ 151,742	\$ 128,981
PV - 26	NR - PVKE11	\$ 81,229	\$ 69,045
PV - 27	Conservation Easement Acquisition	\$ 7,129,873	\$ 7,129,873
PV - 28	Advanced Wetland, Stream and Floodplain Mitigation	\$ 934,387	\$ 934,387
TOTAL=		\$ 13,606,824	\$ 12,960,309

SDC ID	Project Name	Total Project Cost Indexed	SDC Eligible Cost Indexed
--------	--------------	----------------------------	---------------------------

Table 3: SDC-Eligible Costs for Springwater Stormwater SDC

Springwater			
SW - 01	Basin R9 (608 lf of >12" diameter pipe)	\$ 78,190	\$ 78,190
SW - 02	Basin C1 (682 lf of >12" diameter pipe)	\$ 87,678	\$ 87,678
SW - 03	Basin I3 (2,694 lf of >12" diameter pipe)	\$ 346,252	\$ 346,252
SW - 04	Basin I4 (1,611 lf of >12" diameter pipe)	\$ 207,061	\$ 207,061
SW - 05	Basin I11 (549 lf of >12" diameter pipe)	\$ 70,602	\$ 70,602
SW - 06	Basin I13 (145 lf of >12" diameter pipe)	\$ 18,586	\$ 18,586
SW - 07	Basin I14 (6,109 lf of >12" diameter pipe)	\$ 785,179	\$ 785,179
SW - 08	Basin I15 (1,535 lf of >12" diameter pipe)	\$ 197,243	\$ 197,243
SW - 09	Rain Gardens for portions of pavement in ROW greater than 60'	\$ 952,725	\$ 952,725
SW - 10	NR - 9SWBO01	\$ 141,101	\$ 119,936
SW - 11	NR - 9SWBO02	\$ 374,968	\$ 318,723
SW - 12	NR - 9SWBR01	\$ 294,253	\$ 250,115
SW - 13	NR - 9SWBR02	\$ 263,849	\$ 224,272
SW - 14	NR - 9SWHO02	\$ 622,944	\$ 529,502
SW - 15	NR - 9SWHO03	\$ 860,755	\$ 731,642
SW - 16	NR - 9SWJC22	\$ 630,198	\$ 535,668
SW - 17	NR - 9SWJC23	\$ 765,439	\$ 650,623
SW - 18	NR - 9SWMDC01	\$ 206,590	\$ 175,602
SW - 19	NR - 9SWMNC01	\$ 500,095	\$ 425,081
SW - 20	NR - 9SWNFJ01	\$ 450,812	\$ 383,190
SW - 21	NR - 9SWNFJ02	\$ 647,858	\$ 550,679
SW - 22	NR - 9SWSC01	\$ 403,838	\$ 343,262
SW - 23	Pipe Improvement - Cedar Creek Group 1	\$ 323,925	\$ 181,398
SW - 24	Conservation Easement Acquisition	\$ 9,857,820	\$ 9,857,820
TOTAL=		\$ 19,087,961	\$ 18,021,029

Table 4: SDC-Eligible Costs for Citywide Stormwater SDC

Citywide			
CW - 01	Water Quality Manual and Design Standards	\$ 206,869	\$ 82,747
CW - 02	Stormwater Infrastructure Master Plan	\$ 984,997	\$ 492,499
TOTAL=		\$ 1,191,866	\$ 575,246