

**Draft – Final Resolution will be presented at December 10, 2019 Utilities Commission Meeting**

**ATTACHMENT 1**

**RESOLUTION NO. 236-W**

**A RESOLUTION OF THE HILLSBORO UTILITIES COMMISSION ESTABLISHING UPDATED FEES AND SYSTEM DEVELOPMENT CHARGES**

WHEREAS, the Utilities Commission is authorized by the Hillsboro City Charter and Hillsboro Municipal Code Subchapter 2.28 to manage the City of Hillsboro water system; and

WHEREAS, the Utilities Commission established certain system development charges (SDCs) by Resolution No. 231-W, effective February 12, 2019, which SDCs are currently in place; and

WHEREAS, the Hillsboro Utilities Commission adopted a comprehensive Water Master Plan in June 11, 2019 by Resolution No. 234-W; and

WHEREAS, the objective of the Water Master Plan was to identify and define capital improvement needs that will enable the City to satisfactorily serve future populations and development within a defined service area for a 50-year planning period; and

WHEREAS, the Water Master Plan includes Table 8-1 - Capital Improvement Program, a list of projects and cost estimates to establish the total needed funding for capital improvements, which serves as the City's Water Capital Improvement Plan (CIP) for purposes of calculating System Development Charges (SDCs) as required by Oregon Revised Statutes (ORS) 223.309 and Hillsboro Municipal Code (HMC) Subchapter 38; and

WHEREAS, the Commission retained HDR Engineering, Inc. (HDR) to perform an analysis and draft a report for the Commission to update water SDCs based upon the new CIP while relying upon the existing methodology for calculation of the charges. The report, entitled the "City of Hillsboro Water System Development Charge Study", September 2019 (HDR Report) is attached hereto as Exhibit G. The HDR Report sets forth recommended calculations and amounts to be charged for reimbursement fees and improvement fees; and

WHEREAS, the Commission hereby determines that the City should not collect the full amount calculated as eligible to be charged for the improvement fee portion of the SDC, in order to more fairly apportion the responsibility for paying the cost of needed system improvements as between new development and ratepayers. The Commission has the discretion under the law to charge less than the maximum allowable SDC. In support of this determination, the Commission obtained an Issue Paper entitled "Rate Impacts of Various System Development Charges Levels," prepared by HDR in its capacity as consulting engineer; and

WHEREAS, pursuant to ORS 223.304 and HMC 3.28.050, written notice of the adoption of the proposed modification was mailed to interested persons more than 90 days prior to the Utilities Commission public hearing to consider the revised SDCs, and notice was posted in accordance with Utilities Commission policy; and

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WHEREAS, the Utilities Commission conducted a public hearing on December 10, 2019 to consider the proposed SDCs and determined that adoption of the recommended new charges - the calculation of which incorporates a reduction so that the SDC represents a charge that is ninety-three percent (93%) of the otherwise lawful maximum SDC that could be approved - is in the public interest and will result in collection of sufficient revenue to fund the projects identified in the new CIP; and

WHEREAS, in order to provide revenue with which to expand treatment facilities, impoundment, pumping facilities, transmission systems and service mains in the City, and areas outside the City now being served by the system, and to meet the costs of service installations, it is necessary to establish water connection fees and service installation fees for all users of water services such as will more nearly reflect the costs to the Commission for providing and maintaining such services.

NOW THEREFORE, THE CITY OF HILLSBORO UTILITIES COMMISSION RESOLVES AS FOLLOWS:

**Section 1:** The Commission hereby adopts the HDR Report as its calculations in support of the revised SDCs adopted herein. The resulting charges are ninety-three percent (93%) of the otherwise maximum allowable charge, determined by the Commission to be a reasonable mechanism to balance the responsibility for paying the cost of needed improvements as between new development and ratepayers.

**Section 2:** The methodology for calculation of the new SDC consists of the same elements as those adopted by the Commission in Resolution No. 221-W and results in the charges adopted by this Resolution. These elements are as follows:

- a. The SDC is calculated for a 5/8-inch by 3/4-inch meter. The SDC for larger meter sizes up to 2 inches is determined by multiplying the SDC for a 5/8-inch by 3/4-inch meter by a weighting factor. The weighting factor adopted by the Commission is the American Water Works Association Meter Capacity Ratio for displacement-type meters.
- b. For meters larger than 2 inches, the SDC is determined based on the customer's anticipated water usage. Anticipated peak day water usage will be divided by the peak day system design flow of 786 gallons per day per Meter Equivalent (ME) to determine the peak day MEs. Anticipated average daily water usage will be divided by 496 gallons per day per ME to determine average day MEs. The anticipated peak day water usage is assumed to be 1.5 times the average day usage, unless a different peaking factor is demonstrated by the applicant.
- c. For multi-family complexes that require a meter larger than 2 inches, the fee will be calculated using the method in Section 2.b. above if anticipated usage is provided by the applicant, or the projected average usage will be calculated using the number of units multiplied by 225 gallons per unit.
- d. The applicable SDC is calculated in the same manner for all metered connections, whether for Residential, Industrial, Multi-Family, Public Users, Non-Profit, Commercial, Irrigation, or Wholesale purposes.

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**Section 3:** Connection Fees, Service Installation Fees, Design Review and Construction Inspection Fees, and Extraterritorial Application Fees shall be charged as follows. No Service purchased for purposes other than residential, commercial, and industrial, such as irrigation, will be refundable under a developer contract regardless of the location. Backflow requirements will be strictly enforced as stated in Resolution No. 193-W or its successor resolution.

- a. Connection Fees: The Commission hereby adopts the charges for Connection Fees for water services to be used for retail water service which shall be charged only where the Commission has paid any of the cost of installing the water line, in the instances where there are contracts with a developer due to advances for construction costs of water line extensions, and where developer contracts were in effect but have expired, and such Connection Fees shall be as set forth in Section 4.
- b. Service Installation Fees: The Commission hereby adopts Service Installation Fees that shall be charged, in addition to Connection Fees, for all water meters which will, as nearly as possible, reflect the actual cost of the installation of the water service connection, and Service Installation Fees shall be as set forth in Section 4.
- c. Design Review and Construction Inspection Fees: The Commission hereby adopts Design Review and Construction Inspection Fees that shall be charged, in addition to a Service Installation Fee, for all Irrigation water meters, which will, as nearly as possible, reflect the actual cost of the installation of the water service connection, and Design Review and Construction Inspection Fees shall be as set forth in Section 4.
- d. Extraterritorial Application Fee: The Commission hereby adopts an Extraterritorial Application Fee that shall apply to meters outside the City's corporate limits, for such additional services as application processing and review, publication and mailing of public notices, etc., as set forth in Section 4. In the event the customer wishes to make the installation, only Design Review and Construction Inspection Fee plus the extraterritorial application fee will be charged as a Service Installation Fee. The system the customer would install must be pre-approved before being covered.

**Section 4:** The Commission hereby adopts the following Fees and System Development Charges, which are set forth on the following Exhibits, attached hereto and incorporated herein by this reference:

- a. Exhibit A: Fees and System Development Charges: City of Hillsboro Retail
- b. Exhibit B: Fees and System Development Charges: Upper System Retail
- c. Exhibit C: Wholesale System Development Charge: City of Cornelius
- d. Exhibit D: Wholesale System Development Charge: City of Gaston & L.A. Water Cooperative
- e. Exhibit E: Fees and System Development Charges (SDC): City of Hillsboro Irrigation
- f. Exhibit F: Fees and System Development Charges (SDC): Upper System Irrigation
- g. Exhibit G: City of Hillsboro Water System Development Charge Study, September 2019

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**Section 5:** Repeal. This Resolution repeals as of April 1, 2020, Resolution No. 231-W and Resolution No. 179-W and all previous resolutions or parts of resolutions in conflict with this Resolution.

**Section 6:** The new Fees and SDCs adopted by this Resolution shall take effect on April 1, 2020. In order to implement the new charges, the rates in effect immediately prior to April 1, 2020, will apply for customers who apply for a building permit including building plans prior to the effective date of this Resolution and who actually pick up and pay for the building permit prior to October 1, 2020.

**Section 7:** The Commission directs staff to adjust the SDC each calendar year as authorized by ORS 223.304(8)(b) and HMC 3.28.050. The amount of the adjustment shall be the change, as calculated by staff, in the Engineering News Record Construction Cost Index for the Seattle area for the twelve-month period ending in December of the year prior to the effective date of the SDC adjustment. The adjustments shall be effective April 1<sup>st</sup> of each year.

**Section 8:** This Resolution takes effect immediately upon adoption by the Utilities Commission.

ADOPTED by the Utilities Commission of the City of Hillsboro, Oregon this 14th day of January, 2020.

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Chair

Attest: \_\_\_\_\_  
Commission Recorder

Date: \_\_\_\_\_

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**Exhibit A: Fees and System Development Charges (SDC): City of Hillsboro Retail**

Residential, Industrial, Multi-Family, Public Users, Non-Profit, and Commercial

Rates for Customers Inside the City of Hillsboro, Effective April 1, 2020

Service Connection Type*	Connection Fee**	Service Installation Fee	SDC	Administrative Fee	Total Charge
5/8 x 3/4 inch	\$1,200	\$360	\$10,750	\$37	\$12,347
3/4 inch	\$1,238	\$505	\$16,125	\$37	\$17,905
1 inch	\$1,275	\$650	\$26,875	\$37	\$28,837
1 1/2 inch	\$1,450	\$1,050	\$53,749	\$37	\$56,286
2 inch	\$1,900	\$2,050	\$85,999	\$37	\$89,986
3 inch	\$3,800 + SDC to be calculated***				
4 inch	\$7,600 + SDC to be calculated***				
6 inch	\$12,000 + SDC to be calculated***				
8 inch	\$20,000 + SDC to be calculated***				

\*3/4 inch service is only available for purchase by Single Family Residential.

\*\*Connection fees are charged only in instances when the Water Department installs a service line from the distribution main to the meter.

\*\*\*Calculation based on estimated average day and maximum day demands expressed in 5/8" x 3/4" meter equivalents. Please call the Water Dept. for a quote.

These fees are subject to change at the discretion of the Utilities Commission.

These fees apply to meter purchases for Hillsboro Retail Customers.

For SDC fees for Upper System Retail and Wholesale Customers, please refer to the appropriate schedule or contact the Water Department at 503-615-6702.

The weighting factor is based on the customer's anticipated water usage. Estimated peak day water usage is divided by peak day flow of 786 Gallons/Day/ME, then multiplied by the peak daily SDC (\$9,095) for a 3/4 inch meter. The estimated average day water usage is divided by average day flow of 496 Gallons/Day/ME, then multiplied by the average daily SDC (\$1,655) for a 3/4 inch meter, then added to the amount for the peak day flow. Then, the \$37 administrative fee is added.

SDC Calculation Per Meter Equivalent (ME)	SDC Fee Per ME	Customer's Estimated ME	Total SDC
Peak daily	\$9,095	1.00	\$ 9,095
Average daily	\$1,655	1.00	\$ 1,655
Subtotal			\$ 10,750
Administrative fee			\$ 37
SDC and Administrative Charge			\$ 10,787

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**Exhibit B: Fees and System Development Charges (SDC): Upper System Retail**

Residential, Industrial, Multi-Family, Public Users, Non-Profit, and Commercial  
Rates for Customers in the Upper System, Effective April 1, 2020

Service Connection Type	Connection Fee*	Service Installation Fee	SDC	Administrative Fee	Extraterritorial Application Fee	Total Charge
5/8 x 3/4 inch	\$2,400	\$720	\$10,418	\$23	\$250	\$13,811
3/4 inch	\$2,475	\$1,010	\$15,627	\$23	\$250	\$19,385
1 inch	\$2,550	\$1,300	\$26,045	\$23	\$250	\$30,168
1 1/2 inch	\$2,900	\$2,100	\$52,089	\$23	\$500	\$57,612
2 inch	\$3,800	\$4,100	\$83,343	\$23	\$500	\$91,766
3 inch	\$7,600 + fees and SDC to be calculated**					
4 inch	\$15,200 + fees and SDC to be calculated**					
6 inch	\$24,000 + fees and SDC to be calculated**					
8 inch	\$40,000 + fees and SDC to be calculated**					

\*Connection fees are charged only in instances when the Water Department installs a service line from the distribution main to the meter.

\*\*Calculation based on estimated average day and maximum day demands expressed in 5/8" x 3/4" meter equivalents.

Please call the Water Dept. at 503-615-6702 for a quote.

These fees are subject to change at the discretion of the Utilities Commission.

These fees apply to meter purchases for Hillsboro Retail Customers.

**SDC Calculation: Contractor to purchase and install meters 3 inch and larger**

The weighting factor is based on the customer's anticipated water usage. Estimated peak day water usage is divided by peak day flow of 786 Gallons/Day/ME, then multiplied by the peak daily SDC (\$9,469) for a 3/4 inch meter. The estimated average day water usage is divided by average day flow of 496 Gallons/Day/ME, then multiplied by the average daily SDC (\$949) for a 3/4 inch meter, then added to the amount for the peak day flow. Then, the \$23 administrative fee is added.

SDC Calculation Per Meter Equivalent (ME)	SDC Fee Per ME	Customer's Estimated ME	Total SDC
Peak daily	\$9,469	1.00	\$ 9,469
Average daily	\$949	1.00	\$ 949
Subtotal			\$ 10,418
Administrative fee			\$ 23
SDC and Administrative Charge			\$ 10,441

**Exhibit C: Fees and System Development Charges (SDC): City of Cornelius Wholesale**

Wholesale Rates for the City of Cornelius, Effective April 1, 2020

Service Connection Type	SDC	Administrative Fee	Total Charge
5/8 x 3/4 inch	\$6,283	\$4	\$6,287
1 inch	\$15,708	\$4	\$15,712
1 1/2 inch	\$31,415	\$4	\$31,419
2 inch	\$50,264	\$4	\$50,268
3 inch	SDC to be calculated*		
4 inch	SDC to be calculated*		
6 inch	SDC to be calculated*		
8 inch	SDC to be calculated*		

\*Calculation based on estimated average day and maximum day demands expressed in 5/8" x 3/4" meter equivalents. Please call the Water Dept. at 503-615-6702 for a quote.

These fees are subject to change at the discretion of the Utilities Commission.

These fees apply to meter purchases for Cornelius Wholesale customers.

\*\*3/4" Service is only available for purchase by Single Family Residential.

The weighting factor is based on the customer's anticipated water usage. Estimated peak day water usage is divided by peak day flow of 786 Gallons/Day/ME, then multiplied by the peak daily SDC (\$5,410) for a 3/4 inch meter. The estimated average day water usage is divided by average day flow of 496 Gallons/Day/ME, then multiplied by the average daily SDC (\$873) for a 3/4 inch meter, then added to the amount for the peak day flow. Then, the \$4 administrative fee is added.

SDC Calculation Per Meter Equivalent (ME)	SDC Fee Per ME	Customer's Estimated ME	Total SDC
Peak daily	\$5,410	1.00	\$ 5,410
Average daily	\$873	1.00	\$ 873
Subtotal			\$ 6,283
Administrative fee			\$ 4
Wholesale portion of SDC and Administrative Charge			\$ 6,287

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**Exhibit D: Fees and System Development Charges (SDC): Gaston and LA Water Cooperative Wholesale**

Wholesale Rates for the City of Gaston and the LA Water Cooperative  
Effective April 1, 2020

Service Connection Type	SDC	Administrative Fee	Total Charge
5/8 x 3/4 inch	\$6,939	\$7	\$6,946
1 inch	\$17,347	\$7	\$17,354
1 1/2 inch	\$34,694	\$7	\$34,701
2 inch	\$55,510	\$7	\$55,517
3 inch	SDC to be calculated*		
4 inch	SDC to be calculated*		
6 inch	SDC to be calculated*		
8 inch	SDC to be calculated*		

\*Calculation based on estimated average day and maximum day demands expressed in 5/8" x 3/4" meter equivalents. Please call the Water Dept. for a quote.

These fees are subject to change at the discretion of the Utilities Commission.

These fees apply to meter purchases for Gaston and LA Water Cooperative Wholesale customers.

\*\*3/4" Service is only available for purchase by Single Family Residential.

The weighting factor is based on the customer's anticipated water usage. Estimated peak day water usage is divided by peak day flow of 786 Gallons/Day/ME, then multiplied by the peak daily SDC (\$5,990) for a 3/4 inch meter. The estimated average day water usage is divided by average day flow of 496 Gallons/Day/ME, then multiplied by the average daily SDC (\$949) for a 3/4 inch meter, then added to the amount for the peak day flow. Then, the \$7 administrative fee is added.

SDC Calculation Per Meter Equivalent (ME)	SDC Fee Per ME	Customer's Estimated ME	Total SDC
Peak daily	\$5,990	1.00	\$ 5,990
Average daily	\$949	1.00	\$ 949
Subtotal			\$ 6,939
Administrative fee			\$ 7
Wholesale portion of SDC and Administrative Charge			\$ 6,946



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<b>Exhibit E: Fees and System Development Charges (SDC): City of Hillsboro Irrigation</b>						
Irrigation Customers Inside the City of Hillsboro, Effective April 1, 2020						
Service Connection Type	Design and Inspection Fee*	Service Installation Fee	SDC	Administrative Fee	Total Charge	
5/8 x 3/4 inch	\$250	\$360	\$10,750	\$37	\$11,397	
1 inch	\$250	\$650	\$26,875	\$37	\$27,812	
1 1/2 inch	\$250	\$1,050	\$53,749	\$37	\$55,086	
2 inch	\$250	\$2,050	\$85,999	\$37	\$88,336	
3 inch	\$250 + Fees and SDC to be calculated**					
4 inch	\$250 + Fees and SDC to be calculated**					
6 inch	\$250 + Fees and SDC to be calculated**					
8 inch	\$250 + Fees and SDC to be calculated**					
<p>* On contractor installed meters 3" and larger, only the \$250 design review and inspection will be charged as a service installation fee. The system the customer installs must be pre-approved by the Utilities Commission, and the physical condition must be approved before covered. Backflow requirements will be strictly enforced as stated in Resolution #193-W or its successor Resolution.</p> <p>**Calculation based on estimated average day and maximum day demands expressed in 5/8" x 3/4" meter equivalents. Please call the Water Dept. at 503-615-6702 for a quote.</p> <p>3/4 inch service is only available for purchase by Single Family Residential.</p> <p>Connection fees are charged only in instances when the Water Department installs a service line from the distribution main to the meter.</p> <p>These fees are subject to change at the discretion of the Utilities Commission.</p> <p>These fees apply to meter purchases for Hillsboro Retail customers.</p> <p>For SDC fees for Upper System Retail and Wholesale Customers, please refer to the appropriate schedule or contact the Water Department at 503-615-6702.</p>						
<b>SDC Calculation: Contractor to purchase and install meters 3 inch and larger</b>						
<p>The weighting factor is based on the customer's anticipated water usage. Estimated peak day water usage is divided by peak day flow of 786 Gallons/Day/ME, then multiplied by the peak daily SDC (\$9,095) for a 3/4 inch meter. The estimated average day water usage is divided by average day flow of 496 Gallons/Day/ME, then multiplied by the average daily SDC (\$1,655) for a 3/4 inch meter, then added to the amount for the peak day flow. Then, the \$37 administrative fee is added.</p>						
SDC Calculation Per Meter Equivalent (ME)	SDC Fee Per ME	Customer's Estimated ME	Total SDC			
Peak daily	\$9,095	1.00	\$ 9,095			
Average daily	\$1,655	1.00	\$ 1,655			
Subtotal			\$ 10,750			
Administrative fee			\$ 37			
SDC and Administrative Charge			\$ 10,787			

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**Exhibit F: Fees and System Development Charges (SDC): Upper System Irrigation**

Irrigation Customers in the Upper System, Effective April 1, 2020

Service Connection Type	Design and Inspection Fee*	Service Installation Fee	SDC	Administrative Fee	Extraterritorial Application Fee	Total Charge
5/8 x 3/4 inch	\$250	\$360	\$10,418	\$23	\$250	\$11,301
1 inch	\$250	\$650	\$26,045	\$23	\$250	\$27,218
1 1/2 inch	\$250	\$1,050	\$52,089	\$23	\$500	\$53,912
2 inch	\$250	\$2,050	\$83,343	\$23	\$500	\$86,166
3 inch	\$250	+ Fees and SDC to be calculated**				
4 inch	\$250	+ Fees and SDC to be calculated**				
6 inch	\$250	+ Fees and SDC to be calculated**				
8 inch	\$250	+ Fees and SDC to be calculated**				

\* On contractor installed meters 3" and larger, only the \$250 design review and inspection will be charged as a service installation fee. The system the customer installs must be pre-approved by the Utilities Commission, and the physical condition must be approved before covered. Backflow requirements will be strictly enforced as stated in Resolution #193-W or its successor Resolution.

\*\*Calculation based on estimated average day and maximum day demands expressed in 5/8" x 3/4" meter equivalents. Please call the Water Dept. at 503-615-6702 for a quote.

3/4 inch service is only available for purchase by Single Family Residential.

Connection fees are charged only in instances when the Water Department installs a service line from the distribution main to the meter.

These fees are subject to change at the discretion of the Utilities Commission.

These fees apply to meter purchases for Hillsboro Retail customers.

For SDC fees for Upper System Retail and Wholesale Customers, please refer to the appropriate schedule or contact the Water Department at 503-615-6702.

**SDC Calculation: Contractor to purchase and install meters 3 inch and larger**

The weighting factor is based on the customer's anticipated water usage. Estimated peak day water usage is divided by peak day flow of 786 Gallons/Day/ME, then multiplied by the peak daily SDC (\$9,469) for a 3/4 inch meter. The estimated average day water usage is divided by average day flow of 496 Gallons/Day/ME, then multiplied by the average daily SDC (\$949) for a 3/4 inch meter, then added to the amount for the peak day flow. Then, the \$23 administrative fee is added.

SDC Calculation Per Meter Equivalent (ME)	SDC Fee Per ME	Customer's Estimated ME	Total SDC
Peak daily	\$9,469	1.00	\$ 9,469
Average daily	\$949	1.00	\$ 949
Subtotal			\$ 10,418
Administrative fee			\$ 23
SDC and Administrative Charge			\$ 10,441