



Staff Report

December 17, 2018 Council Regular Meeting

Ordinance No. 18-028 Amending and Replacing Chapter 13.52 of the Camas Municipal Code Relating to Water System Development Charges

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INTRODUCTION/PURPOSE/SUMMARY: In 2017, the City hired FSC Group to complete a Utility Rate Study and System Development Charge Update. Staff has met with Council numerous times throughout 2018 to provide updates and get direction from Council on the process of updating both the rates and the system development charges. As a result of the process, new utility rates for 2019 through 2023 for the water, sewer and stormwater utilities were adopted by Council at the November 19, 2018 meeting. At staff's recommendation Council elected not to move forward with any updates to the Sewer System Development Charge at this time since the General Sewer Plan will be updated in 2019/2020 and that new document will be the basis for a new Sewer System Development Charge. However, minor amendments have been recommended to Chapter 13.72 via Ordinance 18-029 to implement a 10-year expiration for Sewer System Development Charge credits (matching the proposed credit regulations for Chapter 13.52) and to remove outdated information regarding the amount of the charges in prior years.

Council has also elected to move forward with adoption of a new Water System Development Charge. The basis for the proposed Water System Development Charge is the Draft Water System Plan Update that has been prepared by Carollo Engineers and is substantially complete and anticipated to be submitted to the Washington State Department of Health for review and approval in early 2019. The draft plan includes a 20-year Capital Improvement Plan that FCS Group incorporated into the Water System Development Charge calculation. Ordinance No. 18-028 amends and replaces Chapter 13.52 of the Camas Municipal Code in its entirety. The revised chapter includes the following general amendments:

- Section 13.52.020 (Definitions) – Update to the definitions for the chapter including a definition for "Industrial or Unusual Requirement Customer" that is used in Section 13.52.070(C).
- Section 13.52.040 (Credits) – Clarification of the Credit process and implementation of a 10-year expiration on Water System Development Charge Credits
- Section 13.52.070 (Rates) –
 - Inserted new tables implementing Council's direction to have a "system-wide" Charge that is equal to \$7,310 (for a 3/4-inch meter, or residential home) that is phased in over a two-year period in the South Zone. The North Zone amount will remain the same at \$7,310. As such, beginning in 2020, the City will no longer have a North Zone and a South Zone.

- Section 13.52.020(B) has been added to apply an index to the Water System Development Charge to ensure the charge keeps up with the cost of inflation and to maintain consistency with the recent code adoption for Park Impact Fees.
- Section 13.52.070(C) has been added and applies to Industrial or Unusual Requirement Customers and provides the City with a process to request additional information to help determine an appropriate Water System Development Charge based on the anticipated water needs of the development. This section is similar to the City's existing provisions in CMC 13.72 regarding Industrial or Unusual Requirement Customers and the calculation of the Sewer System Development Charge.
- Section 13.52.080 (Payment of Water System Development Charge) – Clarification regarding the amount of the charge and when it applies was added.

In addition to the changes made to Chapter 13.52 of the CMC, Council also made other decisions that impacted the maximum allowable water system development charge amount that could potentially be adopted that do not readily show up in the proposed code revisions. Specifically, Council elected to use a "one-class" approach to the calculation. Under the existing code provisions, there is an Industrial Class and an All Other Class (in each Zone). By going with a one-class approach, it more evenly spreads the costs of the system improvements across all future customers. For any significantly large or unusual customers, staff has proposed the addition of Section 13.52.070(C) as described above to help ensure an equitable share from all future development.

In determining the maximum allowable charge, the City Council also considered the potential inclusion of Capital-In-Aid-of-Construction (CIAC), or Developer Contributions. Staff and FSC Group led Council through a discussion on the pros and cons of including Developer Contributions in the calculations. Council ultimately provided direction for staff to not include Developer Contributions in the calculations understanding that it would increase the maximum allowable charge but decrease the overall risk to the City. As such, the full cost of the Capital Improvement Plan is included in the maximum allowable calculation and any developer who completes a project shown in the Capital Improvement Plan would receive full credit for the cost of the project completed up to the amount shown in the system development charge calculation.

The proposed revisions to CMC 13.52 include a one-class, system-wide Water System Development Charge that is less than the maximum allowable. A Utility Rate Study and System Development Charge Report is currently being finalized by FCS Group now that direction from Council has been provided on the various options. The Report will document the basic information and methodology used in calculating the proposed system development charge.

BUDGET IMPACT: The proposed Water System Development Charge is less than the maximum allowable that the City could potentially charge under the methodology used by FCS Group. However, FCS Group has confirmed that under the assumptions provided, the combination of the water system rates adopted for 2019-2023 and the proposed system development charge of \$7,310 that the City should be able to fund our near-term water system needs.

RECOMMENDATION/RECOMMENDED ACTION/ACTION REQUESTED: Staff recommends that Council adopt Ordinance 18-028 as presented.