



Location: City Hall – Council Chambers
Date: February 11, 2025
Time: 6:00 PM

City Council Meeting Agenda

Mayor Jason Beebe, Council Members Steve Uffelmann, Janet Hutchison, Shane Howard, Jerry Brummer, Scott Smith, Marv Sumner and City Manager Steve Forrester

Attend telephonically by calling 346-248-7799 Meeting ID 947 5839 2608 Passcode: 123456

Call to Order

Flag Salute

Additions to Agenda

Consent Agenda

1. Regular Meeting Brief 1-28-2025

Visitors, Appearances and Requests

Council Presentations

Council Business

2. SDC Methodology (**PUBLIC HEARING**) - Lori Hooper Antram

Staff Reports and Requests

3. City Manager's Report - Steve Forrester

Council Reports

Ordinances

4. Ordinance No. 1298 - Amending the Comprehensive Plan Map to Reconcile a Discrepancy Between it and the Current Zoning Map (**FIRST PRESENTATION**) - Josh Smith

Resolutions

Visitors, Appearances and Requests

Adjourn

Agenda items maybe added or removed as necessary after publication deadline

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CITY OF PRINEVILLE
Regular Meeting Brief
387 NE Third Street – Prineville, OR 97754
541.447.5627 ph 541-447-5628 fax

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City Council Meeting Brief
January 28, 2025

Council Members Present:

Jason Beebe
Jerry Brummer
Marv Sumner
Janet Hutchison

Shane Howard
Scott Smith
Steve Uffelman

Council Members Absent

None.

Additions to the Agenda

None.

Consent Agenda

1. Regular Meeting Brief 1-14-2025
2. Police Department Property Conversion

Councilor Sumner made a motion to approve consent agenda as presented. Motion seconded. No discussion on motion. All in favor, motion carried.

Visitors, Appearances and Requests

No one came forward.

Council Presentations

None.

Council Business

3. **Consideration of Planning Commission Recommendation for Comprehensive Plan Map Amendment – Josh Smith**

Josh Smith, Planning Director provided the background information and explained that this is to reconcile this property with the zone map. The Planning Commission looked at this previously aware of the discrepancy between the two maps and decided to hold off on the amendment to see how it would be developed in the future.

The Planning Commission held a public hearing on January 21, 2025 and there was no opposition to the change and recommended approval of the amendment.

Unless the Council would like to review the amendment, an ordinance will be brought back to Council for consideration.

Council agreed that there is no need for them to review.

4. Consideration of Invitation to Bid for Prineville Republic Disposal Third Party Audit – Steve Forrester

Steve Forrester, City Manager explained that there is a staff report in the packet to consider a third-party audit, but this isn't really about a financial audit, but rather a concern for quality of service. Mr. Forrester recommended that Council should consider a reporting method on complaints and how they are resolved.

Councilor Uffelman stated that he is in concert with Mr. Forrester and feels that performing an audit would be a waste of resources. If we have a problem with service, we should focus on improving service.

Councilor Brummer agrees with Councilor Uffelman and would like to work with Republic. Councilor Brummer added that he wants to keep the reporting separate from the County and focus on just the city.

Councilor Sumner agrees with everyone and supports focusing on quality of service.

Councilor Smith thought the expected cost of an audit was expensive and feels a focus on service is the way to go with reporting on that.

Councilor Hutchison talked about the section in the franchise that requires notifying the City on complaints and how they are resolved and would like to see that, with also seeing progress on the customer service. It would be difficult for her to approve a rate increase without seeing improvements.

Jered Reid, City Attorney referred to the 2007 Ordinance that references a complaint form, and the city should coordinate with Republic on amending the ordinance and method of reporting complaints.

Mr. Forrester talked about updating the franchise agreement with reporting systems that has newer data collecting systems. Staff and Republic could probably have something within a month and bring back to Council to make sure that it is something that Council wants to see.

Ms. Voss explained that information could definitely be pulled rather easy and will work on getting that together.

Mayor Beebe stated that he agrees with everything he has heard from other Councilors and that what he is hearing is about the quality of service as well. Mayor Beebe added that he appreciates all the support that Republic gives the community for different events.

Ms. Voss stated that she has already started working on how the reporting could look.

5. Intent to Award ASR#2 Well & Pump Station Project – Casey Kaiser

Casey Kaiser, Assistant City Manager / PW Director presented the staff report explaining that constructing a second injection and recovery well will double capacity and provide backup to the single existing injection and recovery well.

There were no questions.

Councilor Smith made a motion to move forward with the intent to award the ASR#2 Well and Pump Station Project to Taylor NW in the amount of \$2,865,845.00. Motion seconded. No discussion on motion. All in favor, motion carried.

Staff Reports and Requests:

6. City Manager's Report – Steve Forrester

Mr. Forrester went through his report to Council highlighting activities in each department.

Councilor Hutchison said “Great job” to Caroline for keeping up on grants and being as successful as she has been.

Council Reports

Councilor Uffelman is in Salem and has been meeting with legislators and Governor's staff to get some things moving forward. He was able to meet with Representative Daniel Nguyen and Senator Lew Frederick, both of whom are interested in visiting Prineville to check out economic development and our successes. The date is uncertain yet.

Councilor Hutchison had an Ochoco Forest Service meeting and basically discussed all the wildfire projects they have ahead of them now, and they are looking at moving hazard trees to get the public back out to enjoy the forest.

There were no further reports.

Ordinances:

None.

Resolutions:

- 7. **Resolution No. 1613 – Adopting a Supplemental Budget (PUBLIC HEARING)–** Lori Hooper Antram

Mayor Beebe opened the public hearing portion of the meeting.

Lori Hooper Antram, Finance Director presented the staff report stating that this is for railroad additional costs in materials and costs for bridge repairs and the purchase of the locomotive.

No written comments were received, no one in the audience came forward and participants online did not comment.

Mayor Beebe closed the public hearing portion of the meeting.

There were no questions.

Councilor Hutchison made a motion to approve Resolution No. 1613. Motion seconded. No discussion on motion. All in favor, motion carried.

Visitors, Appearances and Requests:

Jerald Jackman asked Council to explore better ways to communicate. He talked about transparency and stated that he was informed by someone that he couldn't talk to Council without causing a public meeting.

No one else came forward.

Adjourn

Councilor Howard made a motion to adjourn the meeting. Motion seconded. No discussion on motion. All in favor, motion carried.

Meeting adjourned at 6:48 P.M.

Motions and Outcomes:

Motion:	Outcome	Beebe	Brummer	Howard	Hutchison	Smith	Sumner	Uffelmann
Consent Agenda as Presented	PASSED	Y	Y	Y	Y	Y	Y	Y
Motion to move forward with the intent to award the ASR#2 Well and Pump Station Project to Taylor NW in the amount of \$2,865,845.00	PASSED	Y	Y	Y	Y	Y	Y	Y
Resolution No. 1613 – Adopting a Supplemental Budget (PUBLIC HEARING)	PASSED	Y	Y	Y	Y	Y	Y	Y
Adjourn Meeting	PASSED	Y	Y	Y	Y	Y	Y	Y

Public Records Disclosure

Under the Oregon public records law, all meeting information, agenda packets, ordinances, resolutions, audio and meeting briefs are available at the following URL:

<https://www.cityofprineville.com/meetings> .

Prineville, Oregon



Methodology Report for

WATER SYSTEM DEVELOPMENT CHARGES

November 2024



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INTRODUCTION

The City of Prineville conducts periodic updates to its Comprehensive Plan and its various Public Facility Plans to provide orderly and sustainable growth of local roads, water, and wastewater systems. A key funding source for these public facilities are system development charges (SDCs). SDCs are one-time fees for new development, designed and created to allocate the costs of infrastructure capacity needed to serve new development equitably.

This section describes the policy context and project scope upon which the body of this report is based. It concludes with a non-numeric overview of the calculations presented in subsequent sections of this report.

Policy

Oregon Revised Statutes (ORS) 223.297 to 223.314 authorize local governments to establish system development charges (SDCs). SDCs are one-time fees on new development and are paid at the time of development. SDCs are intended to equitably allocate the cost of existing and planned facilities that provide capacity to serve future customers/users of these facilities.

ORS 223.299 defines two components of the SDC:

- A “reimbursement fee” that is intended to recover “costs associated with capital improvements already constructed, or under construction when the fee is established, for which the local government determines that capacity exists”, and
- An “improvement fee” that is intended to recover “costs associated with capital improvements to be constructed”.

ORS 223.304(1) states, in part, that a reimbursement fee must be based on “the value of unused capacity available to future system users or the cost of existing facilities” and must account for prior contributions by existing users and any gifted or grant-funded facilities. The calculation must “promote the objective of future system users contributing no more than an equitable share to the cost of existing facilities.” A reimbursement fee may be spent on any related system cost, e.g., water reimbursement SDCs must be spent on water system related costs.

ORS 223.304(2) states, in part, that an improvement fee must be calculated to include only the cost of projected capital improvements needed to increase system capacity for future users. In other words, the cost of planned projects that correct existing deficiencies or that do not otherwise increase capacity for future users may not be included in the improvement fee calculation. An improvement fee may be spent only on capital improvements (or portions thereof) that increase the capacity of the system for which it is being charged (whether cash-financed or debt-financed).



Project

In 2022, the City contracted with Anderson Perry and Associates (AP) to update the City’s water and wastewater plans. Additionally, utilizing this information GEL Oregon, Inc., is contracted via AP to update the City’s SDC methodology and recommend fees for these systems. To facilitate policy decisions the utility master plans were prepared and reviewed by City staff with the final SDC methodology scope of work completed by GEL Oregon, Inc.

We approached this project in four phases:

- **Engagement during master plan update.** In this phase, GEL participated in master plan project update meetings to understand the nature of planned improvements and their potential impact to SDCs and to provide feedback on various alternatives.
- **Framework for charges.** In this phase, we worked with City staff and the engineering team to identify and agree on the approach to be used and the components to be included in the analysis.
- **Technical Analysis.** During this phase, we worked with City staff to isolate the recoverable portion of facility costs and calculate draft SDC rates.
- **Draft methodology report preparation.** Lastly, we documented the calculation of the draft SDC rates included in this report.

Calculation Overview

In general, the total SDC for a given type of improvement, e.g., water, is determined by adding the reimbursement fee component (if applicable) and the improvement fee component, subject to any potential adjustments. Each component is calculated by dividing eligible costs by an appropriate unit of measure, such as the number of units of demand may be served by each of the various improvements. Below are details on the components and how they may be adjusted.

Reimbursement Fee

The reimbursement fee is the allocable equitable cost of existing and available capacity per unit of demand that such capacity will serve. In order for a reimbursement fee to be applicable, the system must have unused capacity available to serve additional users. When facility types do not have excess capacity, no reimbursement fee may be charged.

Improvement Fee

The improvement fee is the allocable equitable cost of planned capacity-increasing capital projects per unit of demand that those projects will serve. Occasionally, capacity added by projects may serve a dual purpose of addressing existing demand and requirements and serving future demand. To compute a compliant SDC fee, future demand-related costs must be isolated, and costs related to current usage and requirements must be excluded.

We have used the “capacity approach” to allocate costs to the improvement fee basis. Under this approach, the cost of a given project is allocated to growth in proportion to the growth-related capacity that projects of a similar type will create.

Adjustments

Two cost basis adjustments are potentially applicable to both reimbursement and improvement fees:



Inflation and compliance costs.

- **Inflation**

The City utilizes the Engineering News Record Construction Cost index to adjust for inflation associated with utility infrastructure construction costs. The amount of the calculated SDC has been adjusted by the percentage change in the ENR CCI, 1.847% as described below.

- **Compliance Costs**

ORS 223.307(5) authorizes the expenditure of SDCs on “the costs of complying with the provisions of ORS 223.297 to 223.314, including the costs of developing system development charge methodologies and providing an annual accounting of system development charge expenditures.”

To avoid spending monies for compliance that might otherwise have been spent on growth-related projects, this report includes an estimate of compliance costs in its SDCs. All estimates of compliance costs in this report are based on historical transfers from the appropriate SDC fund to the Administrative Services Fund and General Fund.

Summary

Per the analysis and report that follows, the total maximum Water SDC, adjusted for inflation, as of September 2024, is \$6,276 consisting of the following components:

Reimbursement fee	\$ 807
Improvement fee	5,171
Administrative fee	<u>298</u>
 Total	 \$ 6,276



DISCUSSION AND ANALYSIS

This section provides detailed calculations of our proposed maximum SDC for water facilities.

Growth – New Development/Demand

Generally, growth or new development demand is measured by an equivalent dwelling unit (EDU). One equivalent dwelling unit is the hydraulic capacity of a ¾" water meter, which is the standard meter size for a single-family residence in Prineville. As of June 2023, the customer base of the City's water utility was 5,758 EDUs, consisting of 4,278 residential EDUs (74.3%) and 1,480 commercial EDUs (25.7%) as shown in **exhibit 1**:

In addition to new growth, the master plan estimates additional connections to the City system by existing residents within the City (812 residents or 330 EDUs) and urban growth boundary (UGB) (295 residents or 120 EDUs) that presently have other sources of water. These customers are added to the customer base for future growth projections. The master plan growth forecast for the 20-year period to 2042 includes annual population growth of one and one-tenths of a percent (1.1%), increasing to 14,722, or 5,985 EDUs. This forecast includes connections to the unserved population in the City and UGB as noted previously. Forecasting the same proportional growth in commercial EDUs (39.9%) results in a forecast of 2,296 additional EDUs (1,706 residential EDUs and 590 commercial EDUs) as shown in **exhibit 1**.

The assumptions used for the population forecast used in the master plan are to be consistent with the population forecast prepared by Portland State University (PSU). PSU's forecast does not contemplate local economic conditions or events, such as the expansions of the Meta and Apple data centers, or location of other data centers. The Meta and Apple expansions presently approved exceed the 20-year forecast for EDU growth. Additionally, the SDC eligible improvements included in the master plan recognize demand for water will be much greater in the 20-year period than the population forecast indicates.

To ensure SDC eligible capital improvement costs are equitably allocated, the population forecast for the UGB included in the City's comprehensive plan is used to ascertain the build out population. The current proportional ratio of commercial and residential usage is retained to forecast the number of commercial EDUs at build out, 4,556 EDUs, or an increase of 3,076 EDUs. This forecast is more consistent with current approved and proposed commercial (non-residential) development activity within the master planning period and is used to provide a framework for the SDC calculations that follow. **See exhibit 1**.



Exhibit 1 – Present and forecast connected population and EDUs.

Description	Present	2042	Change	Build Out	Change
Connected population	10,525	14,722	4,197	32,400	21,875
Residents per household	2.46	2.46	-	2.46	-
Residential EDUs	4,278	5,985	1,706	13,171	8,892
Change - %			39.9%		208%
Commercial EDUs - meter capacity	1,480	2,070	590	4,556	3,076
Change - %			39.9%		208%
Total EDUs - meter capacity	5,758	8,055	2,296	17,727	11,968

Reimbursement Fee

The City’s current water utility improvements consist of three functions or types of facilities:

- Source and supply
- Storage
- Distribution

According to the Prineville Water Master Plan, excess capacity to serve future users exists in various forms within the water utility infrastructure. **Exhibit 2** summarizes the potential opportunities for SDC reimbursement fees to be considered. Additional discussion is provided below.

Exhibit 2: Schedule of facilities with reimbursement potential.

Type of facility	Present Capacity	Demand	Net Reserve Capacity*	Total Demand**	Excess	Reimbursable	Methodology
Source (gpm) - permit	6,991	3,303	1,952	5,255	Yes	Yes	EDU capacity
Supply (gpm) - wells ***	4,827	3,303	-	3,303	Yes	Yes	EDU capacity net of depreciation
Supply (gpm) - wells ***	6,436	3,303	1,952	5,255	Yes	Yes	EDU capacity net of depreciation
Storage (gallons)	4.5 million	3.35 million			Yes	Yes	EDU capacity net of depreciation
Storage (gallons) ****	6.01 million	3.35 million	2.81 million	6.16 million	No	No	NA
Distribution	Reimbursement agreements					Yes	2,042 EDUs

* Total reserve capacity is 4.658 million gallons per day, or 3,235 gpm. The maximum reserve capacity utilized is limited to 1.847 million gallons, resulting in 2.811 million gallons net reserve capacity, or 1.952 gpm.

** Total demand includes demand and net reserve capacity retained for data centers.

*** Well capacity based on 18-hour pumping provides 4,827 gpm. Maximum capacity with 24-hour pumping is 6,436 gpm. The maximum capacity is sufficient to meet total demand including the reserve requirement on a short-term basis. 18-hour pumping capacity exceeds existing demand, resulting in excess capacity, subject to reimbursement.

**** Storage capacity includes present ASR capability (1 well production) of approximately 1.512 million gallons



Source and supply

Presently the current combined instantaneous water right permits withdrawal allowance from all well sources is 6,991 gallons per minute (gpm), with total demand, including the net reserve capacity for the data centers of 5,255 gpm. Therefore, a surplus of 1,376 gpm exists in the City's water right permits to meet present demand, or nearly twenty-five percent (24.8%). The City acquired considerable water rights since the 2017 master plan update, with a total of \$183,000 spent for 3,781 gpm in water rights permits, or \$48.40 for each gpm. An equivalent dwelling unit (EDU) requires .5531 gpm (796.5 gallons per day divided by 1,440 minutes), resulting in a reimbursement fee of **\$27**.

The City's supply (well pumping capacity) is 4,827 gpm with 18-hour pumping with demand (actual usage) of 3,303 gpm, providing excess capacity of 1,524 gpm. The City also has reserved water capacity agreements with data centers totaling 4.658 million gallons per day, or 3,235 gpm. A portion of the reserved water capacity, 1.847 million gallons, is included in the daily demand, or 1,283 gpm. The balance of 1,952 gpm (3,235 gpm less 1,283 gpm) is the net reserve capacity needed to fulfill the reserve requirement. With 24-hour pumping the excess supply relative to demand and net reserve capacity is 1,181 gpm (supply increased to 6,436 gpm, less 5,255 gpm, which includes demand and the net reserve requirement).

To be conservative, we used 1,181 gpm, to calculate the reimbursement fee. This metric is the lower of the excess supply with 18-hour pumping less actual demand (1,524 gpm) and the excess supply with 24-hour pumping less actual demand and net reserve capacity (1,181 gpm). The 1,181 gpm excess represents 2,135 EDUs (1,181 gpm times 24-hours, or 1.7 million gallons divided by 796.5 gpd), which is 93 percent of the estimated development during the next twenty years of 2,296 EDUs (**see exhibit 1**). Existing wells have been depreciated 35.7 percent, therefore 64.3 percent of the cost may be recovered through the reimbursement fee. The cost of supply (wells) per EDU is \$1,201 (**see exhibit 8** below). Net of depreciation and recovery during the next twenty years the SDC reimbursement component is **\$718**. The remaining \$483 is the net improvement fee available for future wells.

Storage

As noted in the updated master plan, storage capacity provided by the City's reservoirs is 4.5 million gallons, with present demand of 3.35 million gallons, providing excess capacity of 1.15 million gallons, excluding net reserve requirements. The ASR project provides an additional 870 million gallons of total storage with authorization for five wells at 1,400 gpm, 18-hour pumping, or 7.56 million gallons day storage. However, currently there is only one well serving the ASR project that provides 1.512 million gallons of storage. Total storage, including the ASR's present capabilities is 6.012 million gallons. Present demand, including net reserved water capacity is 6.16 million gallons, a deficiency of .148 million gallons. Therefore, there is no excess capacity within the system and no allocation of the SDC fee to reimbursement for storage. When the City completes the ASR wells included in the master plan additional storage capacity of 1.512 million gallons will be created, which will result in excess capacity and the ability to adjust the allocation of the SDC fee for reimbursement.

Distribution

The capacity of the distribution system was evaluated and determined, excluding improvements installed by private developers subject to reimbursement agreements, to be adequate to meet present demand and in-fill development. However, the distribution system has certain deficiencies, such as inadequate fire flows in certain areas. These deficiencies are addressed through capital improvements paid by existing customers. Therefore, it is recommended to limit SDC reimbursement related to distribution to the



existing developer constructed SDC eligible improvements with executed reimbursement agreements that receive a portion of future SDC collections. The equitable allocation of the SDC reimbursement fee is based on recovering the remaining balance from the number of EDUs forecast for the 20-year period. The agreement with St. Charles expires in 2025 and the Lee Investment agreement expires in 2026, at which time all balances due the developers are anticipated to be fully reimbursed to the developers. See **exhibit 3** below.

Exhibit 3: Schedule of reimbursement agreements and calculated SDC reimbursement fee.

Reimbursement Agreements	Balance		Expiration	Balance -	
	7/1/2018	Collections		Water 6/30/23	
St Charles - distribution	\$ 90,753	\$ -	\$ -	\$ 90,753	
Lee Investment - distribution	57,000	39,000	-	18,000	
Total	\$ 147,753	\$ 39,000	\$ -	\$ 108,753	
Number of EDUs - proportional to 2042 forecast					2,296
Reimbursement fee - distribution				\$ 47	

Summary

The total equitably allocated SDC reimbursement fee is **\$792** (\$27 for water rights permits plus \$718 for wells/supply and \$47 for reimbursement agreements).

Improvement Fee

Calculation of the improvement fee begins with the estimated costs of capacity-increasing projects. We then utilize City estimates of the portion of each project that is available to serve new users and include only that portion of project costs in the improvement fee cost basis. Total improvement costs during the 20-year period \$49.3 million, with \$5.6 million of ineligible costs, for net SDC eligible costs of \$43.6 million.

Exhibit 4 summarizes the SDC-eligible portion of the City’s water projects, including the project type of improvement, distribution, storage, or supply.



Exhibit 4 – Schedule of SDC eligible water projects.

Project number and description	Project Type	Total Project Cost	Ineligible Costs	SDC Eligible Cost
SDC 1 - 12-inch main extension west of Main - development south of Reata	Distribution	\$ 1,700,000	\$ -	\$ 1,700,000
SDC 2 - 12-inch main extension west of Main - development west of Main	Distribution	1,914,000	-	1,914,000
SDC 3 - 12-inch main extension north of Gardner - hwy 26	Distribution	1,010,000	-	1,010,000
SDC 4 - 16-inch extension south of Main - development southeast of WTP	Distribution	2,579,000	-	2,579,000
SDC 5 - Williamson Pressure Zone piping with BPS	Distribution	5,066,000	-	5,066,000
SDC 6 - Aquifer storage and recovery wells 2 and 3	Source	5,052,000	-	5,052,000
SDC 7 - Ochocho Heights Reservoir, rehabilitate existing reservoir, decommission 0.5 MG reservoir	Storage	7,231,000	2,896,000	4,335,000
SDC 8 - Increase 6-inch to 12-inch - Ochocho Heights	Distribution	1,118,000	279,500	838,500
SDC 9 - 16-inch transmission line east side of Prineville to Northridge	Distribution	3,021,000	-	3,021,000
SDC 10 - Increase 6-inch to 12-inch central system east of Main	Distribution	1,313,000	328,250	984,750
SDC 11 - 1.0 million gallon reservoir (new pressure zone)	Storage	8,775,000	-	8,775,000
SDC 12 - Airport pressure zone piping	Distribution	5,466,000	-	5,466,000
SDC 13 - New well - Juniper	Source	850,000	-	850,000
SDC 14 - New well - 5th Street	Source	850,000	-	850,000
SDC 15 - New well - Crooked River wellfield	Source	3,327,000	2,119,000	1,208,000
		\$ 49,272,000	\$ 5,622,750	\$ 43,649,250

Equivalent Dwelling Units

A unit of demand for water is based on the usage characteristics of single-family residential units, which throughout this report is referred to as an equivalent dwelling unit (EDU). Generally, necessary master plan improvements are responsive to forecast population changes. In Prineville’s case, the plan is significantly impacted by demands from non-residential users, i.e., industrial (shown as commercial in this report and in the master plan). Additionally, the plan calls out improvements that go well beyond the capacity requirements necessary to serve the number of EDUs forecast by population changes and additional commercial use consistent with existing proportional usage. Therefore, it is not equitable to charge an SDC improvement fee based on the costs of the SDC eligible improvements using the forecast change in EDUs during the 20-year forecast period. Rather, the number of EDUs used in the calculation of SDC improvement fees varies due to the differing EDU capacity provided by the various improvement types.



For example, the SDC cost eligible *distribution* improvements included in the master plan are designed to serve the build out population of the urban growth boundary (UGB), or 17,727 EDUs, or an additional 11,968 EDUs. This exceeds the forecast EDU growth in the system during the 20-year planning period of 2,296 EDUs (see **exhibit 1** above). Meanwhile the *storage* improvements provide capacity for an additional 4,794 EDUs and *supply* improvements provide 6,629 EDUs capacity. Further explanation is provided below.

Distribution:

The methodology for calculating the SDC for distribution as noted above is determined by the eligible project costs for distribution improvements divided by the number of additional EDUs that could be served within the UGB.

The forecast population within the UGB at build-out is 32,400. The City’s residents per household is 2.46, which is the equivalent dwelling unit (EDU) served by a ¾-inch water meter. The number of additional residential EDUs within the UGB is 8,892. Maintaining the same ratio of commercial EDUs to residential EDUs provides for an additional 3,076 commercial EDUs within the UGB, for a total additional capacity of 11,968 EDUs.

The total eligible costs of the distribution projects are reduced by the allocable costs to replace the existing 6-inch lines when replacing those lines with 12-inch or larger main lines, i.e., only the costs associated with additional capacity are eligible for SDCs. The net total eligible costs for distribution projects is \$22.6 million, with an additional 11,968 EDUs results in an SDC for distribution of **\$1,887**.

Exhibit 5: Distribution projects.

Description	Total Costs of Projects	Ineligible Costs	SDC Eligible Costs	EDUs	Amount per EDU
SDC 1 - 12-inch main extension west of Main - development south of Reata	\$ 1,700,000	\$ -	\$ 1,700,000		
SDC 2 - 12-inch main extension west of Main - development west of Main	1,914,000	-	1,914,000		
SDC 3 - 12-inch main extension north of Gardner - hwy 26	1,010,000	-	1,010,000		
SDC 4 - 16-inch extension south of Main - development southeast of WTP	2,579,000	-	2,579,000		
SDC 5 - Williamson Pressure Zone piping with BPS	5,066,000	-	5,066,000		
SDC 8 - Increase 6-inch to 12-inch - Ochoco Heights	1,118,000	279,500	838,500		
SDC 9 - 16-inch transmission line east side of Prineville to Northridge	3,021,000	-	3,021,000		
SDC 10 - Increase 6-inch to 12-inch central system east of Main	1,313,000	328,250	984,750		
SDC 12 - Airport pressure zone piping	5,466,000	-	5,466,000		
Total EDUs - meter capacity	\$ 23,187,000	\$ 607,750	\$ 22,579,250	11,968	\$ 1,887



Storage

The EDU equivalent gallons per day (gpd) for storage is calculated at 417.2 gallons. As noted in the reimbursement section above, the City has 4.5 million gallons of reservoir storage, which exceeds present demand and an additional 1.5 million gallons of reservoir storage available via the ASR project, and a water capacity reserve requirement of 2.8 million gallons, resulting in a balance of capacity and demand/reserve requirements.

To address future growth requirements, the master plan calls for an additional 2.0 million gallons of reservoir storage capacity. Based upon EDU utilization of 417.2 gallons per EDU, an additional 4,794 EDUs of capacity is planned for the system and utilized in the SDC calculation.

Project SDC 7 – Ochoco Heights Reservoir includes ineligible costs to rehabilitate an existing reservoir and decommission an existing 0.5 MG reservoir. The allocable costs have been excluded from the SDC eligible costs. The total costs for the reservoir projects is \$16.0 million of which \$2.9 million are ineligible for SDCs, for a net SDC eligible cost of \$13.1 million. The SDC for storage based on 4,794 EDUs capacity is calculated at \$2,735 per EDU. Please see **Exhibits 6 and 7** below for details.

Exhibit 6: EDUs – Storage.

Project number and description	Reservoir Capacity (million gallons)	EDUs (417.2 gpd per EDU)
SDC 7 - Ochoco Heights Reservoir, rehabilitate existing reservoir, decommission 0.5 MG reservoir (net 1.0 million gallons)	1.0	2,397
SDC 11 - 1.0 million gallon reservoir (new	1.0	2,397
Totals	2.0	4,794

Exhibit 7: Storage project costs, EDUs and EDU cost for storage.

Project components	Total Costs of Projects	Ineligible Costs	SDC Eligible Costs	EDUs	Amount per EDU
SDC 7 - Ochoco Heights Reservoir, rehabilitate existing reservoir, decommission 0.5 MG reservoir	\$ 7,231,000	\$ 2,896,000	\$ 4,335,000	2,397	\$ 1,809
SDC 11 - 1.0 million gallon reservoir (new pressure zone)	8,775,000	-	8,775,000	2,397	3,661
Totals	\$ 16,006,000	\$ 2,896,000	\$ 13,110,000	4,794	\$ 2,735



Supply

With respect to the equitable allocation of costs associated with supply improvements, an EDU utilizes 794.5 gallons per day. The master plan contemplates the addition of several wells throughout the City. The new 3,000 gpm well at the Crooked River wellfield includes system redundancy elements which result in ineligible costs. Specifically, the water treatment plant that this well will supply is limited, with a 1,000 gpm expansion, to 3,000 gpm. Presently, the wells that supply the existing water treatment facility provide 1,911 gpm. Therefore, the additional capacity of this well is 1,089 gpm. The costs associated with providing redundancy (66,7%, \$2.1 million) are ineligible for SDCs.

Exhibit 8 below, provides the various projects, costs, including the additional capacity in the number of EDUs based on 1,112 gpd per EDU.

Exhibit 8: EDUs – Supply, including the Aquifer Storage Recovery Project.

Project components	Total Costs of Projects	Ineligible Costs	SDC Eligible Costs	EDUs	Amount per EDU
SDC 13 - New well - Juniper	850,000	-	850,000	678	1,254
SDC 14 - New well - 5th Street	850,000	-	850,000	678	1,254
SDC 15 - New well - Crooked River wellfield (3,000 gpm)	3,327,000	2,119,000	1,208,000	1,477	818
Sub-total	5,027,000	2,119,000	2,908,000	2,833	1,027
SDC 6 - Aquifer storage and recovery wells 2 and 3	5,052,000	-	5,052,000	3,797	1,331
Total	\$ 10,079,000	\$ 2,119,000	\$ 7,960,000	6,629	\$ 1,201

Improvement fee summary

The total project costs by type of facility improvement, the ineligible costs, which consists of costs associated with redundancy, decommissioning, and replacing existing capacity, the net SDC eligible costs, EDUs served by each type of facility improvement and the calculated equitable SDC cost allocation per EDU, by type, and in total is shown in **exhibit 9** below. The calculated maximum SDC improvement fee is \$5,822 as of July 2023.

Exhibit 9: Summary of project costs, EDUs, and SDC amounts by type and in total.

Type of facility improvement	Total Costs of Projects	Ineligible Costs	SDC Eligible Costs	EDUs	Amount per EDU
Distribution	\$ 23,187,000	\$ 607,750	\$ 22,579,250	11,968	\$ 1,887
Storage	16,006,000	2,896,000	13,110,000	4,794	2,735
Supply	10,079,000	2,119,000	7,960,000	6,629	1,201
Totals	\$ 49,272,000	\$ 5,622,750	\$ 43,649,250		\$ 5,822



Adjustments

Three adjustments may be appropriate for the SDC improvement fee:

- **Inflation adjustment**, the project costs included in the Wastewater Facilities Master Plan are current as of June 30, 2023. These costs as identified above, were used to determine the system development charge. As provided below (see Periodic Adjustment) to account for inflationary impacts, the amount of the SDCs may be adjusted by the percentage change in an inflationary index, e.g., the Engineering News Record Construction Cost Index (ENR CCI) from June 30, 2023 to the date of adjustment. As of June 30, 2023, the ENR CCI is 13,384.99, (the average of the June 2023 and July 2023 ENR CCIs) and the September 2024 ENR CCI is 13,632.23, representing a 1.847% change. The various SDC component amounts determined above will reflect an inflationary adjustment of 1.847% below.
- As described above in the reimbursement section, reimbursement for water permits and supply improvements total \$745, which are adjusted from the improvement fee, and
- As described above in the reimbursement section, reimbursement for distribution improvements of \$47 per EDU, which is an additional fee.
- The result is an improvement fee of \$5,077 (\$5,822 less \$745).

Additionally, an administrative fee to pay the costs associated with master plan development, SDC fee determination and annual reporting of SDC activities.

The estimated costs to administer the SDC program is approximately \$672,700, in 2023 dollars, during the 20-year period. Allocating these costs to the 2,296 EDUs forecast during the 20-year period results in an administrative fee of \$293. This amount will also be adjusted for the inflation.

Total Water SDC Fee

The total maximum Water SDC, as of September 2024, as adjusted for inflation through September 2024, is \$6,276, consisting of the following components:

Exhibit 10: Water SDC – by component and in total.

SDC fees	Jul-23	Sep-24
Reimbursement fee	\$ 792	\$ 807
Improvement fee	5,077	5,171
Administrative fee	293	298
Total Water SDC	\$ 6,162	\$ 6,276



Exhibit 11: Water SDC schedule for meter sizes, EDU equivalent.

Meter size	Equivalent Demand Factor	EDUs	SDC
3/4	1.00	1.00	\$ 6,276
1	1.67	1.67	10,481
1.5	3.33	3.33	20,899
2	5.33	5.33	33,451
3	10.00	10.00	62,760
4	16.67	16.67	104,621
6	33.33	33.33	209,179
8	53.33	53.33	334,699

In addition to SDCs based on meter size above, consistent with current practice for residential accounts, usage above the maximum gallons per day per EDU, i.e., 794.5 gallons, shall be charged the greater of the EDUs per the meter size chart above or EDUs determined by the maximum gallons per day. E.g., a residential customer connecting a 2-inch service and using 5,000 gallons per day would be charged the greater of \$33,451 or \$39,476 (5,000/794.5 = 6.29 EDUs, or 6.29 times \$6,276).

Periodic Adjustment

ORS 223.304 allows for the periodic indexing of system development charges for inflation, if the index used is:

- (A) A relevant measurement of the average change in prices or costs over an identified time period for materials, labor, real property or a combination of the three.
- (B) Published by a recognized organization or agency that produces the index or data source for reasons that are independent of the system development charge methodology; and
- (C) Incorporated as part of the established methodology or identified and adopted in a separate ordinance, resolution or order.

We recommend the City continue to index its charges to the *Engineering News Record (ENR) Construction Cost Index (CCI)* for the 20-city average and adjust their SDCs annually. There is no comparable Oregon-specific index, and the closest market index, Seattle, is less representative of Prineville market conditions, and more volatile, than the broader based index. The ENR CCI for the mid-point of 2023 is 13,384.99 (Average of June 2023 and July 2023 CCIs).



Comparable Water SDC Fees

Per review of the neighboring cities websites, the following water system development charges for a 5/8" to 3/4", or single-family residential unit equivalent were identified.

City of Redmond	\$5,739
City of Bend	7,181 ¹
City of Madras	1,704
City of Sisters	7,229
City of LaPine	3,871 ²

¹ Bend implemented a methodology change July 1, 2024, charging their SDCs by the size of the home. The amount shown is the average amount per Bend's SDC schedule.

² As of 2021



Prineville, Oregon



Methodology Report for

WASTEWATER SYSTEM DEVELOPMENT CHARGES

November 2024



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INTRODUCTION

The City of Prineville conducts periodic updates to its Comprehensive Plan and its various Public Facility Plans to provide orderly and sustainable growth of local roads, water, and wastewater systems. A key funding source for these public facilities are system development charges (SDCs). SDCs are one-time fees for new development, designed and created to allocate the costs of infrastructure capacity needed to serve new development equitably.

This section describes the policy context and project scope upon which the body of this report is based. It concludes with a non-numeric overview of the calculations presented in subsequent sections of this report.

Policy

Oregon Revised Statutes (ORS) 223.297 to 223.314 authorize local governments to establish system development charges (SDCs). SDCs are one-time fees on new development and are paid at the time of development. SDCs are intended to equitably allocate the cost of existing and planned facilities that provide capacity to serve future customers/users of these facilities.

ORS 223.299 defines two components of the SDC:

- A “reimbursement fee” that is intended to recover “costs associated with capital improvements already constructed, or under construction when the fee is established, for which the local government determines that capacity exists”, and
- An “improvement fee” that is intended to recover “costs associated with capital improvements to be constructed”.

ORS 223.304(1) states, in part, that a reimbursement fee must be based on “the value of unused capacity available to future system users or the cost of existing facilities” and must account for prior contributions by existing users and any gifted or grant-funded facilities. The calculation must “promote the objective of future system users contributing no more than an equitable share to the cost of existing facilities.” A reimbursement fee may be spent on any related system cost, e.g., water reimbursement SDCs must be spent on water system related costs.

ORS 223.304(2) states, in part, that an improvement fee must be calculated to include only the cost of projected capital improvements needed to increase system capacity for future users. In other words, the cost of planned projects that correct existing deficiencies or that do not otherwise increase capacity for future users may not be included in the improvement fee calculation. An improvement fee may be spent only on capital improvements (or portions thereof) that increase the capacity of the system for which it is being charged (whether cash-financed or debt-financed).



Project

In 2022, the City contracted with Anderson Perry and Associates (AP) to update the City’s water and wastewater plans. Additionally, utilizing the updated master plan information, GEL Oregon, Inc., is contracted via AP to update the City’s SDC methodology and recommend fees for these systems. To facilitate policy decisions the utility master plans were prepared by AP, reviewed by City staff, with the final SDC methodology scope of work completed by GEL Oregon, Inc.

We approached this project in four phases:

- **Engagement during master plan update.** In this phase, GEL participated in master plan project update meetings to understand the nature of planned improvements and their potential impact to SDCs and to provide feedback on various alternatives.
- **Framework for charges.** In this phase, we worked with City staff and the engineering team to identify and agree on the approach to be used and the components to be included in the analysis.
- **Technical Analysis.** During this phase, we worked with City staff to isolate the recoverable portion of facility costs and calculate draft SDC rates.
- **Draft methodology report preparation.** Lastly, we documented the calculation of the draft SDC rates included in this report.

CALCULATION OVERVIEW

In general, the total SDC for a given type of improvement, e.g., water, is determined by adding the reimbursement fee component (if applicable) and the improvement fee component, subject to any potential adjustments. Each component is calculated by dividing eligible costs by an appropriate unit of measure, such as the number of units of demand may be served by each of the various improvements. Below are details on the components and how they may be adjusted.

Reimbursement Fee

The reimbursement fee is the allocable equitable cost of existing and available capacity per unit of demand that such capacity will serve. For a reimbursement fee to be applicable, the system must have unused capacity available to serve additional users. When facility types do not have excess capacity, no reimbursement fee may be charged.

Improvement Fee

The improvement fee is the allocable equitable cost of planned capacity-increasing capital projects per unit of demand that those projects will serve. Occasionally, capacity added by projects may serve a dual purpose of addressing existing demand and requirements and serving future demand. To compute a compliant SDC fee, future demand-related costs must be isolated, and costs related to current usage and requirements must be excluded.

We have used the “capacity approach” to allocate costs to the improvement fee basis. Under this approach, the cost of a given project is allocated to growth in proportion to the growth-related capacity that projects of a similar type will create.



Adjustments

Two cost basis adjustments are potentially applicable to both reimbursement and improvement fees: Inflation and compliance costs.

- **Inflation**

The City utilizes the Engineering News Record Construction Cost index to adjust for inflation associated with utility infrastructure construction costs. The amount of the calculated SDC has been adjusted by the percentage change in the ENR CCI, 1.847% as described below.

- **Compliance Costs**

ORS 223.307(5) authorizes the expenditure of SDCs on “the costs of complying with the provisions of ORS 223.297 to 223.314, including the costs of developing system development charge methodologies and providing an annual accounting of system development charge expenditures.”

To avoid spending monies for compliance that might otherwise have been spent on growth-related projects, this report includes an estimate of compliance costs in its SDCs. All estimates of compliance costs in this report are based on historical transfers from the Wastewater SDC fund to the City’s Administrative Services Fund and General Fund.

Summary

Per the analysis and report that follows, the total maximum Wastewater SDC, adjusted for inflation, as of September 2024, is \$5,234, consisting of the following components:

Reimbursement fee	\$ 2,538
Improvement fee	2,447
Administrative fee	<u>249</u>
Total	\$ 5,234



DISCUSSION AND ANALYSIS

This section provides detailed calculations of our recommended SDC for wastewater facilities.

Growth – New Development/Demand

Generally, growth or new development demand is measured by an equivalent dwelling unit (EDU). One equivalent dwelling unit consists of a single-family residence in Prineville, which are served by a ¾ inch water meter. The daily demand for wastewater treatment for single family residential in Prineville per the facilities plan is 239 gallons per day (gpd). In November 2022, the customer base of the City’s wastewater utility was 8,015 equivalent dwelling units, consisting of 4,335 residential EDUs (54.1%) and 3,680 commercial EDUs (45.9%) as shown in **exhibit 1**, serving a population of 10,771.

In addition to new growth, the wastewater facilities plan estimates additional connections from existing residents within the city limits and urban growth boundary (UGB) that are not presently served by treatment facilities. These customers are added to the customer base for future population growth projections. The facilities plan growth forecast for the 20-year period to 2042 includes an average annual growth rate (AAGR) of one and one-tenths percent (1.1%), increasing to 5,543 EDUs, a change of 1,208 EDUs, within the City. The forecast also includes connections to the unserved population in the City (517) and UGB (485), adjusted for population growth of the AAGR, City (660) and UGB (619) or 1,219 residents (520 EDUs). The total projected population served in 2042 is 15,022, an increase of 4,251 (39.5%). Lastly, forecasting a declining proportional growth in commercial EDUs (40.0% from the existing 45.9%) to existing residential EDUs, results in a forecast of an additional 691 EDUs for commercial activities. Please see **exhibit 1** for details.

The population forecast used in the facilities plan is consistent with the population forecast prepared by Portland State University (PSU). PSUs forecast does not contemplate local economic conditions or events, such as potential data center expansions, or population increases that have historically exceeded PSU forecasts.

Exhibit 1: Projected population and EDU growth – Wastewater System.

Customer Type	Present Service		20-year Planning Period Forecast		
	Population	EDUs	Population	EDU - Change	EDUs
Residential - city limits served	10,771	4,335	13,743	1,208	5,543
Residential - city limits unserved	517		660	268	268
Residential - UGB - unserved	485	-	619	252	252
Commercial/industrial - 20-year planning period		3,680		691	4,371
Total	11,773	8,015	15,022	2,419	10,434



Reimbursement Fee

The current capital assets of the City’s wastewater utility are distributed among the following categories:

- Treatment Plant
- Treatment – Wetland
- Collection improvements

The City has eligible SDC reimbursements from three components: Treatment – Wetland facilities, Treatment Plant and collection improvements installed by a private developer and subject to a reimbursement agreement.

To determine an equitable SDC reimbursement fee, we utilized the projected customer service growth included in the master plan. Per the master plan, the 20-year population served projection is 14,845. The existing served population is 10,771, for a net increase of 4,074 people served by the system. The change consists of population growth within the city of 2,972 and a portion (20%) of the unserved population within the urban growth boundary (UGB) or 1,102 residents.

A single-family residential unit in Prineville consists of 2.46 residents. Therefore, growth in residential EDUs served are forecast to increase by 1,656 EDUs or approximately thirty-eight percent (38.2%). The 2023 master plan also indicates that residential use of the wastewater system represents approximately fifty-four percent (54.1%) with commercial/industrial users representing the remaining forty-six percent (45.9%).

Over the next twenty-years, excluding potential data center development, the proportion of new use is projected to remain consistent over the 20-year planning period, excluding the impact resulting from existing residents within the UGB connecting to the system. Thus, an additional 1,025 EDUs from commercial/industrial users are projected through 2042. Existing residents within the UGB projected to connect to the system (1,406) equates to 572 additional EDUs. This provides for a total of 2,805 EDUs resulting from growth and connections to existing unserved residents during the 20-year planning period. See **exhibit 1** above.

Additional information on the SDC reimbursement fee components is provided below.

Treatment – Wetland facilities

The City completed a major treatment plant expansion utilizing wetlands in 2017, resulting in total capacity of 2.5 million gallons day, with the 20-year average annual design flow of 1.16 million gallons. The City’s project cost, net of federal and state grants, was \$4,750,000. The City’s funding was provided with long-term debt financing that extends through the planning period and the SDC reimbursement fee will be used to repay debt service. **Exhibit 2** provides the calculation of the SDC reimbursement for the Wetland Treatment facilities. The forecast number of EDUs is less than the remaining capacity, therefore, the amount of the reimbursement fee is the inflation adjusted cost divided by the EDU capacity, or **\$1,168**, as shown below.



Exhibit 2 – Reimbursement – Wetland Treatment facilities.

Description	Amount
Wetland Treatment Facilities - 1.16 MGD	\$ 4,750,000
Inflation adjustment - November 2018 - June 2023	119.3%
Inflation adjusted cost	\$ 5,667,807
EDU capacity at 239 gpd/EDU	4,854
Reimbursement - Wetland Treatment Facilities	\$ 1,168
EDUs connected since implementation in 2017	1,440
Balance	3,414
Forecast EDUs	2,419
Remaining balance - EDUs	995

Treatment Plant

The city has two treatment plants. Treatment plant 2 was constructed in 2006, funded with debt service that matures during the planning period. The 2018 SDC study included a reimbursement fee of \$1,304, based upon EDUs using 260 gpd and combined capacity of 2.3 million gallons per day. The combined plant capacity in the updated master plan is 2.5 MGD, with 8,015 EDUs using an average of 239 gpd. Therefore, the current updated capacity is 10,477 EDUs utilizing 239 gpd, resulting in excess capacity of 2,462 EDUs.

The remaining eligible reimbursement cost is \$3.4 million as calculated below in **exhibit 3**. The adjusted reimbursable SDC for treatment plants is **\$1,316** per EDU. This amount is adjusted based upon the change in gallons of plant capacity (from 2.3 mgd to 2.5 mgd) and the increased number of EDUs due to the reduced gpd per EDU (260 gpd to 239 gpd per EDU). Additionally, the amount of the reimbursement fee is adjusted for inflation from November 2018 to December 2023.

Exhibit 3: Reimbursement – Treatment Plant.

Facility	Gallons per		EDUs
	day	gpd per EDU	
Treatment Plant 1	1,200,000	239	5,029
Treatment Plant 2	1,300,000	239	5,448
Totals	2,500,000	239	10,477
Current EDUs			8,015
Excess capacity - EDUs			2,462
SDC reimbursement fee included in 2018 report		\$	1,304
Proportional adjustment for change in gallons per day capacity (2.3/2.5)		\$	1,200
Proportional adjustment for change in gpd per EDU (260 gpd to 239 gpd)		\$	1,103
Inflationary adjustment - change in ENR - Nov 2018 - June 2023			119.3%
Reimbursement per EDU - Treatment Plant (net reimbursable amount divided by excess capacity EDUs)		\$	1,316
Forecast EDUs			2,419
Excess capacity - EDUs			2,462
Difference			43



Reimbursement Agreements

A developer constructed SDC eligible collection system improvements that are subject to reimbursement. The outstanding balance of the agreement is \$18,000. The balance has been allocated to the adjusted forecast EDUs for the planning period, resulting in an SDC – reimbursement fee for reimbursement districts of \$7. See **exhibit 4** for details.

Exhibit 4: Reimbursement – Reimbursement Agreements.

		Balance
Existing Reimbursement Agreements		12/31/2023
Lee Investment Inc.	Saddle Ridge	\$ 18,000
Forecast EDUs		<u>2,419</u>
SDC reimbursement - reimbursement agreement		7

Exhibit 5 below summarizes the wastewater SDC reimbursement fees.

Exhibit 5: Total Wastewater SDC – Reimbursement.

Reimbursement	Amount
Wetland Treatment facilities	\$ 1,168
Treatment Plant	1,316
Reimbursement Agreement	<u>7</u>
Total SDC Reimbursement Fee	\$ 2,492

Improvement Fee

Calculation of the improvement fee begins with the estimated costs of capacity-increasing projects. We then utilize City estimates of the portion of each project that is available to serve new users and include only that portion of project costs in the improvement fee cost basis. Project costs that will be funded by a source other than the City are also excluded. The City’s wastewater facilities plan, dated September 2023, includes collection system improvements with a total construction cost of \$12,411,500. Of these costs, \$8,105,837 are determined to be excludable costs in that they do not increase capacity or are special project related costs.

Net SDC eligible costs included in the SDC fee calculation is \$4,305,663. Including administration, legal, engineering, and contingencies of 35%, the total SDC eligible costs total \$5,812,663. See **exhibit 6** below. **Exhibit 7** below provides the calculation of the wastewater improvement fee of \$2,403.



Exhibit 6: Schedule of SDC eligible wastewater projects.

Description	Construction		SDC Eligible
	Costs	Ineligible Costs	Costs
WWTF Chlorination Conversion	\$ 652,000	\$ 652,000	\$ -
Upsize existing main line from 10th St to north side of Lamonta	932,500	-	932,500
WWTF Operations Building and Laboratory*	1,747,500	1,342,337	405,163
Main line extension north of existing main line along Canal	325,250		325,250
Extend pressure sewer main line north on Highway 26 from N Gardner Rd	520,250		520,250
Upsize existing main line on Main St from Lynn to 1st St	350,000		350,000
Extend existing 18-inch sewer main line south on Main St	1,772,500		1,772,500
Extend Combs Flat interceptor to the east	2,330,750	2,330,750	-
Connect Williamson area to gravity sewer. Remove Williamson Lift Station	611,250	611,250	-
Melrose/Willowdale sewer main line installation	3,169,500	3,169,500	-
Total project costs	\$ 12,411,500	\$ 8,105,837	\$ 4,305,663
Administration, legal, engineering and contingencies @ 35%			<u>1,507,000</u>
Net SDC eligible costs			\$ 5,812,663

*The WWTF Operations Building and Laboratory will serve existing and expanded operations. The ineligible costs reflect the proportion of existing EDUs served to the total EDUs served at the end of the planning period.

Exhibit 7: SDC Improvement Fee.

Description	Net SDC Eligible Costs	Forecasted EDUs	SDC
			Improvement Fee
Collection expansion	\$ 5,812,663	2,419	\$ 2,403

Adjustments

Inflation adjustment: the project costs included in the Wastewater Facilities Master Plan are current as of June 30, 2023. These costs as identified above, were used to determine the system development charge. As provided below (see Periodic Adjustment) to account for inflationary impacts, the amount of the SDCs may be adjusted by the percentage change in an inflationary index, e.g., the Engineering News Record Construction Cost Index (ENR CCI) from June 30, 2023 to the date of adjustment. As of June 30, 2023, the ENR CCI is 13,384.99, (the average of the June 2023 and July 2023 ENR CCIs) and the September 2024 ENR CCI is 13,632.23, representing a 1.847% change. The various SDC component amounts determined above will reflect an inflationary adjustment of 1.847% below.

Administration

The City has historically charged a five percent (5.0%) fee for SDC administration. The resulting fee is **\$245**, (5.0% of \$2,492 reimbursement fee plus \$2,403 improvement fee). The projected costs to administer the SDC program during the 20-year planning period is \$592,704, \$245 times 2,419 EDUs. This amount will also be adjusted for the inflation.



Total Wastewater SDC for Residential and Non-residential

The total maximum SDC, including reimbursement fee, improvement fee and administrative fee as of June 30, 2023 is **\$5,139, and \$5,234 adjusted for inflation through September 2024. Exhibit 8** provides a summary of the wastewater SDC components and the total maximum SDC for a single-family residential home. **Exhibit 9** provides a schedule of the maximum residential wastewater SDCs by meter size.

In addition to SDCs based on meter size above, consistent with current practice for residential accounts, usage above the maximum gallons per day per EDU, i.e., 239 gallons, shall be charged the greater of the EDUs per the meter size chart above or EDUs determined by the maximum gallons per day. E.g., a residential customer connecting a 2-inch service and using 2,000 gallons per day (winter average) would be charged the greater of \$27,392 or \$43,013 ($2,000/239 = 8.37$ EDUs, or 8.37 times \$4,815).

Exhibit 8: Wastewater SDC by component.

SDC Component	Amount	Amount
	June 30, 2023	September 2024
SDC reimbursement fee	\$ 2,492	\$ 2,538
SDC improvement fee	2,403	2,447
Administration	245	249
Total wastewater SDC	\$ 5,139	\$ 5,234

Exhibit 9: Schedule of Wastewater SDCs by meter size.

Meter size	Equivalent Demand Factor	EDUs	SDC
3/4	1.00	1.00	\$ 5,234
1	1.67	1.67	8,741
1.5	3.33	3.33	17,429
2	5.33	5.33	27,897
3	10.00	10.00	52,340
4	16.67	16.67	87,251
6	33.33	33.33	174,449
8	53.33	53.33	279,129

Potential Adjustment for Wastewater SDC for Non-residential

Non-residential wastewater SDCs may be adjusted if the waste characteristics exceed those of residential customers as described in Chapter 3 of the Wastewater Facilities Plan. A separate evaluation may be necessary to ascertain the equivalent dwelling unit impacts on the wastewater treatment facilities.



Periodic Adjustment

ORS 223.304 allows for the periodic indexing of system development charges for inflation, if the index used is:

- (A) A relevant measurement of the average change in prices or costs over an identified time period for materials, labor, real property or a combination of the three.
- (B) Published by a recognized organization or agency that produces the index or data source for reasons that are independent of the system development charge methodology; and
- (C) Incorporated as part of the established methodology or identified and adopted in a separate ordinance, resolution or order.

We recommend the City continue to index its charges to the *Engineering News Record* Construction Cost Index for the 20-city average and adjust their SDCs annually. There is no comparable Oregon-specific index, and the closest market index, Seattle, is less representative of Prineville market conditions, and more volatile, than the broader based index.

Schedules of Comparisons of Wastewater SDCs

The following schedules provide a comparison of the updated wastewater SDCs to the City’s current wastewater SDCs, by meter size, (see Exhibit 10), and a comparison of the updated wastewater SDCs to wastewater SDCs in other Central Oregon cities for single-family homes, (see exhibit 11).

Exhibit 10: Schedule of the maximum wastewater SDCs, current SDCs, and change by meter size.

Meter size	Current Rate	Maximum	Change
3/4	\$ 3,172	\$ 5,234	\$ 2,062
1	5,297	8,741	3,444
1.5	10,563	17,429	6,866
2	16,907	27,897	10,990
3	31,720	52,340	20,620
4	52,877	87,251	34,374
6	105,723	174,449	68,726
8	169,163	279,129	109,966

Exhibit 11: The updated wastewater SDC compared to Central Oregon cities SDCs for single-family homes.

Meter size	Prineville	Redmond	Bend *	Sisters	Madras
3/4	\$ 5,234	\$ 5,150	\$ 5,890	\$ 5,472	\$ 6,500

* Bend implemented a methodology change July 1, 2024, charging their SDCs by the size of the home. The amount shown is the average amount per Bend’s SDC schedule.C156.



City Manager Update to Council

February 11, 2025

Public Safety / Dispatch

Officers had to assist with bulls that had escaped a pen at a veterinary clinic and were roaming the park on February 4th. After some help with other agencies and a tranquilizer gun, they were apprehended.

One of our Sergeant's has received deployment orders for the Horn of Africa. We wish him well and fully support his service and safe return home.

PD is interviewing a few laterals with a lateral in background.

The accreditation inspector visited PD last week and has recommended renewal of our accredited status. The inspector also added that our evidence room was one of the best he has seen in the state.

Dispatch has a candidate in background and is also looking at sending a dispatcher to training to become a dispatch trainer.

Public Works

With the recent snow, Public Works has been busy keeping our roads sanded for morning and evening travel. Unlike in years past, the department hasn't received any calls regarding the roads, so our team is doing a great job keeping our roads safe and passable.

The Combs Flat Road project is still on schedule despite the snow. The irrigation piping portion of the project is almost complete.

Public Works also has a handful of projects currently out to bid coming up for the next project season.

We have a new Public Works utility worker team member on board as of February 3rd. Please welcome Terry Brewer to our team.

Railroad

The railway remains extremely busy and ended January with what looks to be a record-breaking month with over 100 cars. February is off to a great start as well.

Meadow Lakes Golf

January ended well for the golf course and play remained steady in the afternoons. February is off to a snowy beginning, so Zach is taking advantage of the time getting on indoor maintenance projects to take care of this asset.

The filled up annual Superbowl Scramble tournament had to be rescheduled due to the snow.

Airport - No Update

Planning

Josh is moving forward with all the moving pieces involved with a UGB expansion and has a very tight timeline. If all steps go through smoothly and on time, we are hoping to have this before Council in April.

The Taphouse food court project is looking to be a pretty cool project and should be a nice addition to that area of town at the end of 2nd Street.

Human Resources

HR has received about 30 promising applicants for the evidence technician position and is in the process of reviewing them.

Karee also hope to have the IT vacancy wrapped up and filled soon as well.

Information Technology

IT has been busy through out the various facilities with equipment upgrades such as installing SCADA and continued radio upgrades.

Finance

Finance is staying on top of year-end estimates and proposed budgets for the next budget. There will be a Quarterly Financial Report presentation in March with hopes of having some of the year end estimates included.

City Recorder/Risk Management

Just reminders for upcoming events:

COCO will be having a COCO Day at the capital on March 20th. Video sessions with Salem have been scheduled to meet with our legislators and share our concerns and hear theirs as they navigate through the session. These meetings are scheduled early at 7:10 AM before any hearings and committee meetings start up for the day. If any Council members would like to attend, please get in touch with us and we can get you set up.

LOC Annual Spring Conference is coming up May 1-2nd in North Bend this year. Registration will open on February 12th.

City Legal – No Update

EDCO

The EDCO Annual Luncheon is coming up on February 13th at the Riverhouse, and as a member the city has a table there and then the Prineville/Crook County EDCO luncheon is scheduled for March 6th, which the city also has a table for.

Public Relations

There has been some great coverage on our new Officer Emilee Jerome recently in the Central Oregonian and by Central Oregon Daily news.

Mayor/Council – No Update

Economic Development and Strategic – No Update

Other

Caroline is preparing to apply for more congressionally directed funds that was recently announced would be opening up, for more infrastructure projects in the city.

ORDINANCE NO. 1298

AN ORDINANCE AMENDING THE CITY OF PRINEVILLE COMPREHENSIVE PLAN MAP, TO RECONCILE A DISCREPANCY BETWEEN IT & THE CURRENT ZONING MAP

WHEREAS, the City of Prineville desires to reconcile discrepancies between its Zoning map, Comprehensive Plan map; and

WHEREAS, Prineville Code establishes the policy and procedure allowing the Planning Commission to initiate amendments to the zoning and Comprehensive Plan Maps; and

WHEREAS, all required notice was provided in accordance with state law and city ordinance, including notice to the State Department of Land Conservation and Development, newspaper notice and notice to property owner; and

WHEREAS, the City Planning Commission reviewed a larger proposal including this area on January 30th, 2024 and chose to exclude this area and wait for development to evolve.

WHEREAS, the City Planning Commission held a public hearing on January 21st, 2025 in order to solicit comments from the property owner and other members of the community; and

WHEREAS, after hearing no citizen opposition at the hearing and considering the staff report and all items in the record of planning application AM-2025-100, the Planning Commission voted unanimously to recommend the City Council approve the proposed amendments; and

WHEREAS, the City Council reviewed the Planning Commission's recommendation on January 28th, 2025 and accepted their recommendation.

NOW, THEREFORE, THE PEOPLE OF THE CITY OF PRINEVILLE ORDAIN AS FOLLOWS:

1. The City Comprehensive Plan map shall be amended as shown on Exhibit A, and described in the Planning Commission's recommendation on Exhibit B. This changes the subject property and adjacent right-of-way from a "Residential" Comprehensive Plan designation to "Outlying Commercial". The zoning of the property will remain the same General Commercial (C2).

Presented for the first time at a regular meeting of the City Council held on February 11, 2025, and passed unanimously therein.

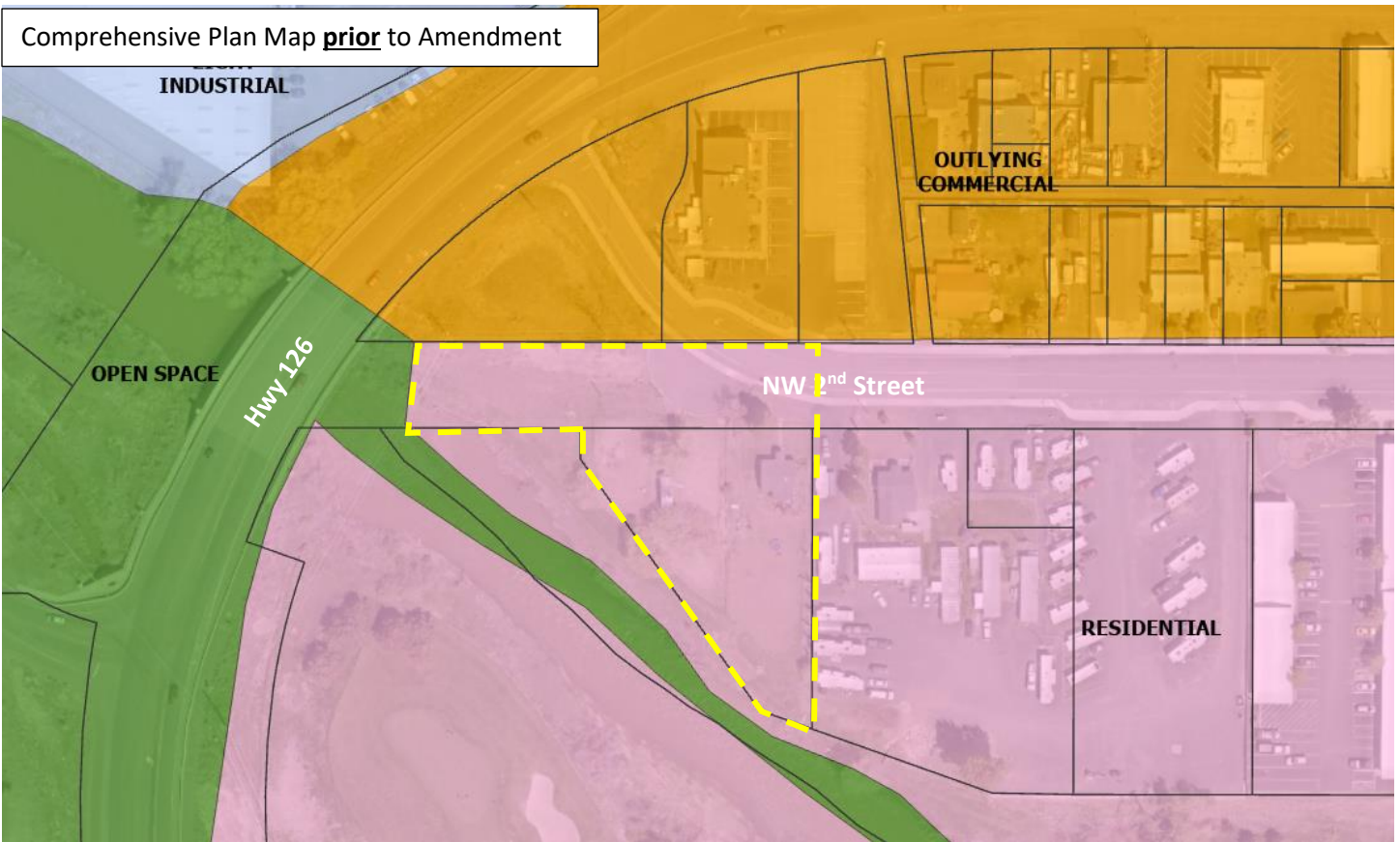
Jason Beebe
Mayor

ATTEST:

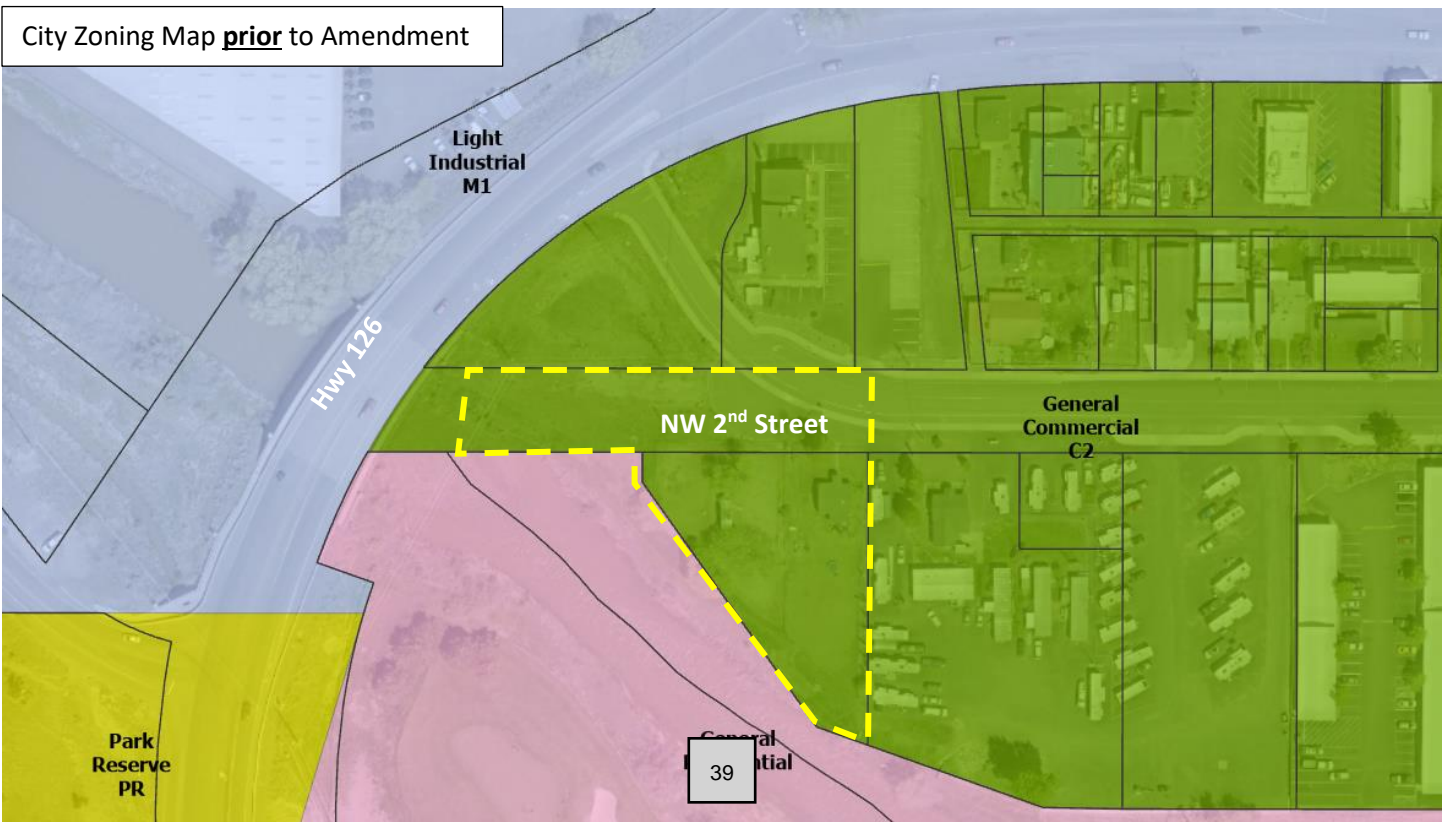
Lisa Morgan, City Recorder

Property description: Parcel 1 of PP. 2024-15 & adjacent right-of-way Map & Tax lot: 151606BA04200

Comprehensive Plan Designation: Residential change to Outlying Commercial



No change in "C2" Zoning





City of Prineville
DEPARTMENT OF PLANNING & COMMUNITY DEVELOPMENT
PLANNING COMMISSION RECOMMENDATION

File No.:	AM-2025-100
Applicant:	City of Prineville
Notice to DLCD:	12/19/2024
PC Review:	Initial review 1/30/2024
Public Notice:	Newspaper Notice – 1/7/2025 Mailed Notice – 12/30/2024
Public Hearing:	Planning Commission – 1/21/2025
Staff:	Joshua Smith, Planning Director
Proposal:	Legislative Amendments to amend the City’s Comprehensive Plan Map. The primary purpose of this amendment is to reconcile a discrepancy between the Comprehensive Plan Map designation and the current and historic zoning of a single property.
Applicable Criteria:	ORS – 227 & 197, OAR – 660-015 (Goal 2 & 10), City Comprehensive Plan, Land use Code Chapter 153 sections 153.230 – 153.236 & 153.252, 153.256.030

Background:

City zoning works on a two-map system, the Comprehensive Plan Map (Comp Plan) and a Zone Map. The Comprehensive Plan Map provides basic zone designations (base zone) of residential, commercial, industrial and open space. The zoning map refines these designations into multiple zones within each designation. In 2007 the City adopted its first Comprehensive plan and map, separating itself from the County. At that time an existing County map of the City from 1984 was used as the base map for the plan. The current zoning map at the time filled in the rest of the Urban Growth Boundary. This created discrepancies where not all zones aligned with their Comprehensive Plan designations. This was a known issue. The intent was to amend these errors as they became necessary or appropriate. Many of the areas have already been amended. This proposal focuses on a single property and adjacent right-of-way that has been zoned commercial (C2) since at least 1992, but has a “Residential” Comprehensive plan designation. The Planning Commission considered including this area south of NW 2nd Street from the Hwy to Meadow Lakes Drive in a previous update (Ordinance 1289), but felt it necessary to wait and see how the development pattern would evolve.

Findings:

The following addresses goal 10 and describes the exhibit and reason for the proposed change.

Statewide Planning Goal 10, *To provide for the housing needs of citizens of the state.* This proposed change will have no impact on the housing capacity and housing needs analysis of the City, as the property is currently zone commercial. The purpose of this change is to reconcile a discrepancy between the comprehensive plan designation and the zoning map.

AM-2025-100

Amending Comp Plan map

Exhibit A – The property and right-of-way outlined in yellow on Exhibit A, is currently designated as “Residential” on the Comprehensive Plan Map. And zoned Commercial (C2) and is proposed to be developed as commercial. All development is required to be consistent with its zoning and comprehensive plan designation; therefore, the comprehensive plan designation needs to change to approve a commercial development. The Comprehensive Plan designation, is proposed to change from “Residential” to “Outlying Commercial”. This change in designation aligns with the current Commercial (C2) zoning. The current zoning of this area is not proposed to change.

Planning Commission Conclusions and Recommendation:

Based on the findings stated above, the Planning Commission finds this change to be necessary to preserve the integrity of our comprehensive plan and to prevent any unnecessary hardships for the property owner. The Commission recommends City Council approve the proposed change in the Comprehensive Plan map.

EXHIBIT

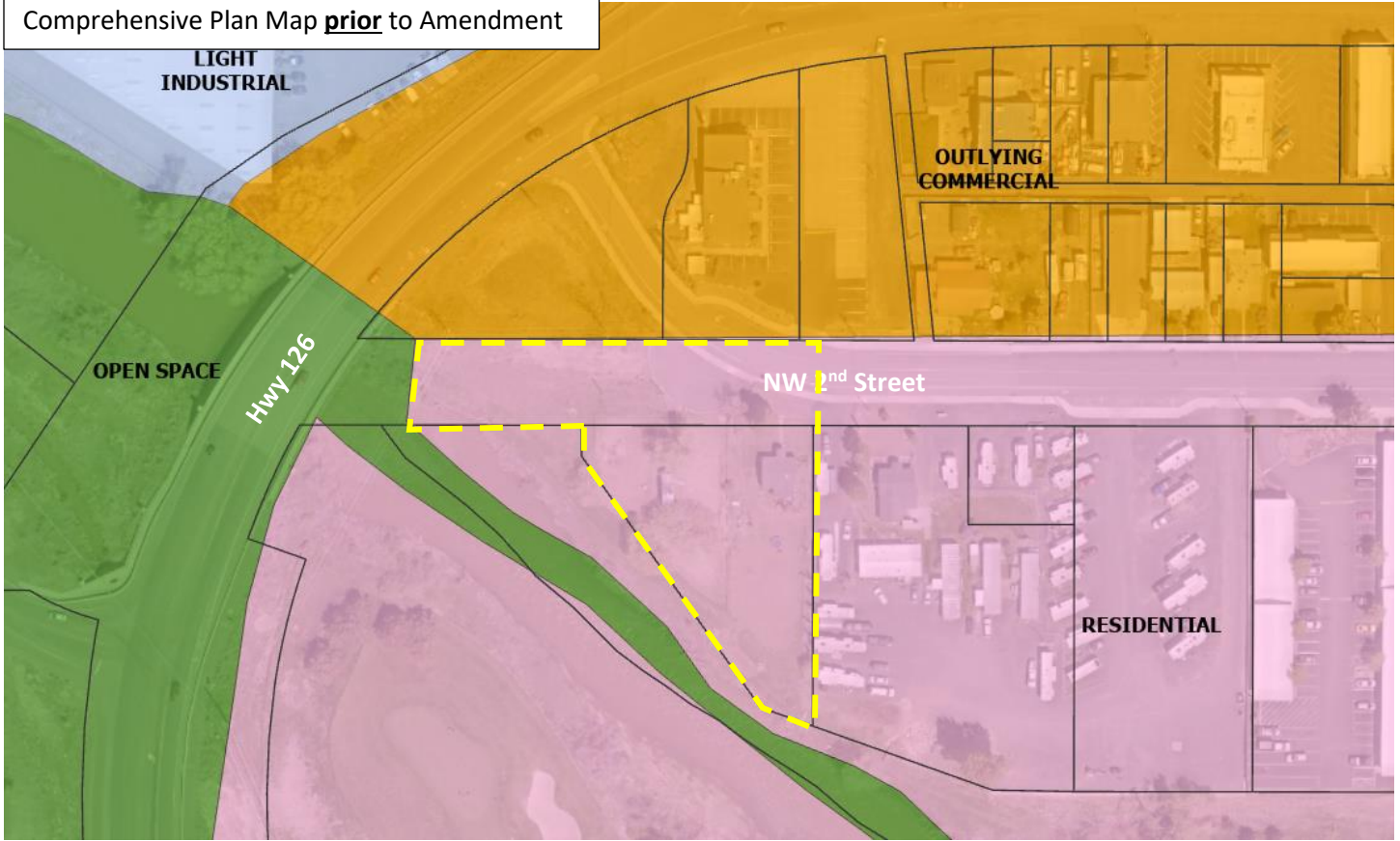
Exhibit A - Showing existing plan designations and zoning and stating the proposed change.

Marty Bailey: W M Bailey Date: 1-21-25
Planning Commission Chair

Map & Tax lots: 151606BA04200

DESIGNATION: Residential change to Outlying Commercial

Comprehensive Plan Map prior to Amendment



No change in "C2" Zoning

City Zoning Map prior to Amendment

