



CITY COUNCIL MEETING

Monday, March 17, 2025 at 6:00 PM
Sandy City Hall and via Zoom

AGENDA

TO ATTEND THE MEETING IN-PERSON:

Come to Sandy City Hall (lower parking lot entrance) - 39250 Pioneer Blvd., Sandy, OR 97055

TO ATTEND THE MEETING ONLINE VIA ZOOM:

Please use this link: <https://us02web.zoom.us/j/87445037671>

Or by phone: (253) 215-8782; Meeting ID: 87445037671

WORK SESSION – 6:00 PM

1. [Discussion: Moratorium Revisions and Alternative Wastewater Systems](#)

EXECUTIVE SESSION: The City Council will meet in executive session pursuant to ORS 192.660(2)(f)&(h)

REGULAR MEETING – 7:30 PM

PLEDGE OF ALLEGIANCE

ROLL CALL

CHANGES TO THE AGENDA

PUBLIC COMMENT (3-minute limit)

The Council welcomes your comments at this time. The Mayor will call on each person when it is their turn to speak for up to three minutes.

-- If you are attending the meeting in-person, please submit your comment signup form to the City Recorder before the regular meeting begins at 7:00 p.m. Forms are available on the table next to the Council Chambers door.

-- If you are attending the meeting via Zoom, please complete the online comment signup webform by 4:00 p.m. on the day of the meeting: <https://www.ci.sandy.or.us/citycouncil/webform/council-meeting-public-comment-signup-form-online-attendees>.

RESPONSE TO PREVIOUS COMMENTS

CONSENT AGENDA

2. [City Council Minutes: March 3, 2025](#)

RESOLUTIONS

3. [PUBLIC HEARING: Resolution 2025-11 – Adopting a New Methodology for Water and Wastewater System Development Charges](#)

NEW BUSINESS

4. [Budget Committee Appointments](#)
5. [Resolution 2025-10: Application for Local Government Grant Program for Meinig Park Improvements](#)
6. [City Manager Employment Agreement Update](#)

REPORT FROM THE CITY MANAGER

COMMITTEE / COUNCIL REPORTS

STAFF UPDATES

Monthly Reports: <https://reports.cityofsandy.com/>

ADJOURN

Americans with Disabilities Act Notice: Please contact Sandy City Hall, 39250 Pioneer Blvd. Sandy, OR 97055 (Phone: 503-668-5533) at least 48 hours prior to the scheduled meeting time if you need an accommodation to observe and/or participate in this meeting.



STAFF REPORT

Meeting Type: City Council Work Session
Meeting Date: March 17, 2025
From: Josh Soper, City Attorney
Subject: Discussion: Moratorium Revisions and Alternative Wastewater Systems

PURPOSE / OBJECTIVE:

To discuss possible revisions to the City’s development moratorium as well as a continued discussion on the concept relating to allowing alternative wastewater systems during the moratorium period.

BACKGROUND / CONTEXT:

The City first enacted a development moratorium relating to capacity issues with its wastewater treatment system on October 3, 2022 (Moratorium 1.0). Since that time, the City has periodically enacted replacement moratoria as circumstances change, generally to loosen restrictions or provide improved flexibility as much as possible. In a continuation of those efforts, staff is requesting discussion of some proposed changes (detailed below) for what would be Moratorium 4.0. The extension of Moratorium 3.0 ([Resolution No. 2024-024](#)) will expire on June 3, 2025. If the City Council is open to advancing Moratorium 4.0, then staff will need to move forward with notice to DLCD by April 18 to hold a hearing on June 2.

Additionally, as initially discussed with the City Council on November 4, 2024 ([meeting link](#)), staff has received requests from some businesses relating to allowing alternative wastewater systems, in lieu of connecting to the City’s wastewater system, during the moratorium period. As staff began to develop code language to implement such a process, it became apparent that some additional guidance from Council was needed. As a result, staff has prepared an outline of how the City could potentially go about allowing this type of system and is requesting discussion and feedback from Council on the concept.

KEY CONSIDERATIONS / ANALYSIS:

The attached draft Moratorium 4.0 would make the following changes:

1. The ERU allocation program established in Moratorium 3.0, for development projects which predated Moratorium 1.0, has largely been completed, so the language of draft Moratorium 4.0 has been updated accordingly. It retains two components of the ERU allocation program from Moratorium 3.0: (A) extensions of existing allocations, and (B) new allocations for pollution/health/safety reasons (e.g. failed septic systems) and duplexes for pre-moratorium development projects.
2. Allow more flexibility in the ERU reassignment program for economic development activities and clarify what constitutes an “existing development” for purposes of this program.
3. Allow partitions in limited circumstances.
4. Minor housekeeping and clarifications.

The attached outline of an alternative wastewater systems concept addresses such issues as:

1. What types of systems would be allowed. Staff has identified porta-potties and greywater systems as the most likely system types to be proposed and believes that both of these would generally meet the City's objectives. However, staff also suggests including a mechanism for other types of systems to be considered.
2. The review processes that would be required. Staff is recommending a more streamlined review for porta-potties and greywater systems, while requiring a more robust review for any other system types that may be proposed.
3. Potential approval criteria to analyze requests from developers and business owners. Because alternative wastewater systems would not be allowed for residential uses, state law does not require that the criteria be clear and objective. Staff is therefore recommending criteria that are discretionary in nature in order to ensure that the City's objectives are met under this program.
4. What would be required in terms of future connection to the City's system and how this would be enforced. Staff is proposing that these requirements may depend on the type of system being installed, because it may be advantageous to the City for some types of systems to remain in place even after public sewer capacity becomes available.

RECOMMENDATION:

Staff recommends the City Council discuss and provide feedback on the draft of Moratorium 4.0 and the alternative wastewater system concept.

LIST OF ATTACHMENTS / EXHIBITS:

1. Draft of Moratorium 4.0 with draft findings
2. Alternative Wastewater Systems Concept Outline

**RESOLUTION NO. [2025-xx](#)****A RESOLUTION APPROVING A MORATORIUM ON DEVELOPMENT PURSUANT TO ORS 197.505 TO 197.540 BASED ON LIMITED SANITARY SEWER CAPACITY**

WHEREAS, pursuant to the federal Clean Water Act of 1972, the City of Sandy sanitary sewer collection and treatment system is subject to a National Pollutant Discharge Elimination System (NPDES) permit (the Permit) issued to the City by Oregon Department of Environmental Quality (DEQ) under authority granted by the U.S. Environmental Protection Agency (EPA); and

WHEREAS, the Permit limits the types and amounts of discharges from the City treatment plant into Tickle Creek; and

WHEREAS, population growth and development in the city has increased the demand on the available capacity at the treatment plant; and

WHEREAS, inflow and infiltration (I&I) into the City collection system (i.e. sewer pipes) from surface water has also increased the demand on available treatment plant capacity; and

WHEREAS, the combination of I&I and increased base flows has caused discharges from the treatment plant to violate permitted NPDES levels during certain weather events; and

WHEREAS, the City has engaged in a significant program of investigation, remediation, and repair of the collection system to reduce the amount of I&I and the corresponding demand on the treatment facilities; and

WHEREAS, the City is also amending the Facilities Master Plan to provide for the design, financing, and construction of additional ~~treatment~~ facilities to improve the capacity of the City's wastewater system in the long term; and

WHEREAS, the aforementioned permit violations resulted in enforcement proceedings from DEQ and EPA which were resolved via the consent decree entered in the U.S. District Court for the District of Oregon on September 11, 2023 (the "Consent Decree"); and

WHEREAS, the terms of the Consent Decree required the City to perform a "stress test" and comprehensive capacity analysis to determine the capacity of the City's existing sanitary sewer system based on work the City had already performed to improve capacity; and

WHEREAS, the Consent Decree also required the City to limit new connections to the City's sanitary sewer system, and modifications to existing connections to the City's sanitary sewer system that increase flows, to no more than 300 equivalent residential units (ERUs) until the comprehensive capacity analysis results were approved by EPA and DEQ, at which point the 300 ERU cap would be replaced with a cap determined by the results of the comprehensive capacity analysis; and

WHEREAS, the City submitted the results of the comprehensive capacity analysis to EPA and DEQ on September 29, 2023, which resulted in a conditional approval decision on April 11, 2024, authorizing the

City to immediately access 270 additional ERUs above and beyond the 300 ERUs previously available, and to access 190 additional ERUs upon the completion of certain specified actions by the City and approval by EPA and DEQ; and

WHEREAS, as of the date of this Resolution, the City has issued ~~118.8~~174.4 ERUs to developments out of the ~~initial 300~~570 ERUs, resulting in a total number of ERUs available as of this date of ~~451.2~~395.6 ERUs; and

WHEREAS, upon completion of the actions described in the conditional approval, and further approval by EPA and DEQ, the City anticipates that more capacity will become available and additional development projects will be allowed to connect to the sanitary sewer system and add increased flows through existing connections; and

WHEREAS, the Consent Decree requires the City to take such actions as are necessary to meet the above obligations, including enactment of a development moratorium; and

WHEREAS, while negotiations with EPA and DEQ relating to the Consent Decree were ongoing, the City enacted a development moratorium via Resolution 2022-24 on October 3, 2022, and extended that moratorium via Resolution 2023-07 on March 20, 2023 (the "First Moratorium"); and

WHEREAS, upon approval of the Consent Decree by City Council, the City repealed and replaced the First Moratorium and enacted a new development moratorium with Resolution 2023-27 on June 20, 2023, and extended that moratorium via Resolution 2023-34 on November 20, 2023 (the "Second Moratorium"); and

WHEREAS, upon approval of the 270 additional ERUs, the City repealed and replaced the Second Moratorium and enacted a new development moratorium with Resolution 2024-11 on June 3, 2024, and extended that moratorium via Resolution 2024-24 on December 2, 2024 (the "Third Moratorium"); and

WHEREAS, land use applications which were submitted prior to enactment of the First Moratorium (the "Pre-Moratorium Applications") were not subject to the prohibition on acceptance and processing of new land use and development applications in the First Moratorium, ~~and~~ Second Moratorium, and Third Moratorium, but were impacted by the limitations on issuance of building permits and other permits also established in the First Moratorium ~~and~~, Second Moratorium, and Third Moratorium; and

WHEREAS, in the interest of fairness, a priority of the City has been and continues to be to limit negative impacts on the Pre-Moratorium Applications; and

WHEREAS, the additional ERUs ~~now~~ available to the City with adoption of the Third Moratorium ~~made~~make it possible for the first time since the enactment of the First Moratorium for the City to ensure ERUs are available to allow each of the Pre-Moratorium Applications to move forward; and

WHEREAS, as a result, the City established an ERU allocation program as part of the Third Moratorium, pursuant to which X of the remaining Y ERUS available to the City have been allocated; and

WHEREAS, the Consent Decree also sets out a process the City is required to follow in order to address the need for additional capacity in its wastewater system into the future, including specific steps the City is required to take and deadlines for completion; and

WHEREAS, the moratorium imposed by this Resolution is intended to meet the City’s obligations under the Consent Decree and to prevent the approval of additional development that will require new connections to the City’s sanitary sewer system or increased flow through existing connections to the City’s sanitary sewer system, until such time as sufficient additional capacity in the City’s wastewater system is achieved; and

WHEREAS, the new moratorium enacted by this Resolution is intended to replace the ~~Second~~ Third Moratorium; and

WHEREAS, this Resolution is authorized by ORS 197.505 to 197.540.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SANDY:

DEVELOPMENT APPLICATION LIMITATIONS

Section 1. **Generally.** The City of Sandy Development Services Department (the “Department”) staff shall not accept or process a land use application or other application for approval of development that is submitted on or after the effective date of this Resolution if the development will require a new connection to the City sanitary sewer system or will result in increased flow through an existing connection to the City’s sanitary sewer system.

Section 2. **Subject Application Types.** Section 1 of this Resolution applies to the following types of land use applications or other similar applications as determined by the Department Director:

- a. Subdivision.
- b. Partition, except as provided in Section 3.n and 3.r below.
- c. Specific area plan.
- d. Replat that results in creation of an additional lot.
- e. Design review that will require a new connection or increased flows through an existing connection if approved, including conversion of a single-family dwelling into a duplex.
- f. Accessory dwelling unit.
- g. Food cart permit outside of an existing food cart pod.
- h. Conditional use permit that requires a new connection or will result in increased flows through an existing connection.

Section 3. **Exempt Application Types.** Section 1 of this Resolution does not apply to the following types of land use applications or other similar applications as determined by the Department Director:

- a. Comprehensive plan or zoning map amendment.

- b. Property line adjustment.
- c. Design review without a new connection and which will not result in increased flows through an existing connection.
- d. Conditional use permit without a new connection and which will not result in increased flows through an existing connection.
- e. Food cart permit inside an existing food cart pod.
- f. Adjustment, variance, or design deviation.
- g. Tree permit.
- h. Flood slope hazard permit.
- i. Hillside development permit.
- j. Replat that does not create an additional lot.
- k. Street vacation.
- l. Request for code interpretation.
- m. Development that relies on on-site septic treatment or another alternative that does not connect to the City sanitary sewer, as allowed under City code and other applicable laws.
- n. Middle Housing Land Division per Section 17.100.50 of the Sandy Municipal Code and SB 458 (2021).
- o. City projects described in a facility plan or master plan.
- p. Annexations.
- q. Hardship permits.
- ~~r.~~ [Partition, provided the property owner records a deed restriction on each resulting parcel, preventing the parcel from being developed until such time as the City is no longer subject to the Consent Decree or such time as the City agrees, in its sole discretion, to release the deed restriction. The recording instrument for the deed restriction shall be approved by the Department Director prior to recording. For purposes of this subsection, "developed" refers to any use of the property that would require a new connection to the City sanitary sewer system or result in increased flow through an existing connection to the City's sanitary sewer system.](#)

Section 4. **Other Exceptions.** Section 1 of this Resolution does not apply to the following land use applications or other applications for approval of development:

- a. Applications which will not require a new connection to the City sanitary sewer system and will not result in increased flow through an existing connection to the City's sanitary sewer system.

- b. Applications for which ERUs have been allocated pursuant to Sections 6 through 10 of this Resolution or to which ERUs have been reassigned pursuant to Section 12 of this Resolution.

SEWER CONNECTION LIMITATIONS

Section 5. **Generally.** During the time this Resolution is in effect, the Department will limit any new connections to the City's sanitary sewer system, and any increased flows through existing connections, to ~~451.2~~395.6 ERUs. The Department shall not issue building permits or other permits that in total would allow more than ~~451.2~~395.6 ERUs through new connections or increased flows through existing connections to the City's sanitary sewer system. This Section 5 is subject to the following:

- a. ERUs shall be calculated as set forth in the Consent Decree.
- b. A second connection to an existing duplex currently served by a single connection in order to allow a Middle Housing Land Division under Section 3.n above, per Section 17.100.50 of the Sandy Municipal Code and SB 458 (2021), shall not be considered a new connection for purposes of this Section 5.
- c. Because the City anticipates that all of the ERUs available under this Section 5 may be required in order to meet the needs described in Sections 6 through 10 below, the Department shall not issue any building permits or any other permits that would allow new connections or increased flows through existing connections to the City's sanitary sewer system except for developments for which ERUs have been allocated pursuant to Sections 6 through 10 of this Resolution or to which ERUs have been reassigned pursuant to Section 12 of this Resolution.

ERU ALLOCATION PROGRAM

Section 6. **Generally.** The City ~~will~~has allocated ERUs to specific development projects for which land use applications were submitted prior to the enactment of the First Moratorium, and for which such approval was subsequently obtained, as set forth ~~below~~in the Third Moratorium, in the interest of ensuring maximum possible fairness and certainty under the circumstances, and in an effort to accommodate the housing and economic development needs of the City as much as possible, pursuant to ORS 197.520. That program has concluded and no new ERU allocations will be issued under this moratorium except in the limited circumstances described below. Additionally, consistent with the terms of the Third Moratorium, extensions will continue to be permitted as set forth below.

Section 7. **Application for Extension.** A person who wishes to obtain an extension ~~for~~of the term of an allocation of ERUs issued under the Third Moratorium for a development project on a property owned by that person must submit a written application to the Department ~~no later than 4:00 p.m. on September 3, 2024~~one year from issuance of the allocation

~~letter~~ prior to the expiration of the then-current term. The application must include the following:

- a. A description of the property.
- b. A reference to the land use decision which approved the development on the property for which an ERU allocation is sought.
- c. The number of ERUs for which the extension of term is requested ~~to be allocated~~.
- d. The length of time for which an extension of term is being requested.
- ~~d.e.~~ The names and signatures of all of the owners of the property.
- ~~e.f.~~ A narrative explaining how the criteria of Section 8 are met.
- ~~f.g.~~ A processing fee in the amount of \$530.00.

Section 8. **Approval Criteria.** The Development Services Director, or designee, shall review applications submitted under Section 7 as they are received, and shall approve each application in writing if it meets all of the following criteria:

- a. ~~In regard to the land use approval for which ERUs are requested to be allocated, the application was submitted prior to the date the First Moratorium was enacted (October 3, 2022), and such application has received final approval~~ The development project previously received an ERU allocation under the Third Moratorium.
- b. The number of ERUs for which the extension of term is requested ~~to be allocated~~ does not exceed the number of ERUs previously allocated minus any ERUs which have been subsequently issued.
 - ~~i. For land use decisions where a specific number of ERUs can be calculated based on the terms and conditions of the approval (e.g. unit count, unit type, approved use) or based on building permits submitted prior to the effective date of this Resolution and not issued prior to the effective date of this Resolution, the number of ERUs so calculated.~~
 - ~~ii. For all other land use decisions, 1 ERU per lot or parcel, excluding lots and parcels which are dedicated or restricted to use as open space, common areas, water quality facilities, or similar.~~
 - ~~iii. If any building permits were issued for the property in question prior to the effective date of this Resolution, the number of ERUs attributable to those building permits will be subtracted from the number calculated under either subsection (i) or (ii) above.~~
- c. The length of time for which the extension of term is being requested does not exceed one (1) year.

Section 9. **Terms of ~~Allocation-Extension~~ Approval.** An ~~allocation-extension~~ approval issued by the Department Director, or designee, shall:

- a. Specify and be restricted to the property for which it was requested and qualified, except as set forth in Section 12.
- b. Specify and be restricted to the land use approval for which it was requested and qualified, except as set forth in Section 12.
- c. Specify the number of ERUs allocated.
- d. Expire one (1) year after the date that it is issued, or at such earlier time as may be requested by the applicant and approved by the Director or designee, unless further extended pursuant consistent with to this subsection. The recipient of the approval extension, or their successor or assign, may submit a written request meeting the requirements of Section 7(a) through (f) (except that information submitted under subsection 7(e) shall be related to the criteria in this subsection) to the Department for an extension of the expiration date, prior to such expiration date. Such extensions shall be granted in writing by the Department Director, or designee, if the request meets the criteria in this subsection. The duration of each extension shall not exceed one (1) additional year, and request and receive additional extensions under Sections 7 through 10, provided that no more than two (2) total extensions may be granted, for a total period not to exceed three (3) years from the date of original issuance of the ERU allocation.

Section 10. **Allocation of Additional Remaining ERUs.** Any ERUs not allocated under ~~Sections 7 through 9 of this Resolution~~ the Third Moratorium, or for which such allocations have expired, shall be reserved by the City for further allocation based on the following:

- a. ERUs will be allocated on a first come, first served basis at the time of issuance of the permit indicated below.
- b. ERUs may only be allocated for either:
 - i. Connection to the City's wastewater system for existing development where such connection is necessary due to pollution, health, or safety concerns, such as failed septic systems. These ERUs will be allocated at the time of plumbing permit issuance.
 - ii. Development of duplexes on properties and for land use approvals which obtained an ERU allocation under ~~Sections 7 through 9 of this Resolution~~ the Third Moratorium. These ERUs will be allocated at the time of building permit issuance.

Section 11. **Future Allocation of Unallocated ERUs.** Upon repeal of this moratorium, the City Council may re-evaluate the method of allocating ERUs for any ERUs which have not already been allocated ~~under Sections 7 through 10 of this Resolution~~, or for which the allocation has expired.

ERU REASSIGNMENT PROGRAM

Section 12. **Generally.** The owner of a property may submit an application to the Department to reassign ERUs associated with that property, subject to the following:

- a. **Eligible Properties.** ERUs may be reassigned only from either:
 - i. A property to which ERUs ~~have were been~~ allocated ~~pursuant to Sections 7 through 9 of this Resolution~~ under the Third Moratorium; or
 - ii. A property on which an existing development ~~is was~~ located as of the date of enactment of the First Moratorium (October 3, 2022). For purposes of this Section, “existing development” means any ~~existing~~ improvements to the property that involved d use of the City’s sanitary sewer system.
- b. **Number of ERUs Available to be Reassigned**
 - i. For properties described in Section 12(a)(i) (allocated ERUs), the number of ERUs which can be reassigned is limited to the number of ERUs so allocated.
 - ii. For properties described in Section 12(a)(ii) (existing developments), the number of ERUs which can be reassigned is limited to the number of ERUs calculated for the existing development based on the terms of the Consent Decree.
- c. **Where ERUS May be Reassigned.**
 - i. ERUs from properties described in Section 12(a)(i) (allocated ERUs) may be reassigned to either:
 - I. The same land use on a different property; ~~or~~ or
 - II. A different land use on the same property; ~~or~~
 - ~~III.~~ A commercial or industrial use on a different property.
 - ii. ERUs from properties described in Section 12(a)(ii) (existing developments) may only be reassigned to a different land use on the same property or to a commercial or industrial use on a different property.
 - iii. ERUs may not be reassigned to a different land use on a different property, except for a commercial or industrial use on a different property.
 - iv. Notwithstanding the foregoing, ERUs from properties described in Section 12(a)(ii) (existing developments) may be reassigned to a different property, regardless of land use type, for essential public facilities. For purposes of this subsection, essential public facilities means public safety facilities, public schools, and city administrative facilities.
- d. **Deed Restriction.** When the request is to reassign ERUs from one property to a different property, the owner of the property from which ERUs are requested to be reassigned (the “Originating Property”) must record a deed restriction on the Originating Property, preventing the Originating Property from being developed until such time as the City is no longer subject to the Consent Decree or such time as the City agrees, in its sole discretion, to release the deed restriction. The recording

instrument for the deed restriction shall be approved by the Department Director prior to recording. For purposes of this subsection, “developed” refers to any use of the property that would involve use of the City’s sanitary sewer system.

- e. **Review and Approval.** If the application meets the requirements of this Section 12, the Department Director, or designee, shall approve the request in writing.

MISCELLANEOUS PROVISIONS

- Section 13. The moratorium previously enacted via Resolution ~~2023-27~~2024-11 on June ~~203~~, ~~2023~~2024, and extended via Resolution ~~2023-34~~2024-24 on ~~November 20~~December 2, ~~2023~~2024, is hereby repealed.
- Section 14. The City Council shall review this Resolution and determine whether there is a need to extend or repeal the moratorium it establishes not more than six months after the effective date of this Resolution.
- Section 15. The City hereby adopts the requirements of the Consent Decree as its program to correct the problems leading to this moratorium, as required by ORS 197.530.
- Section 16. This Resolution is based on the recitals above and the findings of fact set forth in the attached Exhibit A.
- Section 17. This Resolution is effective on the date it is adopted by the City Council and shall remain in effect for a period of six months, unless earlier extended or repealed.

This resolution is adopted by the City Council of the City of Sandy this ~~3rd~~^{2nd} day of June, ~~2024~~²⁰²⁵.

Stan Pulliam, Mayor

ATTEST:

Jeffrey Aprati, City Recorder

DRAFT

EXHIBIT A

FINDINGS OF FACT

1. These findings are intended to supplement the findings stated in the recitals to Resolution [2025-xx](#).
2. ORS 197.520 provides:
 - (1) No city, county or special district may adopt a moratorium on construction or land development unless it first:
 - (a) Provides written notice to the Department of Land Conservation and Development at least 45 days prior to the final public hearing to be held to consider the adoption of the moratorium;

Finding: The City e-mailed notice to DLCD on April 18, 2025. This criterion is satisfied.

- (b) Makes written findings justifying the need for the moratorium in the manner provided for in this section; and

Finding: The findings stated in the recitals to Resolution [2025-xx](#) and this Exhibit A are written findings justifying the need for the moratorium. This criterion is satisfied.

- (c) Holds a public hearing on the adoption of the moratorium and the findings which support the moratorium.

Finding: The City Council held a hearing on the adoption of the moratorium and the findings during a duly noticed public meeting on June 2, 2025. This criterion is satisfied.

- (2) For urban or urbanizable land, a moratorium may be justified by demonstration of a need to prevent a shortage of public facilities which would otherwise occur during the effective period of the moratorium. Such a demonstration shall be based upon reasonably available information, and shall include, but need not be limited to, findings:

Finding: The land affected by this moratorium is the entire city limits of the City of Sandy, which is urban or urbanizable land. The basis for the moratorium is a need to prevent a shortage of public facilities which would otherwise occur during the effective period of the moratorium. This criterion is satisfied.

- (a) Showing the extent of need beyond the estimated capacity of existing public facilities expected to result from new land development, including identification of any public facilities currently operating beyond capacity, and the portion of such capacity already committed to development;

Finding: The Consent Decree constitutes a legally binding agreement and court order establishing that the capacity of the City's wastewater system is the ERU cap set by EPA and DEQ pursuant to the Capacity Assurance Program component of the Consent Decree, which is ~~451.2~~395.6 ERUs as of June 2, 2025. The City has allocated ERUs to ~~staff has estimated that development projects where~~ applications for land use approval ~~were~~ submitted prior to the effective date (October 3, 2022) of the prior moratorium created by Resolution 2022-24, ~~totaling and not yet developed, will require 447.7~~389.1 ERUs of wastewater system capacity, including ~~planned~~ duplexes within those developments. City staff further estimates that a small number of ERUs will be necessary during the term of this moratorium to address failed septic systems. Therefore, the wastewater system capacity already committed to development, for purposes of ORS 197.520(2)(a), is expected to consume the capacity of existing public facilities. Any need which may exist beyond the development represented by applications for land use approval that were submitted prior to October 3, 2022, and failing septic systems, is thus beyond the estimated capacity of existing public facilities. This criterion is satisfied.

- (b) That the moratorium is reasonably limited to those areas of the city, county or special district where a shortage of key public facilities would otherwise occur; and

Finding: The City sanitary sewer system serves the entire city. Therefore, the moratorium must apply to the entire city. This criterion is satisfied.

- (c) That the housing and economic development needs of the area affected have been accommodated as much as possible in any program for allocating any remaining public facility capacity.

Finding: The City negotiated with EPA and DEQ to maximize the number of ERUs of capacity that would be available under the Capacity Assurance Program component of the Consent Decree in order to accommodate as much development addressing housing and economic development needs as possible. The City anticipates more capacity becoming available in the future once the City is able to meet the conditions specified in the approval from EPA and DEQ, and the moratorium will be revisited as needed to ensure any such capacity will be made available to address additional housing and economic development needs. Moreover, as further capacity becomes available as a result of the City's ongoing efforts toward improvement to and repair of the collection and treatment systems, the City also intends that this capacity will be made available to address additional housing and economic development needs.

The ~~City anticipates that the~~ number of ERUs ~~now~~ available under the Capacity Assurance Program ~~and this revised moratorium~~ and allocated pursuant to the Third Moratorium will allow each of the developments for which land use applications were submitted prior to October 3, 2022, to move forward ~~in accordance with their development plans~~. However, the City does not at this time anticipate that there will be an excess of capacity beyond what is needed to accommodate those developments and failed septic systems. Therefore, ~~by establishing an ERU allocation program designed to allow those developments to move forward~~, the City ~~is~~ has accommodated ~~ing~~ housing and economic development needs as much as possible, with the level of need and the balance between economic development and housing needs determined by the market forces which resulted in those applications being submitted. If capacity remains after those developments have been given the opportunity to ~~secure ERUs under this revised moratorium~~ proceed, the City intends to revisit the moratorium terms in order to make those ERUs available to address additional housing and economic development needs.

Finally, the City has structured the ERU allocation program and ERU reassignment program to ensure, to the maximum extent reasonably possible, that available capacity is actually used to address housing and economic development needs.

This criterion is satisfied.

3. ORS 197.530 provides:

- (1) A city, county or special district that adopts a moratorium on construction or land development in conformity with ORS 197.520(1) and (2) shall within 60 days after the effective date of the moratorium adopt a program to correct the problem creating the moratorium. The program shall be presented at a public hearing. The city, county or special district shall give at least 14 days' advance notice to the Department of Land Conservation and Development of the time and date of the public hearing.

Finding: Resolution 2025-xx adopts the requirements of the Consent Decree as the City's program to correct the wastewater system problems creating the need for the moratorium. The City's program to correct the wastewater system problems is adopted simultaneously with adoption of the moratorium. This program was presented at a public hearing under consideration of Resolution 2025-xx on June 2, 2025. Notice of this public hearing was provided to DLCD via e-mail on April 18, 2025. This criterion is satisfied.

- (2) No moratorium adopted under ORS 197.520(2) shall be effective for a period longer than six months from the date on which the corrective program is adopted...

Finding: The effective period for this moratorium is six months. This criterion is satisfied.

4. This Resolution is based on and directly implements state law. There are no applicable goals and policies in the Sandy Comprehensive Plan.

DRAFT

Alternative Wastewater System Concept

1. Developments that receive approval for an alternative wastewater system are exempt from the moratorium because they are not making a "new connection to the City sanitary sewer system" or "increas[ing] flow through an existing connection."
2. A developer or business owner desiring to use an alternative wastewater system would pay a specified fee and apply for an alternative wastewater system permit through a land use process as follows:
 - a. Applications will be reviewed by Planning and Public Works and their comments and recommendations will be included in a staff report.
 - b. Planning Commission will hold a hearing and make a recommendation to Council. Council will hold a hearing and make a final decision. (A Type IV process.)
3. Streamlined approval criteria for porta-potties and/or greywater systems as follows:
 - a. Allowed for industrial, commercial, and community service (schools, churches, community centers, fire stations, libraries, parks and playgrounds, cemeteries, and government buildings) uses only.
 - b. If industrial or commercial, use is of a type where the public generally is not received.
 - c. Proposed alternative wastewater system will have no impact on the City's wastewater system and will adequately protect from environmental contamination.
 - d. Waste disposal will occur outside the City of Sandy's public wastewater system.
 - e. Proposed system, including proposal regarding operation and maintenance, is adequate for the wastewater volumes for the proposed use.
 - f. Proposed system will be fully screened from view from the right-of-way and neighboring properties.
 - g. ADA accessibility requirements and any other applicable County, State, or federal requirements will be met.
4. Approval criteria for all other types of systems would include the above, plus:
 - a. The proposal is not materially detrimental or injurious to the public welfare or the surrounding area.
 - b. The proposal is for a use identified as a target industry in the City's Economic Development Plan or otherwise advances the goals of the Economic Development Plan.
5. Other requirements would include:
 - a. Developer or business owner will be required to install all internal fixtures and all infrastructure necessary for future connection to the City's sanitary sewer system, up to the point of connection within the right-of-way, but cannot actually connect until authorized by the City.
 - b. For porta-potties, developer or business owner is required to remove all porta-potties and connect to the City's sanitary sewer system within 90 days after official written notification from the City.
 - c. For grey water systems, these may remain in place for the useful life of the system.

- d. For other types of systems, City Council may determine whether an approach like (b) or (c) is appropriate based on the nature of the system, including its cost.
- e. SDCs are due at the time of connection.
- f. Failure to connect when required or to maintain and operate the system as proposed can result in fines and a lien on the property under SMC Chapter 17.06. If connection is not made within the time specified in 5(b) above, the City may perform the work required to make the connection, invoice the property owner for the cost of the work, and if unpaid after 30 days, lien the property.
- g. Deed restriction approved by the City must be recorded to notify future purchasers of obligation to connect and pay SDCs in the future.



CITY COUNCIL MEETING

Monday, March 03, 2025 at 6:00 PM
Sandy City Hall and via Zoom

MINUTES

WORK SESSION – 6:00 PM

1. Follow-Up Discussion: Wastewater Discharge Alternatives

The Mayor and City Manager provided introductory remarking, summarizing the staff report in the meeting packet. Dick Talley and Heather Stephens with Stantec were present for the discussion. Mr. Talley and Ms. Stephens provided an overview of the City's efforts to address its wastewater challenges over a number of years, and the significant decisions that have been made thus far, including the involvement of the Oregon Department of Environmental Quality (DEQ) and the US Environmental Protection Agency (EPA), which served as the catalyst for the City to move quickly to develop a permanent solution.

They summarized the multiple wastewater discharge options that have been studied by the City, which were referenced in the packet materials. Regulatory limits that make discharging into Tickle Creek infeasible over the long term were discussed, as well as the unsuitability of local soils for accommodating ground infiltration (in contrast to other facilities in the state). Other approaches discussed included using reclaimed water either for fire protection or for irrigation; it was noted that the cost of irrigation reuse is infeasibly high, and the cost of acquiring sufficient land for fire protection is also prohibitively high. It was also noted that even if land were acquired for water storage, an expensive pipeline to the property would still need to be constructed making the cost comparable to the regional discharge option.

It was noted that the program budget for wastewater improvements includes a large contingency that will hopefully not be needed. Macro-economic factors including the price of importing important components was also discussed. It was acknowledged that future wastewater utility rates being forecasted by the City are unacceptably high, and that every effort needs to be made to mitigate the impact on ratepayers.

Discussion ensued on the fact that a regional discharge has been contemplated by the City for decades, and it has been understood that Tickle Creek cannot be a discharge solution for the City in perpetuity. It was stressed that relationship building with the City of Gresham will be of high importance, and that the City Council will need to be a critical component of that effort.

The Council asked staff to develop utility rate scenarios to anticipate the degree of rate reduction that could be realized with varying levels of outside grant funding, particularly funding for construction. Finally, it was emphasized that time is of the essence, and that effective communication with the public is of high importance so that the project challenges and strategies are fully understood.

REGULAR MEETING – 7:00 PM

PLEDGE OF ALLEGIANCE

ROLL CALL

PRESENT

Mayor Kathleen Walker
Council President Don Hokanson
Councilor Chris Mayton
Councilor Laurie Smallwood
Councilor Rich Sheldon
Councilor Kristina Ramseyer
Councilor Lindy Hanley

CHANGES TO THE AGENDA

(none)

PUBLIC COMMENT (3-minute limit)

(none)

RESPONSE TO PREVIOUS COMMENTS

(none)

CONSENT AGENDA

2. City Council Minutes: February 18, 2025

MOTION: Adopt the consent agenda

Motion made by Council President Hokanson, Seconded by Councilor Ramseyer.

Voting Yea: Mayor Walker, Council President Hokanson, Councilor Mayton, Councilor Smallwood, Councilor Sheldon, Councilor Ramseyer, Councilor Hanley

MOTION CARRIED: 7-0

OLD BUSINESS

3. Draft 2025-27 City Council Goals

The City Manager summarized the staff report in the meeting packet. The Council proceeded to review the draft goal language; the following amendments were proposed:

- Add the following language in the Parks and Recreation section: “work with community service personnel to ensure that parks are patrolled regularly and that park regulations are enforced.”

- In the Development Services section, revise the Safe Routes to School language to state the following: “apply for an ODOT Safe Routes to School Grant with cooperation and financial contribution from the Oregon Trail School District.”
- In the City Operations section, revise the economic development language to state the following: “Supplement staff capacity to implement the Economic Development Strategic Plan to create more living wage jobs, support local business growth, and support a strong local economy.”

MOTION: Adopt the 2025-27 City Council goals as amended

Motion made by Councilor Mayton, Seconded by Council President Hokanson.

Voting Yea: Mayor Walker, Council President Hokanson, Councilor Mayton, Councilor Smallwood, Councilor Sheldon, Councilor Ramseyer, Councilor Hanley

MOTION CARRIED: 7-0

NEW BUSINESS

4. Resolution 2025-09 - Supporting Proposed MHCC Bond Measure

The Mayor provided introductory remarks and summarized the rationale for the proposed resolution. Some Councilors expressed reservations about increased taxes for residents, while others emphasized the importance of supporting MHCC.

MOTION: Adopt Resolution 2025-09

Motion made by Council President Hokanson, Seconded by Councilor Ramseyer.

Voting Yea: Mayor Walker, Council President Hokanson, Councilor Ramseyer

Voting Nay: Councilor Mayton, Councilor Smallwood, Councilor Sheldon, Councilor Hanley

MOTION DEFEATED: 3-4

5. PUBLIC HEARING - Ordinance 2025-08: Urban Renewal Agency Board Modification

Abstentions

(none)

Conflicts of Interest

(none)

Staff Report

The City Manager summarized the staff report included in the meeting packet. He noted that he has spoken with the Executive Director of the Mt Hood Area Chamber of Commerce and has emphasized the importance of that organization’s continuing involvement in City affairs.

Public Testimony

(none)

MOTION: Close the public hearing

Motion made by Councilor Smallwood, Seconded by Councilor Hanley.

Voting Yea: Mayor Walker, Council President Hokanson, Councilor Mayton, Councilor Smallwood, Councilor Sheldon, Councilor Ramseyer, Councilor Hanley

MOTION CARRIED: 7-0

Council Discussion

(none)

MOTION: Approve the first reading of Ordinance 2025-08

Motion made by Councilor Sheldon, Seconded by Councilor Ramseyer.

Voting Yea: Mayor Walker, Council President Hokanson, Councilor Mayton, Councilor Smallwood, Councilor Sheldon, Councilor Ramseyer, Councilor Hanley

MOTION CARRIED: 7-0

MOTION: Approve the second reading of Ordinance 2025-08

Motion made by Councilor Mayton, Seconded by Councilor Ramseyer.

Voting Yea: Mayor Walker, Council President Hokanson, Councilor Mayton, Councilor Smallwood, Councilor Sheldon, Councilor Ramseyer, Councilor Hanley

MOTION CARRIED: 7-0

6. Resolution 2025-07: Updating Public Contracting Rules

The Finance Director summarized the staff report in the meeting packet. Ashleigh Dougill with BEH was present to provide further details on the proposed updates to the City's contracting policies and conformity with updated state standards.

Council discussion ensued on the following issues:

- The City Manager should continue to proactively and regularly communicate with the Council regarding significant purchases and contracts, potentially using the weekend update email.
- Goods procurement and contracts have important distinctions.

- The City Manager retains expanded signing authority previously granted by the Council for specific projects; the sunset provisions of that authority should be verified.

MOTION: Adopt Resolution 2025-07

Motion made by Councilor Smallwood, Seconded by Councilor Mayton.

Voting Yea: Mayor Walker, Council President Hokanson, Councilor Mayton, Councilor Smallwood, Councilor Sheldon, Councilor Ramseyer, Councilor Hanley

MOTION CARRIED: 7-0

7. Resolution 2025-06: Full Faith and Credit Obligation to Fund Water Capital Projects

The City Manager summarized the staff report in the meeting packet. The following issues were discussed by the Council:

- Logistical differences between bonds and WIFIA loans, especially regarding repayment terms
- Discussion on the bond carrying a higher interest rate than the loan being refunded, and the rationale for doing so with respect to debt service payments and the strategy to avoid significant spikes in future rate increases for ratepayers. It was also noted that the loan to be refunded was not scheduled to be paid off until 2035.
- Contingency plans should the Portland Water Bureau filtration facility ultimately not be constructed
- Discussion on the remaining unfunded amount of the drinking water program; it was noted that as costs are further refined it may become evident that the full program budget will not be needed.

MOTION: Adopt Resolution 2025-06

Motion made by Councilor Sheldon, Seconded by Council President Hokanson.

Voting Yea: Mayor Walker, Council President Hokanson, Councilor Mayton, Councilor Smallwood, Councilor Sheldon, Councilor Ramseyer, Councilor Hanley

MOTION CARRIED: 7-0

REPORT FROM THE CITY MANAGER

- Update on planned repairs for Base Camp at Cedar Park; discussion on strategies for mitigating mosquitoes
 - The Council sought clarity on the specific areas to be closed during construction, and emphasized the need to provide clear signage and publicize the plans for the community
- Update on the Public Works Director recruitment and interview plans. Councilors emphasized the importance of asset management skills, and the importance of making the right hire even if it takes time. It was noted that the pool of applicants is encouraging.
- Discussion on the need to interview Budget Committee applicants; Councilors Sheldon, Hanley, and Ramseyer were appointed to an interview panel.

COMMITTEE / COUNCIL REPORTS

Council President Hokanson

- Reflections on the discussion and vote on the proposed resolution to support the MHCC bond

Councilor Hanley

- Reflections on the discussion and vote on the proposed resolution to support the MHCC bond

Councilor Ramseyer

- Reflections on the heavy burden on ratepayers presented by the large infrastructure projects the City must complete; everyone involved is doing the best they can

Councilor Sheldon

- C-4 update

Councilor Smallwood

(none)

Councilor Mayton

- Update on his appointment to the Mt Hood Economic Alliance board
- Reflections on the discussion and vote on the proposed resolution to support the MHCC bond

Mayor Walker

- Appreciation for the Council voting its conscience on the MHCC bond support item
- Thanks for the code enforcement work performed on Barket Ct
- Disappointment on the lack of a Mt Festival carnival again this year; suggestion for the Council liaisons to the committee to help pursue solutions
- Suggestion to ensure the City is actively involved with the revived Sandy River Watershed Council
- Remarks on the repairs to Base Camp at Cedar Park
- Recap of recent meetings with legislators on the City's funding requests
- Concerns about utility bill payment dates
- Recap of recent correspondence with a resident on the City's wastewater challenges
- Remarks on the City's economic development priorities and the need to identify the actions in the strategic plan that should be pursued and completed first and provide direction to the advisory board
- Note that the community livability committee will be established soon

STAFF UPDATES

Monthly Reports: <https://reports.cityofsandy.com/>

ADJOURN



STAFF REPORT

Item # 3.

Meeting Type: City Council Meeting
Meeting Date: March 17, 2025
From: Tyler Deems, City Manager
Subject: PUBLIC HEARING: Resolution 2025-11 – Adopting a New Methodology for Water and Wastewater System Development Charges

DECISION TO BE MADE:

Whether to adopt Resolution 2025-11, adopting a new methodology for water and wastewater system development charges.

Note: this hearing concerns adoption of the SDC methodology only. The Council will need to take subsequent action to update the actual SDC rates, which can be set at any level up to the maximum defensible amounts.

BACKGROUND / CONTEXT:

This updated methodology for water and wastewater was presented to the Council on [November 18, 2024](#). At that meeting, the Council directed staff to issue the required 90-day notice and prepare for a public hearing to adopt the methodology.

Sandy is facing increasing capital costs related to major improvements required for its water and wastewater systems. The City's existing water and wastewater SDC methodologies do not reflect the forecasted costs of those major improvements. In the summer of 2024, the City contracted with FCS to prepare updated SDC calculations using the City's 2022 Water Master Plan and 2019 Wastewater System Facilities Plan, including more recent project cost information and system capacity data.

As the Council is aware, the City is currently engaged in a project to amend the Wastewater System Facilities Plan (WSFP), which is not yet complete. While it would have been possible to wait to update the sewer SDC methodology until after the plan amendment is finished, this new methodology based on the 2019 plan is being proposed for adoption at this time to allow the City to benefit from beginning to collect greater wastewater SDC revenue without further delay. The City has the option of updating the wastewater SDC again in the future after the WSFP amendment is adopted and approved.

KEY CONSIDERATIONS / ANALYSIS:

Water and Wastewater SDCs: The draft SDC calculations; which reflect the City's water and wastewater project list, system capacity, and expected demand; are shown in the table below.

The SDC calculations include three major elements:

1. The improvement fee cost basis: represents the cost of capacity-expanding projects that will be used by growth. The projects and project costs come from City staff's planning efforts, and the allocation to growth comes from industry-standard practices for determining growth's share. As shown, the improvement fee cost basis is \$66.4 million for the water SDC and \$42.4 million for the wastewater SDC. These calculations assume that the City will be using SDCs to help pay for debt issued to fund the project list.
2. The reimbursement fee cost basis: represents the cost of unused capacity available for growth in the City's water and sewer systems. The cost estimates came from the City's fixed asset schedule, while the capacity remaining for growth comes from statistics provided in the City's master plans. As shown, the reimbursement fee cost basis is \$1.2 million for the water SDC and \$0 for the wastewater SDC, given the lack of data supporting available capacity in that system. The improvement fee and reimbursement fee cost bases, together with a small provision for compliance with SDC law (\$89,193 for the water SDC and \$54,888 for the sewer SDC) form the numerators of the respective SDC calculations.
3. The expected growth in system demand for each system: measured in meter capacity equivalents (MCEs), forming the denominator of the SDC calculations. As shown in the table below, that expected growth is 3,659 MCEs for the water SDC calculation, and 2,841 for the sewer SDC calculation. That the growth estimates are different is partially explained by the fact that the planning period for the water SDC is through 2050, whereas the planning period for the sewer SDC is through 2040. In addition, the growth estimates provided in each master plan supported different project lists. To maintain the required nexus between the charge and the capacity it pays for, it is more defensible to use growth estimates specific to each service.

Finally, dividing the numerator (the total cost basis) by the denominator (growth in system demand) yields the SDC calculation for each utility. As shown below, that calculation results in a maximum SDC of \$18,477 for the water utility and \$14,952 for the sewer utility.

Calculated SDCs	Water		Sewer	
Improvement Fee Cost Basis	\$	66,353,476	\$	42,418,170
Reimbursement Fee Cost Basis		1,167,725		-
Compliance Costs		89,193		54,888
Total	\$	67,610,394	\$	42,473,058
Growth in MCEs		3,659		2,841
Improvement Fee per MCE	\$	18,134	\$	14,932
Reimbursement Fee per MCE		319		-
Compliance Fee per MCE		24		19
Total SDC per MCE	\$	18,477	\$	14,952

Total SDCs: Below is a table detailing the current SDCs charge for each utility, as well as the maximum defensible charge for each utility. Also provided is a table showing the current SDCs charges of neighboring cities in Clackamas County. These comparable charges have been reviewed and updated with current 2025 amounts.

City of Sandy SDCs:

	Maximum Defensible	Current Charge
Water	18,477	4,294.25
Wastewater	14,952	6,126.36
Transportation	39,800	9,716.00
Parks	31,333	12,117.67

Comparable Cities SDCs (figures updated March 2025):

City	Water	Wastewater	Stormwater	Street	Parks	Total	Notes
Canby	11,140	3,389	295	4,096	6,913	25,833	Canby Water
Estacada	8,500	5,758	1,405	5,410	7,800	28,873	
Gladstone	9,684	6,958	3,724	4,573	9,670	34,609	
Happy Valley	13,122	10,010	518	12,556	10,296	46,502	Sunrise Water, WES
Lake Oswego	9,908	3,607	197	18,618	17,149	49,479	
Milwaukie	5,603	10,214	1,147	2,609	3,985	23,559	Wastewater based on square footage
Molalla	7,035	7,484	984	8,722	2,643	26,868	
Oregon City	15,793	12,207	1,240	14,566	8,090	51,896	Wastewater based on square footage
West Linn	15,792	14,254	1,796	4,313	16,515	52,670	
Wilsonville	12,391	7,102	2,432	16,823	14,000	52,748	
Average	10,897	8,098	1,374	9,229	9,706	39,304	
Sandy	4,294	6,126	-	9,716	12,118	32,254	Does not include FIL
% over/under	-61%	-24%	-100%	5%	25%	-18%	

BUDGET IMPACT:

While the amount of growth and development in Sandy over the next 20 years is impossible to predict precisely, the assumptions contained in supporting long-range planning documents and draft SDC calculations indicate the new rates would provide a positive impact on Sandy's budget for water and wastewater system improvements over the next 20 years. If development occurs as projected in the SDC calculations and if the City adopts the proposed maximum SDCs, the proposed water SDC could generate as much as \$52 million in additional SDC revenue when compared with projections under the current SDC level. The proposed sewer SDC could generate as much as \$25 million in additional SDC revenue. The revenues could increase above those amounts if the City continues to adjust its SDC with inflation.

RECOMMENDATION:

Staff recommends approval of Resolution 2025-11, adopting a new methodology for water and wastewater system development charges. As noted above, the Council will need to take subsequent action to update the actual SDC rates, which can be set at any level up to the maximum defensible amounts.

SUGGESTED MOTION:

“I move to adopt Resolution 2025-11.”

LIST OF ATTACHMENTS / EXHIBITS:

- Water and Wastewater SDC Methodology Report: FCS, January 2025

A RESOLUTION ADOPTING AN UPDATED METHODOLOGY FOR WATER AND WASTEWATER SYSTEM DEVELOPMENT CHARGES

WHEREAS, Section 15.28.050 of the Sandy Municipal Code requires that methodologies used to establish systems development charges be approved by a Resolution adopted by the Council; and

WHEREAS, the City Council engaged FCS Group, Inc. to review the 2022 City of Sandy Water System Master Plan and the 2019 City of Sandy Wastewater System Facilities Plan, and develop an updated methodology to calculate and collect Water and Wastewater System Development Charges to fund the improvements they describe; and

WHEREAS, the methodology developed by FCS Group, attached as Exhibit A, equitably apportions the cost of the projects attributable to new development; and

WHEREAS, the existing Water and Wastewater System Development Charges currently in effect are both less in amount than said methodology would support; and

WHEREAS, the Sandy City Council desires to adopt said methodology at this time but will consider associated revisions to Water and Wastewater System Development Charges at a later time.

NOW, THEREFORE, THE CITY OF SANDY RESOLVES AS FOLLOWS:

Section 1. The methodology for establishment of Water and Wastewater System Development Charges as set forth in Exhibit A, attached hereto and incorporated herein by this reference, is hereby adopted. Any associated revisions to the system development charge amounts will be established by a separate resolution of the City Council.

Section 2. The methodology adopted by this Resolution replaces the existing methodologies for water and wastewater system development charges previously adopted by the City Council.

This Resolution shall be effective on the date it is adopted by the City Council. This resolution is adopted by the City Council of the City of Sandy this 17th day of March, 2025.

Kathleen Walker, Mayor

ATTEST:

Jeffrey Aprati, City Recorder



CITY OF SANDY

Water and Sewer SDCs

Submitted by:

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January 2025

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1 Project Overview

Background

The City of Sandy (“the City”) is located in Clackamas County and serves almost 14,000 residents. The City is undergoing major improvements to both its water and wastewater systems to accommodate growth and to solve existing deficiencies in its systems. In 2024, the City contracted with FCS to update its water and wastewater system development charges (SDCs) to help provide partial funding for the construction of its planned facilities. This report documents the results of those SDC calculations.

Policy

SDCs are enabled by state statutes, authorized by local ordinance, and constrained by the United States Constitution.

State Statutes

Oregon Revised Statutes (ORS) 223.297 to 223.316 enable local governments to establish SDCs, which are one-time fees on development that are paid at the time of development or redevelopment that creates additional demand for system facilities. SDCs are intended to recover a fair share of the cost of existing and planned facilities that provide capacity to serve future users (growth).

ORS 223.299 allows for two types of SDC:

- » A reimbursement fee that is designed 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”
- » An improvement fee that is designed 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 capital improvement related to the system for which it is being charged (whether cash-financed or debt-financed).

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).

In addition to the reimbursement and improvement fees, ORS 223.307(5) states, in part, that “system development charge revenues may be expended on the costs of complying” with state statutes concerning SDCs,

including “the costs of developing system development charge methodologies and providing an annual accounting of system development charge expenditures.”

Local Ordinance

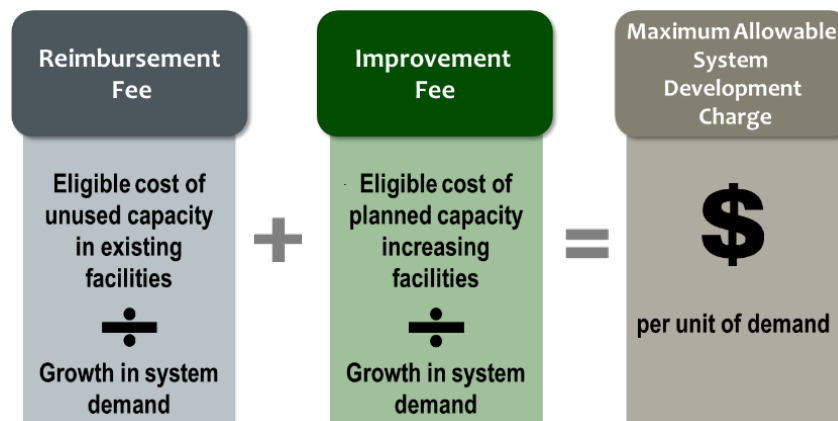
Chapter 15.28 of the Sandy Municipal Code authorizes and governs the imposition and expenditure of SDCs in Sandy. The City may need to modify its code to allow for the proposed changes to the SDCs.

United States Constitution

The United States Supreme Court has determined that SDCs, impact fees, or other exactions that comply with state and/or local law may still violate the United States Constitution if they are not proportionate to the impact of the development. The SDCs calculated in this report are designed to meet all constitutional and statutory requirements.

Calculation Overview

In general, SDCs are calculated by adding an existing facilities fee component (called the reimbursement fee) and a future facilities fee component (called the improvement fee)—both with potential adjustments. Each component is calculated by dividing the eligible cost by growth in units of demand. The unit of demand becomes the basis of the charge. The diagram below summarizes the basic outline of an SDC calculation, and more detail is provided in the following bullets.



- **The eligible cost of capacity in existing facilities** is the cost of existing facilities that will serve growth. The cost of those facilities are usually found in a city’s schedule of fixed assets which records the original cost of assets purchased by the city. System capacity information, usually found in a comprehensive plan, can provide estimates of the available capacity in the system.
- **The eligible portion of capacity increasing projects** is the cost of future projects that will serve growth. Some projects are intended to only serve growth, some projects do not increase system capacity, and some serve the City’s current *and* future populations. Only the share that is allocable to growth is includable.
- **The growth in system demand** is the anticipated growth in the demand associated with each system. Growth is measured in different ways for different systems. For example, growth for water SDCs is measured in meter capacity equivalents. The unit of growth becomes the charging basis for the SDC.

Finally, summing the reimbursement fee and the improvement fee with a small allowance for compliances costs yields the full SDC.

2 Water SDC Analysis

This section describes the detailed calculations of the maximum allowable water SDC for the City of Sandy.

Growth

The calculation of projected growth begins with defining the units by which current and future demand will be measured. Then, using the best available data, we quantify the current level of demand and estimate a future level of demand. The difference between the current level and the future level is the growth in demand that will serve as the denominator in the water SDC calculation.

Unit of Measurement

For water SDCs, the meter size necessary for a development is broadly used as a measure of its potential water demand. To compare meters and calculate the total demand of the system, meters are often compared by their flow rates and measured by their meter capacity equivalents (MCEs). In this system, the smallest meter employed by the City is one MCE, and every larger meter is assigned a larger number of MCEs based on their relative flow rates. Flow rates are most often based on the American Water Works Association (AWWA) flow rates assuming either a 5/8" or 3/4" base meter. As the City will install both 5/8" and 3/4" meters, a 5/8" base for the MCE calculations was selected for the water SDC calculation.

Growth in Demand

According to the 2022 Water Master Plan (master plan), the 2023 peak season maximum day water demand is 2.59 million gallons per day (MGD). According to City staff, the repair of a large leak reduced that demand by 0.29 MGD, resulting in a 2023 demand of 2.30 MGD. That number serves as the measure of maximum water usage in 2023. It is assumed that as the number of customers measured in MCEs increases, system demand in MGD will increase proportionally. The planning period for water supply capacity extended through 2050, so 2050 was used as the planning horizon to allow for the inclusion of water supply projects. According to the master plan, demand is expected to increase to 4.21 MGD by 2050, or 3.92 MGD after adjusting for the leak.

Based on the City's water meter records, there is a total of 5,195 MCEs in 2023. If MCEs grow proportionally with peak season maximum day demand, the City will have 8,854 MCEs in 2050. That means that the total growth in demand will be 3,659 MCEs, which will serve as the denominator of the SDC calculation. In addition, growth's share of final demand will be 3,659 MCEs divided by 8,854 MCEs, or 41.33 percent. That proportion will be useful for the eligibility calculations of projects in the improvement fee cost basis.

Exhibit 2.1 below summarizes these calculations:

Exhibit 2.1 – Growth in Water Demand

	2023	2050	CAGR	Growth (2023-2050)	Growth Share
Peak Season Maximum Day Demand (MGD)	2.30	3.92	1.99%	1.62	41.33%
Total MCEs	5,195	8,854	1.99%	3,659	41.33%

Source: 2022 Water System Master Plan, (maximum day demand projections); City staff (2023 MCEs, leak adjustment of 0.29 MGD)

Improvement Fee

An improvement fee is the eligible cost of planned projects per unit of growth that such projects will serve. Since we have already calculated growth (denominator) above, we will focus here on the improvement fee cost basis (numerator).

Eligibility

A project's eligible cost is the product of its total cost and its eligibility percentage. The eligibility percentage represents the portion of the project that creates capacity for future users. Where possible, specific details about a project can provide an eligibility percentage. Such specific details were available for some of the projects on the project list. However, when this is not possible, projects can still be sorted into three broad categories.

The first category is for projects that do not provide capacity for future users. Such projects may be purely replacement projects, or they may be solving a deficiency in the water system. Projects in this category are zero percent eligible. The second category is for projects that are purely for future users, such as when new pipe is laid to provide for a new development. These projects are 100 percent eligible. Finally, projects that provide capacity that will be roughly equally shared between current and future users are eligible at the growth share percentage discussed in the previous section, or 41.33 percent.

For projects related to storage capacity, specific details were used to calculate the eligibility. The planned projects will together add 5.0 MG to the capacity of the system. Current demand for storage is 7.56 MG, meaning that the current capacity (4.75 MG) is insufficient, according to Table 4-1 of the master plan. Further, by 2050, demand will grow by 1.94 MG to 9.50 MG. So, growth's share of the increased capacity is 1.94 MG divided by 5.00 MG, or 38.80 percent. That will be the eligibility for projects related to storage.

The calculations for the eligibility of planned storage facilities are shown in **Exhibit 2.2** below.

Exhibit 2.2 – Growth's Share of Planned Storage Capacity Increase

	MG
Increase in Capacity	5.00
Current Demand (2023)	7.56
Final Demand (2050)	9.50
Growth in Demand from New Users	1.94
Growth's Share of Increased Capacity	38.80%

Source: Table 4-1 of the 2022 Water System Master Plan

Calculated Improvement Fee Cost Basis

Projects in the improvement fee cost basis were taken from the master plan. Each project was sorted into one of the three categories discussed above based on the descriptions provided in the master plan and discussions with staff; or, for storage projects, a more specific eligibility percentage of 38.80 percent was assigned.

Exhibit 2.3 below shows all the projects in the water system improvement fee cost basis. Costs are given in 2024 dollars and were escalated using the August 2024 value of the Engineering News-Record (Seattle, WA) Construction Cost Index (equal to 15,714.16) as compared to the November 2022 value used in the master plan (equal to 15,202.68). The eligibility for each project is shown in the SDC Eligibility column. Outside funding is noted in the following column, which assumes total debt funding of \$90.7 million and grant funding of \$180,000.

However, the outside funding for each project is assumed to apply to the ineligible portions of the project cost, and so no reduction in the SDC-eligible cost is made. Finally, the SDC Eligible Costs column shows that the full amount of the improvement fee cost basis is \$66.4 million.

Exhibit 2.3 – Improvement Fee Cost Basis

#	Category	Description	Timing	2024 Cost	SDC Eligibility	Outside Funding	SDC-Eligible Cost
R.1	Storage	5.0 MG Additional Storage	2029-2043	\$ 35,743,412	38.80%	\$ 18,870,294	\$ 13,868,444
R.2	Storage	Storage Siting Study	2028	186,056	38.80%	98,226	72,190
R.3	Storage	Reservoir Seismic and Condition Assessment	2029-2033	387,617	38.80%	204,637	150,395
PS.1	Pump Station	Terra Fern Pump Station Upgrades	2026-2030	806,242	41.33%	425,646	333,192
PS.2	Pump Station	Vista Loop Pump Station	2026-2030	1,467,775	41.33%	774,894	606,580
D.1	Distribution	Bluff Rd. Fire Flow Improvements	2032-2036	5,767,734	41.33%	3,045,004	2,383,604
D.2	Distribution	Hood St. Fire Flow Improvements	2032-2036	558,168	41.33%	294,678	230,671
D.3	Distribution	Mitchell Ct. Fire Flow Improvements	2028	268,747	41.33%	141,882	111,064
D.4	Distribution	Seaman Ave Fire Flow Improvements	2028	568,504	41.33%	300,135	234,943
S.1	Supply	Near-Term Alder Creek WTP Improvements	2024-2025	1,085,326	0.00%	572,985	-
S.2	Supply	Short-Term Alder Creek WTP Assessment	2025	248,075	41.33%	130,968	102,521
S.3	Supply	Alder Creek WTP Improvements	2026-2028	43,495,742	41.33%	22,963,042	17,975,281
S.4	Supply	PWB Filtered Water Supply Connection	2024-2028	40,742,115	41.33%	21,509,298	16,837,302
S.5	Supply	Long-Term Supply Study	2026	248,075	41.33%	130,968	102,521
M.1	Other	Water System Master Plan Update	2029-2030	227,402	41.33%	120,054	93,977
M.2	Other	Water Management and Conservation Plan	2026	113,701	41.33%	60,027	46,989
M.3	Other	Annual Replacement Budget	2034-2043	31,009,322	41.33%	16,370,990	12,815,077
M.4	Other	Water Service Meter Replacement	2034-2043	8,186,461	0.00%	4,321,941	-
M.5	Other	SCADA Master Plan	2026	155,047	41.33%	81,855	64,075
M.6	Other	SCADA Upgrades (Pelim. Budget Placeholder)	2026-2030	785,569	41.33%	414,732	324,649
Total				\$ 172,051,089		\$ 90,832,254	\$ 66,353,476

Source: 2022 Water System Master Plan, city staff

Reimbursement Fee

A reimbursement fee is the eligible cost of the water facilities available for future users per unit of growth that such facilities will serve. Since growth was calculated above, we will focus on the eligible cost of the water facilities available for future users. That is, we will focus on the cost of reimbursable water facilities.

Eligibility

To the extent that capacity remains in the water system and is available for growth, the original cost of the capacity (net of any outside funding or outstanding debt) can be collected in the reimbursement fee. For the water system reimbursement fee cost basis, such capacity was measured in terms of storage, supply, pumping, transmission and distribution, and for other system assets.

The master plan outlines storage deficiencies in its Table 4-1, meaning that there is no eligible cost related to storage. In addition, the water system is facing supply issues that will result in no capacity available for growth, as outlined in Figure 5-1 and discussed in Section 5.3 of the master plan.

The system has 4.68 MGD of pumping capacity, and growth is expected to add 1.62 MGD of demand for pumping capacity which increase total 2050 demand to 4.21 MGD. Since current capacity exceeds total future demand, all 1.62 MGD of demand for pumping capacity added by growth is already available in the system. So, the eligibility of the pumping capacity is 1.62 MGD divided by 4.68 MGD, or 34.62 percent.

Finally, for other assets and for transmission and distribution assets, it is assumed that there is sufficient capacity for the growth in demand outlined in the Growth section of this chapter. This means that the eligibility of such assets is 41.33 percent.

Calculated Reimbursement Fee Cost Basis

The City provided records for historical expenditures on its water system, which totaled \$18.5 million. These assets were sorted into the different functions of capacity described above. There were no records of outside funding or outstanding principal for these assets, meaning that there is no adjustment to the original cost. As shown in **Exhibit 2.4** below, multiplying the estimated capacity available for growth by the original cost of each function results in the reimbursable costs shown in the far-right column, which total to \$1.2 million.

Exhibit 2.4 – Reimbursement Fee Cost Basis

Function	Estimated Capacity for Growth	Original Cost Estimate	Reimbursable Cost
Storage	0.00%	\$ -	\$ -
Supply	0.00%	15,683,754	-
Pumping	34.62%	49,554	17,153
Transmission & Distribution	41.33%	2,101,530	868,489
Other	41.33%	682,570	282,082
Total		\$ 18,517,408	\$ 1,167,725

Source: 2022 Water System Master Plan, City's fixed asset schedules

Calculated Water SDC

This section combines the eligible cost from the improvement and reimbursement fee cost bases. It also includes a small cost basis of \$89,193 for the costs related to calculating the SDC and administering the SDC program. The estimate was based on the cost of the SDC methodology calculated and is assumed to occur once every five years from 2024 through 2050. **Exhibit 2.5** below summarizes the water SDC calculation.

Exhibit 2.5 – Calculated Water SDC

Calculated SDC	
Improvement Fee Cost Basis	\$ 66,353,476
Reimbursement Fee Cost Basis	1,167,725
Compliance Costs	89,193
Total	\$ 67,610,394
Growth in MCEs	3,659
Improvement Fee per MCE	\$ 18,134
Reimbursement Fee per MCE	319
Compliance Fee per MCE	24
Total SDC per MCE	\$ 18,477

Source: Previous tables

As shown above, the maximum allowable SDC is \$18,477 per MCE. The City may adopt any SDC up to that amount. The rate per MCE can be applied to the City's different meter sizes using the schedule shown in **Exhibit 2.6** below.

Exhibit 2.6 – Water SDC Schedule

Meter Size (Inches)	MCEs	Calculated SDC
5/8	1.00	\$ 18,477
3/4	1.50	27,716
1	2.50	46,193
1.5	5.00	92,387
2	8.00	147,819
3	16.00	295,638
4	25.00	461,935
6	50.00	923,870

3 Sewer SDC Analysis

This section describes the detailed calculations of the maximum allowable sewer SDC for the City of Sandy.

Growth

The calculation of projected growth begins with defining the units by which current and future demand will be measured. Then, using the best available data, we quantify the current level of demand and estimate a future level of demand. The difference between the current level and the future level is the growth in demand that will serve as the denominator in the sewer SDC calculation.

Unit of Measurement

For sewer SDCs, the meter size necessary for a development is broadly used as a measure of its potential water demand, and thus the potential sewage flow. In order to compare meters and calculate the total demand of the system, meters are often compared by their flow rates and measured by their meter capacity equivalents (MCEs). In this system, the smallest meter employed by the City is one MCE, and every larger meter is a larger number of MCEs based on their relative flow rates. Flow rates are most often based on the American Water Works Association’s (AWWA) flow rates assuming either a 5/8” meter or 3/4” base. As the City will install both 5/8” and 3/4” meters, a 5/8” base for the MCE calculations was selected for the sewer SDC calculation.

Growth in Demand

According to City staff, the population of Sandy is expected to grow at an annual rate of 2.80 percent per year. According to Portland State University, the population was 13,664 in 2024 and is therefore expected to grow to 21,255 by 2040 – which is the end of the planning horizon for the 2019 Wastewater System Facilities Plan (master plan). It is assumed that as the population increases, so will sewer flow.

Based on the City’s water meter records, there is an estimated 5,113 sewer MCEs in 2024. If MCEs grow proportional to population, the City will have 7,954 MCEs in 2040. That means that the total growth in demand will be 2,841 MCEs, which will serve as the denominator of the SDC calculation. In addition, growth’s share of final demand will be 2,841 MCEs divided by 7,954 MCEs, or 35.71 percent. That proportion will be useful for the eligibility calculations of projects in the improvement fee cost basis.

Exhibit 3.1 below summarizes these calculations:

Exhibit 3.1 – Growth in Water Demand

	2024	2040	CAGR	Growth	Growth Share
Population	13,664	21,255	2.80%	7,591	35.71%
Assumed Sewer MCEs	5,113	7,954	2.80%	2,841	35.71%

Source: City staff, Portland State University (population estimates)

Improvement Fee

An improvement fee is the eligible cost of planned projects per unit of growth that such projects will serve. Since we have already calculated growth above, we will focus here on the improvement fee cost basis.

Eligibility

A project’s eligible cost is the product of its total cost and its eligibility percentage. The eligibility percentage represents the portion of the project that creates capacity for future users. Where possible, specific details about a project can provide an eligibility percentage. Such specific details were available for some of the projects on the project list. However, when this is not possible, projects can still be sorted into three broad categories, as discussed in the water SDC calculation. Projects related to the collection system and the outfall were assumed to benefit both existing and future users proportionally and so were assigned the growth share of 35.71 percent.

For projects related to the treatment plant and associated capacity, specific details were used to calculate the eligibility. The existing capacity is 7.00 MGD, and existing demand is already more than that at 9.45 MGD. The City is planning major improvements to the existing treatment plant. The proposed capacity of the improved treatment plant is 11.50 MGD. It is expected that growth will increase demands to above that amount. Therefore, growth’s share of the capacity expansion is the difference between 11.50 MGD and 9.45 MGD, or 2.05 MGD, taken as a share of the final capacity of the improved plant, or 11.50 MGD, which equates to 17.83 percent.

Calculated Improvement Fee Cost Basis

Projects in the improvement fee cost basis were taken from a capital improvement program being developed by City staff and are summarized in **Exhibit 3.2** below, with costs in 2024 dollars. The eligibility for each project is shown in the SDC Eligibility column. Outside funding is noted in the following column. Total grant funding is \$8.3 million and is applied to non-eligible portions of the projects. While the City is also expecting to issue debt to fund its improvements, it plans to use sewer SDCs to pay for that debt and so no reduction is made. Finally, the SDC-Eligible Costs column shows that the full amount of the improvement fee cost basis is \$42.4 million.

Exhibit 3.2 – Improvement Fee Cost Basis

Project ID	Completion Year	Adjusted Costs (2024 Dollars)	SDC Eligibility	Outside Funding	SDC-Eligible Cost
Outfall to Sandy River					
A1330	2026	\$ 4,469,554	35.71%	\$ 228,474	\$ 1,596,298
A1340	2029	8,380,472	35.71%	418,312	2,993,079
A1350	2031	53,703,277	35.71%	2,680,603	19,180,084
Existing WWT Facility Upgrades					
A1360	2030	\$ 83,804,724	17.83%	\$ 4,183,120	\$ 14,941,470
A1370	2026	9,567,911	17.83%	477,583	1,705,854
A1380	2024	-	17.83%	24,958	-
Collection System Improvements					
A1210	2031	\$ 131,384	35.71%	\$ 6,558	\$ 46,924
A1250	2025	400,000	35.71%	19,966	142,860
A1490	2024	-	35.71%	2,496	-
A1500	2025	1,435,187	35.71%	71,637	512,576
A1510	2025	191,358	35.71%	9,552	68,343
A1520	2024	-	35.71%	998	-
A1530	2025	478,396	35.71%	23,879	170,859
A1540	2026	2,288,623	35.71%	114,237	817,380
A1550	2026	574,075	35.71%	28,655	205,030
A1560	2024	-	35.71%	3,744	-
A1570	2031	104,756	35.71%	5,229	37,413
Total		\$ 165,529,716		\$ 8,300,000	\$ 42,418,170

Source: City staff

Calculated Sewer SDC

For the sewer SDC, no reimbursement fee was calculated. The City is facing numerous capacity problems across its system, and as such has little if any unused capacity to include in a reimbursement fee. This section calculates the sewer SDC using the improvement fee cost basis and a small additional cost basis of \$54,888 for the costs related to calculating the SDC and administering the SDC program. The estimate was based on the cost of the SDC methodology calculated and is assumed to occur once every five years from 2024 through 2040. **Exhibit 3.3** below summarizes the sewer SDC calculation.

Exhibit 3.3 – Calculated Sewer SDC

Calculated SDC	
Improvement Fee Cost Basis	\$ 42,418,170
Reimbursement Fee Cost Basis	-
Compliance Costs	54,888
Total	\$ 42,473,058
Growth in MCEs	2,841
Improvement Fee per MCE	\$ 14,932
Reimbursement Fee per MCE	-
Compliance Fee per MCE	19
Total SDC per MCE	\$ 14,952

Source: Previous tables

As shown above, the maximum allowable SDC is \$14,952 per MCE. The City may adopt any SDC up to that amount. The rate per MCE can be applied to the City’s different meter sizes using the schedule shown in **Exhibit 3.4** below.

Exhibit 3.4 – Sewer SDC Schedule

Meter Size (Inches)	MCEs	Calculated SDC
5/8	1.00	\$ 14,952
3/4	1.50	22,428
1	2.50	37,380
1.5	5.00	74,759
2	8.00	119,614
3	16.00	239,229
4	25.00	373,795
6	50.00	747,590

4 Implementation

This section addresses practical aspects of implementing SDCs and provides comparisons to other jurisdictions.

Setting the SDC

The maximum legally defensible SDCs for each service as calculated in the previous sections are shown in **Exhibit 4.1** below. The City has the liberty to set the SDC for each service at any level up to the maximum defensible charge by resolution. The City may also decide to phase in either or both SDCs to the maximum or a lower target charge over a period of time.

Exhibit 4.1 – Calculated SDCs

Calculated SDCs	Water		Sewer	
Improvement Fee Cost Basis	\$	66,353,476	\$	42,418,170
Reimbursement Fee Cost Basis		1,167,725		-
Compliance Costs		89,193		54,888
Total	\$	67,610,394	\$	42,473,058
Growth in MCEs		3,659		2,841
Improvement Fee per MCE	\$	18,134	\$	14,932
Reimbursement Fee per MCE		319		-
Compliance Fee per MCE		24		19
Total SDC per MCE	\$	18,477	\$	14,952

Indexing

ORS 223.304 allows for the periodic indexing of SDCs for inflation, as long as 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.

In accordance with Oregon statutes, we recommend that the City index its charges to the *Engineering News Record* Construction Cost Index for the 20-City Average and adjust its charges annually. This will help to mitigate – if not fully eliminate – the burdens of construction cost inflation. The December 2024 value of that index was 13,632.41.

Comparisons

Exhibit 4.2 and **Exhibit 4.3** below show a comparison of water and sewer SDCs calculated for single-family homes for some relevant jurisdictions. As shown, if the City adopted the maximum defensible SDC, its charge would exceed many of the relevant comparison jurisdictions.

Exhibit 4.2 – Water SDC Comparisons

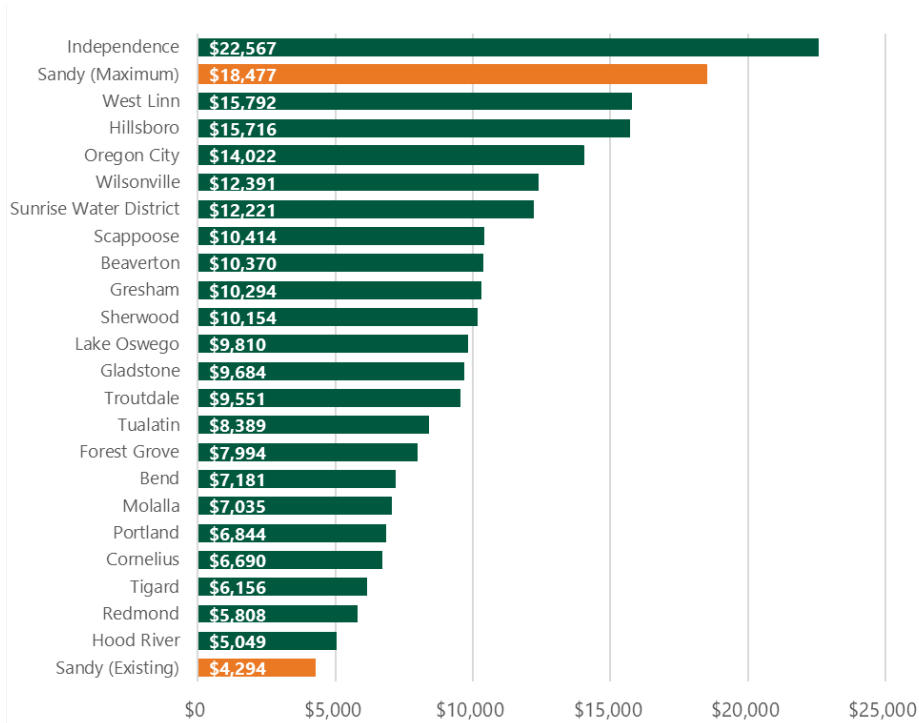
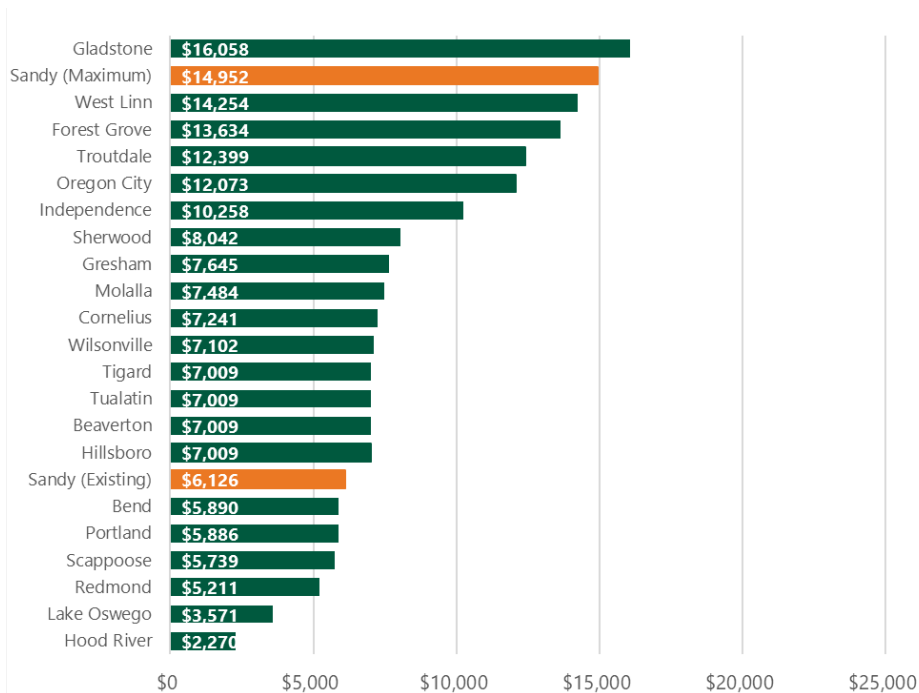


Exhibit 4.3 – Sewer SDC Comparisons





STAFF REPORT

Meeting Type: City Council
Meeting Date: March 17, 2025
From: Jeff Aprati, Deputy City Manager
Subject: Budget Committee Appointments

BACKGROUND / CONTEXT:

Sandy's [Budget Committee](#) currently has five vacant seats. One of the vacancies has a term expiring in 2026; the other four expire in 2028.

Staff publicized an application opportunity over several weeks in February. Seven applications were received for the five seats; however, one applicant withdrew their application, and another missed the deadline to proceed further in the process despite multiple attempts by staff to contact them.

The remaining five applicants all meet the qualifications to serve on the Budget Committee. Because the City no longer has more applicants than vacancies, no interviews are necessary. The five applicants are being forwarded to the City Council for appointment per ORS 294.

KEY CONSIDERATIONS / ANALYSIS:

The following is a proposal for seat assignments among the five applicants. The Council may choose to change the seat assignment arrangement if it chooses.

- Seat #2: Amelia Page (Term expires 6/30/2026)
- Seat #4: Linda Malone (Term expires 6/30/2028)
- Seat #5: Carl Exner (Term expires 6/30/2028)
- Seat #6: Darren Wegener (Term expires 6/30/2028)
- Seat #7: Art O'Leary (Term expires 6/30/2028)

SUGGESTED MOTION LANGUAGE:

"I move to appoint Amelia Page, Linda Malone, Carl Exner, Darren Wegener, and Art O'Leary to the Budget Committee as included in the staff report."

LIST OF ATTACHMENTS / EXHIBITS:

- Budget Committee Applications

Published on *Sandy, OR* (<https://www.ci.sandy.or.us>)

[Home](#) [Budget Committee Application](#) [Webform results](#) [Submission #9](#)

Submission information

Form: [Budget Committee Application](#) [1]

Submitted by Visitor (not verified)

Mon, 02/17/2025 - 7:26pm

First Name

Amelia

Last Name

Page

Email

[REDACTED]

Phone Number

[REDACTED]

Address

37600 Sunset ST Unit 24

City

Sandy

State

OR

Zip Code

97055

Mailing Address (if different)

Please explain your interest in serving on the Budget Committee

I am excited about the opportunity to serve on the Budget Committee because of my passion for financial management and my experience with budgeting and accounting. I want to give back to my community, and being on this committee would allow me to combine my love of accounting and finance with my desire to help my community. I also have a strong desire to learn. Serving on this committee would not only teach me how my city puts together its budgets but also provide insight into how government agencies allocate their funds. Since I am deeply familiar with private budgeting processes, financial analysis, and the importance of maintaining fiscal responsibility, I believe I would be an asset to this committee.

What knowledge, education, or skills would you bring to the Committee?

I bring a strong educational background and diverse work experience that would contribute significantly to the Committee. I hold a BS in Business Administration with a focus on Accounting and an MBA in Business Administration. These academic achievements have provided me with a solid foundation in business principles, accounting practices, and analytical thinking. In my professional experience, I've demonstrated strong organizational and financial management skills. In my current role as a Bookkeeper at Firwood Design Group, I manage our budget tracking

system for our projects, oversee accounts payable/receivable, and assist in our yearly tax preparations.

Upload Current Resume

[page_resume.pdf](#) [2]

By checking this box, I agree to the following:

I certify that the information contained in this application is correct to the best of my knowledge. I understand that to falsify information is grounds for refusing to appoint me, or for removal should I be appointed. I also affirm that I have read and understand the Sandy Code of Conduct for members of Boards and Commissions (available as a Supporting Document on this webpage), and I understand its application to my role and responsibilities while serving on a City Board. I pledge to conduct myself according to the Sandy Boards and Commissions Code of Conduct, and I understand that the City Council may remove me from my position if my conduct falls below these standards.

Source URL: <https://www.ci.sandy.or.us/node/21535/submission/22866>

Links

[1] <https://www.ci.sandy.or.us/bc/webform/budget-committee-application> [2]
https://www.ci.sandy.or.us/system/files/webform/page_resume.pdf

Published on *Sandy, OR* (<https://www.ci.sandy.or.us>)

[Home](#) [Budget Committee Application](#) [Webform results](#) Submission #10

Submission information

Form: [Budget Committee Application](#) [1]

Submitted by Visitor (not verified)

Tue, 02/18/2025 - 9:38pm

First Name

Linda

Last Name

Malone

Email

[REDACTED]

Phone Number

[REDACTED]

Address

17740 Bluff Road

City

Sandy

State

OR

Zip Code

97055

Mailing Address (if different)

17740 Bluff Road

Please explain your interest in serving on the Budget Committee

I'm interested in helping to plan and budget for the future of Sandy.

What knowledge, education, or skills would you bring to the Committee?

I have served on approximately 25 years of past City of Sandy Budget Committees.

Upload Current Resume

[untitled_document-1_1.pdf](#) [2]

By checking this box, I agree to the following:

I certify that the information contained in this application is correct to the best of my knowledge. I understand that to falsify information is grounds for refusing to appoint me, or for removal should I be appointed. I also affirm that I have read and understand the Sandy Code of Conduct for members of Boards and Commissions (available as a Supporting Document on this webpage), and I understand its application to my role and responsibilities while serving on a City Board. I pledge to conduct myself according to the Sandy Boards and Commissions Code of Conduct, and I

understand that the City Council may remove me from my position if my conduct falls below the standards.

Item # 4.

Source URL:<https://www.ci.sandy.or.us/node/21535/submission/22874>

Links

[1] <https://www.ci.sandy.or.us/bc/webform/budget-committee-application> [2]
https://www.ci.sandy.or.us/system/files/webform/untitled_document-1_1.pdf

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[Home](#) [Budget Committee Application](#) [Webform results](#) Submission #6

Submission information

Form: [Budget Committee Application](#) [1]

Submitted by Visitor (not verified)

Mon, 02/10/2025 - 12:00pm

First Name

Carl

Last Name

Exner

Email

[REDACTED]

Phone Number

[REDACTED]

Address

40215 McCormick Ct

City

Sandy

State

OR

Zip Code

97055-6462

Mailing Address (if different)

same

Please explain your interest in serving on the Budget Committee

I feel responsible for following up to help the city through the next few years of infrastructure funding
I am concerned for the city's ability to find its way through this time

What knowledge, education, or skills would you bring to the Committee?

City council - City of Sandy
Real Estate Business in Sandy city
I feel I bring a senior citizen element to the committee
24 years in the city of Sandy

Upload Current Resume

[city_budget_resume.docx](#) [2]

By checking this box, I agree to the following:

I certify that the information contained in this application is correct to the best of my knowledge. I understand that to falsify information is grounds for refusing to appoint me, or for removal should I

be appointed. I also affirm that I have read and understand the Sandy Code of Conduct for members of Boards and Commissions (available as a Supporting Document on this webpage), and I understand its application to my role and responsibilities while serving on a City Board. I pledge to conduct myself according to the Sandy Boards and Commissions Code of Conduct, and I understand that the City Council may remove me from my position if my conduct falls below these standards.

Source URL: <https://www.ci.sandy.or.us/node/21535/submission/22832>

Links

[1] <https://www.ci.sandy.or.us/bc/webform/budget-committee-application> [2]
https://www.ci.sandy.or.us/system/files/webform/city_budget_resume.docx

Published on *Sandy, OR* (<https://www.ci.sandy.or.us>)

[Home](#) [Budget Committee Application](#) [Webform results](#) Submission #12

Submission information

Form: [Budget Committee Application](#) [1]

Submitted by Visitor (not verified)

Fri, 02/28/2025 - 1:14pm

First Name

Darren

Last Name

Wegener

Email

[REDACTED]

Phone Number

[REDACTED]

Address

37720 Coralburst St.

City

Sandy

State

OR

Zip Code

97055

Mailing Address (if different)

Please explain your interest in serving on the Budget Committee

I'm interested in serving on the City of Sandy's Budget Committee because I'm committed to supporting the community and ensuring that our financial decisions reflect the city's priorities. With my current role as Chair of the Planning Commission and as a member of the Economic Development Board, I've developed a strong understanding of how to align budgets with community needs.

I also have previous experience serving on the Budget Committee for the City of Portland's Development Services Bureau, which had a budget of over \$100 million at the time. This experience gave me a solid foundation in managing large budgets and making informed decisions. As the owner of a local travel agency, I regularly manage budgets, evaluate financial data, and prioritize resources to meet long-term goals. I'm eager to apply these skills to help Sandy make thoughtful decisions for the future.

What knowledge, education, or skills would you bring to the Committee?

I bring a range of skills and experience that will be valuable to the Budget Committee. My time serving on the Planning Commission and Economic Development Board has given me a strong understanding of how municipal operations work and how to balance resources to meet the needs

of the community.

Having served on the Budget Committee for the City of Portland's Development Services Bureau, I have hands-on experience with large budgets, financial reporting, and making thoughtful decisions about resource allocation. This experience has helped me develop a solid understanding of budget processes and the importance of making informed, strategic choices.

As the owner of a local travel agency, I manage budgets and financial planning regularly, which has given me practical experience in prioritizing resources and ensuring financial decisions align with long-term goals. I'm confident that my background in financial management and strategic planning will allow me to contribute effectively to the Budget Committee's work.

Upload Current Resume

[darrenwegerresume_cos_budget_committee.pdf](#) [2]

By checking this box, I agree to the following:

I certify that the information contained in this application is correct to the best of my knowledge. I understand that to falsify information is grounds for refusing to appoint me, or for removal should I be appointed. I also affirm that I have read and understand the Sandy Code of Conduct for members of Boards and Commissions (available as a Supporting Document on this webpage), and I understand its application to my role and responsibilities while serving on a City Board. I pledge to conduct myself according to the Sandy Boards and Commissions Code of Conduct, and I understand that the City Council may remove me from my position if my conduct falls below these standards.

Source URL: <https://www.ci.sandy.or.us/node/21535/submission/22922>

Links

[1] <https://www.ci.sandy.or.us/bc/webform/budget-committee-application> [2]

https://www.ci.sandy.or.us/system/files/webform/darrenwegerresume_cos_budget_committee.pdf

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[Home](#) [Budget Committee Application](#) [Webform results](#) [Submission #7](#)

Submission information

Form: [Budget Committee Application](#) [1]

Submitted by Visitor (not verified)

Tue, 02/11/2025 - 2:56pm

First Name

Art

Last Name

O'Leary

Email

[REDACTED]

Phone Number

[REDACTED]

Address

40495 FAWN ST

City

SANDY

State

OR

Zip Code

97055

Mailing Address (if different)

Please explain your interest in serving on the Budget Committee

I am interested in serving my community in meaningful ways. I appreciate the opportunity to be involved in how our community operates now and in the future. As a retiree, with my son heading to college in the fall, I can make time to prioritize my role on the City of Sandy Budget Committee

What knowledge, education, or skills would you bring to the Committee?

I am recently retired from a 42 year career as a construction management professional and have a clear understanding of budget, processes and infrastructure. I am also a newly selected planning commissioner. I feel that as I gain knowledge of Sandy municipal operations, that will inform my efforts for both the planning commission and budget committee.

Upload Current Resume

[24.11.15_oleary_resume.pdf](#) [2]

By checking this box, I agree to the following:

I certify that the information contained in this application is correct to the best of my knowledge. I understand that to falsify information is grounds for refusing to appoint me, or for removal should I be appointed. I also affirm that I have read and understand the Sandy Code of Conduct for

members of Boards and Commissions (available as a Supporting Document on this webpage) understand its application to my role and responsibilities while serving on a City Board. I pledge to conduct myself according to the Sandy Boards and Commissions Code of Conduct, and I understand that the City Council may remove me from my position if my conduct falls below these standards.

Item # 4.

Source URL: <https://www.ci.sandy.or.us/node/21535/submission/22844>

Links

[1] <https://www.ci.sandy.or.us/bc/webform/budget-committee-application> [2]
https://www.ci.sandy.or.us/system/files/webform/24.11.15_oleary_resume.pdf



STAFF REPORT

Item # 5.

Meeting Type: Sandy City Council Meeting
Meeting Date: March 17, 2025
From: Rochelle Anderholm-Parsch, Parks and Recreation Director
Subject: Resolution 2025-10: Application for Local Government Grant Program for Meinig Park Improvements

DECISION TO BE MADE:

Whether to authorize the City of Sandy Parks and Recreation Department to apply for a Local Government Grant from the Oregon Parks and Recreation Department as part of the funding for Meinig Memorial Park Improvements.

PURPOSE / OBJECTIVE:

The Parks Department asks that the Council support the Department's efforts to apply for a grant for the improvements to Meinig Memorial Park via a "Resolution Authorizing Application for Grant," which is a requirement for the grant application process.

BACKGROUND / CONTEXT:

The Parks and Recreation Department plans to pursue a grant through the Oregon Parks and Recreation Department (OPRD) under the [Local Government Grant Program \(LGGP\)](#). Meinig Memorial Park is a significant community asset, serving as both a local treasure and an economic and tourism driver for Sandy. The planned improvements are based on extensive public engagement, input from the Council, the Parks and Trails Advisory Board, and an analysis of safety, functionality, and aesthetics.

This project represents the first phase of efforts to enhance Meinig Memorial Park, ensuring it becomes a fully accessible and safe environment for the community. The proposed improvements include:

- Reconstruction and improvements of unsafe and non-ADA-compliant pathways.
- Installation of upgraded lighting and electrical infrastructure.
- Renovation of the upper parking lot.
- Improvements of existing shelters enhancing hillside seating.
- Additional pathway improvements.

KEY CONSIDERATIONS / ANALYSIS:

The Meinig Memorial Park Improvements project aligns with the city's priorities to improve accessibility, safety, and functionality in its parks. Funding sources and constraints are key considerations and leveraging multiple funding streams will be necessary to achieve the project's goals.

BUDGET IMPACT:

The Parks and Recreation Department is requesting \$650,000 from the Local Government Grant Program, which is a fair request given the total available funding of \$11,760,000 in this program. Anticipated funding sources for the project, pending budget approval, include:

- \$1.0 million from Parks SDCs.
- \$800,000 from Sandy Urban Renewal.
- The Local Government Grant Program (LGGP) funds.
- An additional grant application submitted to Travel Oregon for this project.

RECOMMENDATION:

Staff recommends that the Council authorize the Parks and Recreation Department to apply for the Local Government Grant Program through the Oregon Parks and Recreation Department via a "Resolution Authorizing Application for Grant."

SUGGESTED MOTION LANGUAGE:

"I move to adopt Resolution 2025-10."

LIST OF ATTACHMENTS / EXHIBITS:

- Resolution 2025-10



RESOLUTION NO. 2025-10

A RESOLUTION TO APPLY FOR A LOCAL GOVERNMENT GRANT FROM THE OREGON PARKS AND RECREATION DEPARTMENT FOR THE MEINIG PARK IMPROVEMENT PROJECT

WHEREAS, the Oregon Parks and Recreation Department is accepting applications for the Local Government Grant Program; and

WHEREAS, the City of Sandy Parks and Recreation Department desires to participate in this grant program to the greatest extent possible as a means of providing needed park and recreation acquisitions, improvements, and enhancements; and

WHEREAS, the Sandy City Council, the Parks and Trails Advisory Board and staff have identified park improvements at the Meinig Memorial Park as a high priority need in the City of Sandy; and

WHEREAS, the project will include multiple components; the reconstruction of existing shelters, improvements to walking paths to meet ADA standards, parking lot ADA and safety improvements, barrier free access to all park amenities, and barrier free hillside seating; and

WHEREAS, the City of Sandy Parks and Recreation Department has available local matching funds to fulfill its share of obligation related to this grant application should the grant funds be awarded; and

WHEREAS, the City of Sandy Parks and Recreation Department will provide adequate funding for on-going operations and maintenance of this park and recreation facility should the grant funds be awarded.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SANDY:

Section 1: 1. The City Council demonstrates its support for the submittal of a grant application to the Oregon Parks and Recreation Department for Meinig Memorial Park Improvements

Section 2: 2. The City Manager or designee is authorized to execute any and all documents related to the grant application and to effectuate its award

This resolution is adopted by the City Council of the City of Sandy this 17th day of March, 2025.

Kathleen Walker, Mayor

ATTEST:

Jeffrey Aprati, City Recorder

Meeting Type: City Council
Meeting Date: March 17, 2025
From: Kathleen Walker, City of Sandy Mayor
Subject: City Manager Employment Agreement Update

DECISION TO BE MADE:

Whether to authorize changes to City Manager’s Employment Agreement.

BACKGROUND / CONTEXT:

At the November 18, 2024 City Council meeting, the Council reviewed the performance of City Manager Tyler Deems based on a 360-degree evaluation process led by a consultant. We provided feedback to Mr. Deems and discussed next steps. The direction from Council was for the Mayor to coordinate with our HR department head and legal representative to discuss any proposed changes to the City Manager Employment Agreement signed in Oct, 2023.

No changes in salary were requested as part of this effort. Mr. Deems requested three items be considered for revisions:

1) Contact Termination Conditions:

My current term is three years. After reviewing other contracts, I've learned that many other City Managers have either perpetual or evergreen contracts. I've also seen examples of non-renewal triggering severance. I'd like to reopen negotiations to discuss the term of my contract to provide more security for my family and I.

The current agreement has a clause about the term going until Sept 15, 2026. Mr. Deems points out that prior city managers did not have that term and that most city manager agreements are “evergreen” with no termination date. The existing agreement has clauses that allow the City Council to terminate employment with, or without cause. Under the term condition, the City Council could decide not to renew the contract without cause, and not be required to pay severance. If they terminated before that date, without cause, they would be required to pay severance. Under an evergreen clause, the Council may terminate his employment with cause (no severance paid), or without cause (severance paid).

2) Severance:

Current severance package if terminated without cause, is six month's salary, paid equally across six months. Request is for lump sum payment equal to six months of pay, made payable in one lump sum to provide certainty and flexibility for his family.

The current agreement also says that should Mr. Deems become employed elsewhere, the monthly payment would end (before the six-month period). Paying six months up front could result in Mr. Deems becoming employed during that six-month period, although city manager positions within a commuting area are not plentiful, so it would likely take 3-6 months at least, to line up a position.

3) Temporary Compensation:

My initial contract provided some modest additional compensation for my work as the Finance Director. Clearly that recruitment took much longer than expected. Now having a Finance Director hired and on board, I'd like to discuss an extension of this temporary compensation to cover the period January 15, 2024 through November 4, 2024.

Mr. Deems' interim city manager agreement specified payment of \$1,500 a month for additional duties as finance director during the period he was in interim status. That period was from June 1st to September 15th, 2023. His existing employment agreement specifies a payment of \$1,000 a month for these additional finance director duties, not to exceed four months. He was paid for four months between September 16th, 2023 to January 15th, 2024. The 2022 salary for the Finance Director position was \$10,700 a month.

The period of January 15th – August 1st was when Mr. Deems was not only doing his city manager and additional finance director duties, but dealing with the unprecedented police chief hiring issues.

KEY CONSIDERATIONS / ANALYSIS:

Mr. Deems' performance evaluation was almost entirely very positive. An evergreen agreement still allows Council to terminate for cause (at any time). The lump sum severance payment could be authorized, or could be broken into a four-month lump sum, followed by a two-month lump sum if he has not gotten a new position. The additional compensation requested seems modest considering we would have been paying ten times that amount if the position had been filled, thereby saving a considerable amount of money in the budget.

BUDGET IMPACT:

Item #1: Assuming Mr. Deems continues his past performance standard, there would be no financial impact to changing the term from September 2026 to evergreen. **Item #2:** If down the line, he was terminated without cause, the six-month lump sum severance payment would cost \$81,500. It would also likely require the city to identify and pay for an "interim city manager", likely an existing department head. Assuming that person is already on staff, this would lessen the financial impact. It would likely take three to four months to recruit and hire a new city manager. **Item #3:** Paying Mr. Deems \$1,000 a month for the almost 11 months that he performed those additional duties would cost \$11,000 but since we would have been paying \$117,700 for those duties had the position been filled, then the net savings to the city budget is \$106,700.

RECOMMENDATION:

Authorize the Mayor to sign a revised City Manager Employment Agreement that:

1. Modifies the term to be “evergreen” instead of terminating September 15, 2026.
2. Revises severance pay clause to allow a four-month lump sum severance payment if City Manager is terminated “without cause”, followed by a two-month lump sum payment at the end of month four, for month five and six if he has not gotten a new job. No severance would be paid if he is terminated for cause.
3. Revises Temporary Additional Compensation clause to allow the \$1,000 payment to continue to November 4, 2024 due to unprecedented delays in hiring beyond his control.

SUGGESTED MOTION LANGUAGE:

“I move to approve the proposed amendment to the city manager contract with Tyler Deems as presented in the packet, and authorize the Mayor to sign the amendment on behalf of the City.”

LIST OF ATTACHMENTS / EXHIBITS:

- Amendment #1: City Manager Employment Agreement
- Existing City Manager Employment Agreement, October 2023

**CITY MANAGER
EMPLOYMENT AGREEMENT
AMENDMENT NO. 1**

THIS AMENDMENT is made and entered into this March_____, 2025, by and between the City of Sandy, a municipal corporation of the State of Oregon, hereinafter called "City," and Tyler Deems, hereinafter called "Manager."

WHEREAS, City and Manager entered an Employment Agreement effective September 15, 2023 (the "Agreement"); and

WHEREAS, City and Manager desire to amend the Agreement as specified below.

NOW, THEREFORE, in consideration of the above and the mutual covenants contained herein, City and Manager agree as follows:

Section 2.1 of the Agreement shall be amended to read as follows:

2.1 Length of Agreement. This Agreement shall remain in effect until terminated according to its terms or until the last date the Manager performs work for the City after resignation under Section 3.5, whichever occurs sooner.

Section 3.1 of the Agreement shall be amended to read as follows:

3.1 Not For Cause Termination. In the event Manager is involuntarily terminated by the City before the expiration of this Agreement (albeit Manager is willing and able to perform his duties) for reasons other than those set out above in subsection 3.2, then in that event, Manager shall be entitled to (and City agrees to pay) a severance payment equal to the value of six (6) months' salary. Payment of the severance shall be made as an initial lump sum payment equal to the value of four (4) months' salary, due ten (10) calendar days after termination, followed by a second lump sum payment equal to the value of two (2) months' salary, due one-hundred twenty (120) calendar days after termination. Manager shall not be entitled to the second lump-sum payment if, during the one-hundred twenty (120) calendar day period after termination, Manager accepts employment with another employer. Manager has an affirmative obligation to notify the City upon acceptance of other employment.

Section 4.1 of the Agreement shall be amended to read as follows:

4.1 Temporary Additional Compensation. In recognition of the fact that Manager previously served as the City's Finance Director and continued to serve those functions until a new Finance Director was hired, the City agrees to compensate Manager an additional \$11,000, due no later than April 15, 2025.

All other terms of the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the City Council of the City of Sandy has approved and caused this agreement to be signed and executed in its behalf by its Mayor, and the same has been signed and executed by Manager.

Kathleen Walker, Date
Mayor
City of Sandy

Tyler Deems Date

DRAFT

CITY MANAGER EMPLOYMENT AGREEMENT

THIS AGREEMENT is made and entered into this October 17, 2023, by and between the City of Sandy, a municipal corporation of the State of Oregon, hereinafter called "City," and Tyler Deems, hereinafter called "Manager."

WHEREAS, City desires to employ the services of Manager as City Manager of the City of Sandy as provided by the City Code of the City of Sandy, and Manager desires to accept said employment; and

WHEREAS, City and Manager believe it is in their mutual interest to enter into a written contract setting out their understandings concerning said employment.

NOW, THEREFORE, in consideration of the above and the mutual covenants contained herein, City and Manager agree as follows:

SECTION 1. EMPLOYMENT, DUTIES AND AUTHORITY

Manager shall perform all duties required of the position of City Manager, including but not limited to, those duties and responsibilities outlined in Chapter 2.08 of the Sandy Municipal Code, in the job description attached hereto and incorporated herein as Exhibit A, and any other duties and responsibilities authorized or directed by City Council. At the discretion of the Manager, any duties described above may be delegated to subordinate employees as appropriate. In performance of all duties and responsibilities, Manager shall abide by the policies, rules and directives of City Council, keep the Council advised of the affairs and needs of the City, and shall perform such duties and responsibilities in accordance with the ordinances of the City of Sandy and laws of the State of Oregon and the United States. Manager shall abide by all the terms and conditions contained in the personnel policies of the City of Sandy, as amended from time to time. In the event of a conflict between the personnel policies and this Agreement, this Agreement shall control.

SECTION 2. TERM

2.1 At-Will Employment. Nothing in this Agreement shall prevent, limit, or otherwise interfere with the right of the City Council to terminate the services of the Manager at any time, from his position with the City, subject only to the provisions set forth in this Agreement.

2.2 Length of Agreement. This Agreement shall be in effect September 15, 2023 and shall extend through September 15, 2026.

SECTION 3. TERMINATION AND SEVERANCE

3.1 Termination without Cause. This Agreement may be terminated by either the City or Manager for any reason whatsoever.

3.2 Termination for Cause. Manager's employment with the City may be terminated immediately in the sole discretion of the City (acting by and through its City Council) upon the occurrence of any of the following events:

- a. Manager fails or refuses to comply with the written policies, standards, and regulations of the City that are now in existence or that may, from time to time be established, after receiving notice of the violation(s) and an opportunity to respond;
- b. The City has reasonable cause to believe Manager has committed fraud, misappropriated City funds, goods or services to either his own or some other private third party's benefit and/or has engaged in other act(s) of misconduct which the City Council believes is/are detrimental to the City and/or its interests; and
- c. The Manager fails to faithfully or diligently perform, or is unable to perform, his job duties.

3.3 Not For Cause Termination. In the event Manager is involuntarily terminated by the City before the expiration of this Agreement (albeit Manager is willing and able to perform his duties) for reasons other than those set out above in subsection 3.2, then in that event, Manager shall be entitled to (and City agrees to pay) a severance payment equal to the value of six (6) months' salary. Payment of the severance shall be made monthly, each payment being the value of one month's salary. The right to said payment shall cease if, during the period of the scheduled payments, Manager accepts employment with another employer. Manager has an affirmative obligation to notify the City upon acceptance of other employment.

3.4 Reduction in Salary. If the City reduces the salary or other financial benefits of Manager in a greater percentage than an applicable across the board reduction for all City Department Heads, or if Manager resigns at the request of the City Council (for reasons other than those set out in subsection 3.2), then Manager may deem this Agreement to be involuntarily terminated without cause and shall then be entitled to severance pay consistent with subsection 3.3 above.

3.5 Voluntary Resignation. If Manager voluntarily resigns his position with the City for any reason before expiration of this Agreement, then Manager shall give the City at least thirty (30) calendar days' written notice in advance, excluding accrued vacation, and Manager shall be available to serve during this period. The City Council, however, shall have the discretion to decide whether Manager shall continue in his position during the notice period.

3.6 Accrued Leaves on Separation. Termination pursuant to subsection 3.3 or resignation pursuant to subsection 3.5 shall entitle Manager to a lump sum payment equivalent to all accrued and unused vacation within thirty (30) days of termination. If the City terminates Manager pursuant to subsection 3.2, Manager shall receive accrued and unused vacation.

SECTION 4. COMPENSATION

4.1 Salary. The City agrees to pay the Manager an annual base salary of one-hundred sixty-three thousand dollars (\$163,000) payable on the same schedule as other employees of the City are paid and subject to all withholdings required by law. Manager shall be entitled to receive a Cost of Living Adjustment (COLA) to his salary in the same percentage amount and at the same time as may be given to City's Department Heads. The Manager compensation may be considered for adjustment based on merit or market factors in conjunction with an evaluation conduction pursuant to Section 5.

4.2 Expenses. City shall reimburse Manager for all actual and necessary expenses including IRS standard mileage rate for use of Manager's personal automobile, as provided in the budget and as necessary to perform assigned duties and responsibilities. Supporting vouchers and receipts shall be provided by Manager for such expenditures according to City procedures. Mileage will be calculated either from Manager's residence or Sandy City Hall, whichever is less.

4.3 Professional Development and Organizations. The City encourages the Manager to pursue the ICMA Credentialed Manager voluntary credentialing program. City shall pay the direct costs associated with Manager obtaining said credential. Upon Manager's obtaining said credential, City will pay Manager a one-time bonus in the amount of \$5,000.

The City encourages the Manager to attend the annual League of Oregon Cities (LOC) Conference, the spring and summer conferences for Oregon City/County Management Association (OCCMA), activities of the LOC, and conferences and meetings of state committees or commissions upon which the Manager serves as a member, as the Manager's other duties may allow. City agrees to pay for attendance costs that may not be provided by OCCMA, subject to approval in the City budget.

Attendance at out-of-state conferences and meetings, membership on state or national committees or commissions, and other official meetings or travel are reasonable for the professional advancement of the Manager. Such activities, however, requires prior approval by the City Council. The City Council, at its sole discretion, shall have the right to approve or disapprove such out-of-state membership or travel.

The City expressly authorizes membership of the Manager in ICMA and OCCMA, and shall pay Manager's membership fees to these organizations and any reasonable attendance costs at annual conferences and conventions associated with Manager's participation in ICMA, LOC, and OCCMA, subject to approval in the City budget.

4.4 Temporary Additional Compensation. In recognition of the fact that Manager previously served as the City's Finance Director and will continue to serve those functions until a new Finance Director can be hired, the City agrees to compensate Manager an additional one-thousand dollars (\$1,000) per month for each month, prorated for each partial month, beginning on the effective date of this Agreement and ending on the date an individual first begins work in the Finance Director position, but in any event not to exceed a total of four (4) months.

SECTION 5. EVALUATION

Manager will seek frequent informal feedback on performance from the Mayor and City Council Members. Additionally, the City Council shall formally evaluate the Manager annually. All evaluations shall be communicated to the Manager consistent with Oregon Public Meetings Law.

SECTION 6. BENEFITS

6.1 Health, Life, and Disability Insurance. The City agrees to provide medical, dental, life, and accidental death and dismemberment insurance for the Manager, spouse, and dependents and to pay the premiums for such benefits under the same programs and policies as are applicable to all other Department Heads.

6.2 Cellular Phone. City shall pay Manager a monthly data allowance of \$60 per month, or Manager may instead elect to have City provide Manager with a City owned and maintained cellular phone for Manger to use to conduct City business, at City's expense.

6.3 Other Benefits. Except as expressly provided herein, Manager shall be entitled to all standard employee benefits provided to Department Heads and as set forth in City policies, including (as applicable) but not limited to: gym membership allowance workers' compensation insurance coverage, Public Employee Retirement Benefits (PERS), City holidays, and sick, vacation, and administrative leave time.

SECTION 7. HOURS OF WORK AND OUTSIDE ACTIVITIES

7.1 Manager's Time. The parties acknowledge that the performance of the duties of City Manager constitutes a full-time job. The City Manager does not have set hours of work as the City Manager is expected to be available during the work week. However, it is also recognized that the Manager must devote a great deal of his time outside of normal office hours to the business of the City, and to that end the parties recognize that the Manager's schedule of work each day and week shall vary in accordance with the work required to be performed. Manager is an exempt professional from the overtime provisions of the federal Fair Labor Standards Act, and its counterpart in Oregon law.

SECTION 8. OTHER TERMS AND CONDITIONS OF EMPLOYMENT

8.1 City Rules and Regulations. All provisions of the City Code, regulations, and rules as they now exist, and hereafter may be amended, shall apply to the Manager as they would to other employees of the City, unless they conflict with the terms of this Agreement.

SECTION 9. GENERAL PROVISIONS

9.1 Professional Liability. The City agrees to defend, hold harmless and indemnify Manager from any and all demands, claims, suits, actions and legal proceedings brought against Manager in his individual capacity, or in his official capacity as agent and employee of the City, consistent with the terms of the Oregon Tort Claims Act (ORS 30.260 to 30.300).

9.2 Modification. Nothing shall restrict the ability of the City and Manager to amend or adjust the terms of this Agreement. However, no amendment or adjustment shall be valid unless in writing and signed by both the City and Manager. Manager reserves the right to discuss the terms of this Agreement with the City Council as a whole in either closed Executive Session or open Regular Session in accordance with Oregon Public Meetings Law.

9.3 Severability. If any provision, or any portion thereof, contained in this Agreement is held to be unconstitutional, invalid or unenforceable, the remainder of this Agreement, or portion thereof, shall be deemed severable and shall not be affected, and shall remain in full force and effect.

9.4 Rights and Duties. The rights and duties of the City and Manager shall survive the termination of this Agreement.

9.5 Integration. This Agreement contains the entire Agreement between the parties and supersedes all prior written or oral discussions or agreements regarding the same subject

9.6 Bonding. City shall bear the full cost of any fidelity or other bonds required of Manager under any law or ordinance.

9.7 Laws and Venue. This agreement shall be governed by the laws of the State of Oregon. Venue shall be in Clackamas County, Oregon.

9.8 Conflict of Interest. Manager shall not engage in any activity, business, or transaction or have a financial or personal interest or association, direct or indirect, which is in conflict with the proper discharge of official duties or would tend to impair independence of judgment or action in the performance of his duties.

9.9 Assignment. Manager may not assign any interest in this Agreement and shall not transfer any interest in the same.

9.10 Waiver. A waiver by a part of any breach by the other shall not be deemed to be a waiver of any subsequent breach.

9.11 Mediation and Dispute Resolution. Should any dispute arise between the parties to this Agreement, it is agreed that such dispute will be submitted to a mediator prior to any litigation and the parties hereby expressly agree that no claim or dispute arising under the terms of this Agreement shall be resolved other than first through mediation and only in the event said mediation efforts fail, through litigation. The parties shall exercise good faith efforts to select a mediator who shall be compensated equally by both parties. Mediation will be conducted in Oregon City, Oregon unless both parties agree in writing otherwise. Both parties agree to exercise good faith efforts to resolve disputes covered by this section through the mediation process. If a party requests mediation and the other party fails to respond within ten (10) days or if the parties fail to agree on a mediator within ten (10) days, either party may apply to the presiding judge of the Clackamas County Circuit Court to appoint a mediator. Any litigation arising under or as a result of this Agreement shall be tried to the court without a jury. The parties shall have any rights at law or in equity with respect to any dispute not covered by this section.

SECTION 10. NOTICES

Notices pursuant to this Agreement shall be given by deposit into the custody of the United States Postal Service, by certified mail, postage paid and addressed as follows:

CITY:
Mayor
City of Sandy
39250 Pioneer Blvd.
Sandy, OR 97055

And

Beery Elsner & Hammond, LLP
Attn: Josh Soper

[Redacted]

MANAGER:
Tyler Deems

[Redacted]

Alternately, notices required pursuant to this agreement may be served personally in the same manner as is applicable to civil judicial practice. Notice shall be deemed to be given as of the date mailed or personally served.

IN WITNESS WHEREOF, the City Council of the City of Sandy has approved and caused this agreement to be signed and executed in its behalf by its Mayor, and the same has been signed and executed by Manager.

Stan Pulliam 10/17/2023
Stan Pulliam, Mayor Date
City of Sandy

Tyler Deems 10/17/23
Tyler Deems Date