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**Request For Council Action**

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| Order  Ordinance  Resolution  Motion  Information  Proclamation ☐  No. 2024-2922 | |
| Subject:  AN ORDINANCE TO MODIFY THE SYSTEM DEVELOPMENT CHARGE MODEL AND TO ADOPT CODE AMENDMENTS TO THE SYSTEM DEVELOPMENT CHARGES CHAPTER OF NEWBERG’S MUNICIPAL CODE. | Staff: James Walker (City Attorney)  Department: Legal |
| Business Session | Order On Agenda: Legislative Hearing |
| Hearing Type: Legislative  Quasi-Judicial  Administrative  Not Applicable | |

**Date Action Requested: (February 20, 2024)**

**Is this item state mandated?** Yes  No

**If yes, please cite the state house bill or order that necessitated this action:**

As a cross reference many aspects of the city’s SDC program fall under the rules set forth in Oregon Revised Statutes 223.299 and 223.297 – 223.314.

**Recommendation:**

Staff recommend that the City Council of Newberg Adopt Ordinance No. 2024-2922 amending Newberg’s Municipal Code on System Development Charges.

**Executive Summary:**

At the start of 2022, the City Manager pledged that the City of Newberg would review its SDC rates and create its own SDC models rather than rely on contractors to build and update the SDC models. To further this goal, the City created an ad hoc committee, known as the SDC Task Force, to scope potential issues and provide recommendations for SDC reform.

The SDC Task Force was created by Council motion on August 1st, 2022. From the fall of 2022 through the summer of 2023, the SDC Task Force conducted five detailed and mathematically rigorous review meetings culminating in a brainstorming session in July of 2023. The SDC Task Force’s work was conducted within the framework of the SDC Act, which lays out the statutory requirements for SDC programs statewide.

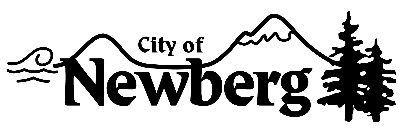
The package before Council at this time is the result of this work and these recommendations.

**Fiscal Impact:**

The fiscal impact of these changes are based upon new and more accurate SDC models that were developed during the ad-hoc committee process. While some SDC charges have been reduced, some have increased so as to recover the revenue necessary for current and future city infrastructure. The net effect for most developments will be a reduction. This was balanced by the removal of completed projects from the City CIP list.

**Council Goals:**

These reforms match the intent of Council goal six to “Implement a careful and prudent fiscal policy”. Specifically, objective three will be fulfilled – “The city will prudently lower System Development Charge fees”.

Ordinance No. 2024-2922

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| **AN ORDINANCE TO MODIFY THE SYSTEM DEVELOPMENT CHARGE MODEL AND TO ADOPT CODE AMENDMENTS TO THE SYSTEM DEVELOPMENT CHARGES CHAPTER OF NEWBERG’S MUNICIPAL CODE.** |

**Recitals:**

1. System Development Charges (SDCs) are one-time charges assessed or collected at the time of increased usage of a capital improvement, at the time of issuance of a development permit or building permit, or at the time of connection to a capital improvement. SDCs help cities recover the cost of increasing infrastructure capacity to serve new development and provide for the expansion of existing systems required when new users increase the load on the existing infrastructure.
2. In 2022, the City created the SDC Task Force to initiate SDC reform. The SDC Task Force prepared a model for calculating water, wastewater, stormwater, and transportation charges, where the charge under each category represents the development’s fair share of the existing and future planned capacity. The model is included as Attachment A.
3. The SDC Task Force also recommended various code changes to Newberg Municipal Code Section 13.05. The changes are intended to incentivize the development of affordable housing, child care facilities, and family wage jobs. The amendments to Section 13.05 are included as Attachment B.

**The City of Newberg Ordains as Follows:**

1. The City Council adopts the SDC model under Attachment A.
2. The City Council adopts the amendments to Section 13.05 of the Newberg Municipal Code as provided under Attachment B.
3. The system development charges will be effective on any permit application not yet issued beginning on the effective date shown below.

**Effective Date** of this ordinance is 30 days after the adoption date, which is: March 21st, 2024.

**Adopted** by the City Council of Newberg, Oregon, this 20th day of February, 2023, by the following votes: **AYE: NAY: ABSTAIN:**

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

Rachel Thomas, City Recorder

**Attest** by the Mayor this \_\_\_\_\_\_\_ day of \_\_\_\_\_\_\_, 2023.

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Bill Rosacker, Mayor