

## Overview

The City of Hillsboro has an international reputation for collaborating with individual companies on large, complex development projects with the goal of making development as easy and cost effective as possible. Since each company has their own set of priorities as they undertake significant projects, the City understands the value of flexibility.

Such flexibility includes structuring City system development charges (SDCs) or fees that respond to client needs. In particular, the City's Water Department and Economic Development Department teamed to create a flexible choice for clients as they determine their need for City water resources. Payment options can influence project budgets in the direction that works for them and make us a more responsive development partner!

The City offers its clients three options to purchase access to the City's water system. These include:

### 1. Traditional SDC Approach

- Water system access charges are paid "up front" from project capital budgets
- This approach has the largest immediate impact on project capital budgets
- This represents the least overall total dollar expenditure for system access

### 2. Financed SDC Approach

- 15% "up front" payment of total water system development charges
- The remaining balance is financed over a 10 year term based on U.S. 10 year T-bill rate plus City credit charge (2%)
- This approach minimizes immediate impact on capital budget but does carry the balance owed as debt on balance sheet

### 3. Volumetric Surcharge Approach

- Available to eligible large water users
- 15% "up front" payment of total water system development charges
- A 5-year surcharge for system capacity access is added to monthly water bill
- After 5 years the surcharge lapses
- If treated as an operating expense instead of a capital expense, the surcharge could reduce company tax burdens

## Large Water User Guidelines

The review and approval of large water user applications is done in-house by the City of Hillsboro Water Department.

Factors to be considered for qualifying include, but are not limited to:

- High volume water user
- Number and value of jobs to be created by the development supplied by a new water connection
- Standard Water SDC payment arrangement is not suitable for the needs of the applicant

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