

Adopted: 2/25/2019
Effective: 2/26/2019
Amended: 11/24/2020

CITY OF SALEM
DEPARTMENT OF PUBLIC WORKS
ADMINISTRATIVE RULE
CHAPTER 109
DIVISION 200
SYSTEM DEVELOPMENT CHARGES

System Development Charges Administrative Rule

2.1 – Introduction

(a) The requirements in this Division shall apply where required by Chapter 41 of the *Salem Revised Code* (SRC) or where referenced by a requirement in this Administrative Rule (Rule). This Rule shall establish clear and consistent practices applicable to collection, expenditure, and reimbursement of system development charges.

(b) Authority to Adopt. This Rule is authorized by SRC Chapters 20J and 41. The provisions of this Rule are intended to be consistent with and supplement SRC Chapter 41. In those cases where a conflict may exist, the SRC provisions will take precedence.

2.2 – Definitions

- 309 List – The plan and list adopted by Council pursuant to ORS 223.309.
- 8-inch equivalent cost – The cost of an 8-inch main in the same vertical and horizontal alignment as the qualified public improvement. For mains deeper than 12 feet, the 8-inch equivalent cost shall be limited to a main at a 12-foot depth.
- Abutting street – A street constructed adjacent to or fronting the development site.
- Developer’s share – The portion of a qualified public improvement not eligible for reimbursement from SDCs because of the direct benefit being provided to the developer.
- Direct service – Providing individual service connections to the development site.
- Internal street – A new street located within the development boundary and shown as a future street in the *Salem Transportation System Plan*.
- SDC Eligibility Ratio – The ratio of the total certified cost of a qualified public improvement minus the developer’s share.
- SDC Eligible Cost – The total certified cost of a qualified public improvement multiplied by the SDC eligibility ratio.
- Urbanized – Constructed in compliance with urban standards that were in place at the time of original street construction.

2.3 – Expenditure policies

(a) **General.** Expenditure of SDCs is limited pursuant to SRC 41.120. Projects included on the 309 list are fully eligible for SDC funding unless a portion of the project is specifically identified as not needed for additional capacity. Those portions of projects not needed for additional capacity shall be ineligible for SDC funding by that same proportion pursuant to ORS 223.304(2).

- (b) **309 List Criteria.** Projects may be added or removed from a 309 list based on the following criteria:
- a. **Parks – Acquisition.**
 - i. Located in a growth area
 - ii. A high ratio of the park service area development paid parks SDCs
 - iii. An opportunity is available to purchase the property
 - iv. Social/geographic equity
 - b. **Parks – Development.**
 - i. Located in a growth area
 - ii. A high ratio of the park service area development paid parks SDCs
 - iii. Property was acquired with SDC funds
 - iv. Social/geographic equity
 - v. A high percentage of land in the parks service area has been developed
 - c. **Transportation**
 - i. Consistent with Salem TSP
 - ii. Intersections with a base year operating below capacity and a future year exceeding capacity
 - iii. Corridor capacity projects and arterial street upgrades in areas affected by development impacts
 - iv. Collector streets located in developing areas
 - v. Improvements where SDC funds can be used as a match for other funding sources
 - vi. Social/Geographic Equity
 - d. **Water/Sewer**
 - i. Located in a growth area
 - ii. Needed to serve a growth area
 - iii. A Temporary Access Fee has been paid for the facility
 - iv. Improvements where SDC funds can be used as a match for other funding sources
 - v. Social/Geographic Equity
 - e. **Stormwater**
 - i. Located in a growth area
 - ii. Needed to serve a growth area
 - iii. Improvements where SDC funds can be used as a match for other funding sources
 - iv. Social/Geographic Equity

2.4 – Qualified Public Improvements

- (a) **General.** The costs for developer-built qualified public improvements may be reimbursed to the developer pursuant to SRC 41.310. The total reimbursement to the developer shall not exceed the SDC-eligible cost as described herein.
- (b) **Developer’s Share.** The developer’s share of qualified public improvements is as follows:
- a. **Water Mains.** The equivalent cost of an 8-inch water main located within or abutting the property being developed.
 - b. **Sewer Mains.** The equivalent cost of an 8-inch sewer main located within or abutting the property being developed.
 - c. **Stormwater Mains.** The equivalent cost of a 12-inch stormwater main located within or abutting the property being developed.

- d. **Transportation – Abutting Streets and Internal Collector Streets.** The equivalent cost of a local street located within or abutting the property being developed.
- e. **Transportation – Non-abutting Streets.** The portion of the improvement that is designed to be eliminated once the street is constructed to its full width based on the street classification.
- f. **Transportation – Intersections, Turn Lanes, Internal Arterial Streets, and Signals.** The portion of the improvement directly benefiting the development parcel as determined through a transportation planning rule analysis, traffic impact analysis, or other information as approved by the Public Works Director.

(c) **SDC Eligibility Ratio.** The following table specifies the SDC eligibility ratio for varies types of qualified public improvements.

Parks	SDC Eligibility Ratio
All	100%

Streets	SDC Eligibility Ratio
Abutting streets where existing street was urbanized	100%
Abutting streets where existing street was not urbanized	Parkway – 51% Major Arterial – 46% Minor Arterial – 34% Collector – 19%
Abutting streets where no street existed previously	Parkway – 51% Major Arterial – 46% Minor Arterial – 34% Collector – 19%
Internal streets – Arterial	100% minus developer’s share
Internal streets – Collector	19%
Non-abutting streets	100% minus developer’s share
Left-turn lanes not exceeding TSP standard cross-section	100%
Left-turn lanes exceeding TSP standard cross-section	100% minus developer’s share
Right-turn lanes	100% minus developer’s share
Fee-in-lieu of improvement	0%

Water	SDC Eligibility Ratio
New mains providing direct service to development	Actual cost minus 8-inch equivalent
8-inch mains within or abutting the development	0%
New mains not providing direct service to the development	100%
Major facilities	As specified in 309 list

Sewer	SDC Eligibility Ratio
New mains providing direct service to development	Actual cost minus 8-inch equivalent
8-inch mains within or abutting the development	0%
New mains not providing direct service to the development	100%
Major facilities	As specified in 309 list

Stormwater	SDC Eligibility Ratio
All	As specified in 309 list

2.5 – Fee Collection

- (a) **General.** Pursuant to the methodology adopted under SRC 41.170, SDCs are collected based on the following growth units:

Infrastructure Type	Growth Units
Parks – Residential	Dwelling unit
Parks – Non-Residential	Gross building floor area
Transportation	Average new daily vehicle trips
Water/Sewer	Water meter size
Stormwater	Impervious surface area

- (c) **Parks – Residential.** Fees are assessed based on the number and type of dwelling units being constructed. Dwelling unit types are based on use classifications shown in SRC Table 400-1. Residential uses in any Broad Zone Category shall be charged based on the number of residential units.
- (d) **Parks – Non-Residential.** Non-residential growth units are based on the Broad Zone Category in which the development is located pursuant to SRC Table 110-1 and for illustrative purposes is shown in the following Table.

Broad Zone Category	Applicable Zones
Commercial	Neighborhood Commercial Commercial Office Commercial Retail Commercial General Central Business District West Salem Central Business District

Mixed Use	Fairview Mixed-Use South Waterfront Mixed-Use Neighborhood Center Mixed-Use Edgewater/Second Street Mixed-Use Corridor Mixed Use I Mixed Use II
Public	Public Amusement Public and Private Cemeteries Public and Private Educational Services Public and Private Health Services Public Service Capitol Mall
Industrial and Employment	Employment Center Industrial Commercial Industrial Business Campus Industrial Park General Industrial Intensive Industrial Second Street Craft Industrial Corridor

Non-residential uses in residential zones shall be charged based on the Broad Zone Category in which the use is allowed. Where a use is allowed in more than one Broad Zone Category, the lower fee shall be used.

(e) **Parks – Mixed Use.** In mixed use zones, the method for calculating fee amounts shall be as follows:

- a. The entire gross building square footage of the development is tabulated into one of three use categories: residential areas, non-residential areas, and common/other areas. The sum of the three use categories shall equal the gross building square footage.
- b. The sum of the residential areas and non-residential areas equal the separated use area.
- c. The residential area divided by the separated use area establishes the residential area ratio. The non-residential area divided by the separated use area establishes the non-residential area ratio.
- d. The common/other area multiplied by the residential area ratio establishes the residential common area. The common/other area multiplied by the non-residential area ratio establishes the non-residential common area. The sum of the residential common area and non-residential common area shall equal the common/other area.
- e. The sum of the residential area and the residential common area establishes the effective residential area. The sum of the non-residential area and the non-residential common area establishes the effective non-residential area. The sum of the effective residential area and the effective non-residential area shall equal the gross building square footage.
- f. The fee amounts for the effective residential area shall be charged based on the number of residential units. The fee amounts for the effective non-residential area shall be charged based on the Broad Zone Category in which the use is allowed. Where a use is allowed in more than one Broad Zone Category, the lower fee shall be used.

g. An example for calculating mixed use common area is shown below:

Gross Building Area = 55,000 square feet (SF)

Residential Area = 20,000 SF

Non-Residential Area = 30,000 SF

Common/Other Area = 5,000 SF

Variable	Calculation	Result
Separated Use Area	20,000 SF + 30,000 SF	50,000 SF
Residential Area Ratio	20,000 SF / 50,000 SF	40%
Non-Residential Area Ratio	30,000 SF / 50,000 SF	60%
Residential Common Area	5,000 SF x 40%	2,000 SF
Non-Residential Common Area	5,000 SF x 60%	3,000 SF
Effective Residential Area	20,000 SF + 2,000 SF	22,000 SF
Effective Non-Residential Area	30,000 SF + 3,000 SF	33,000 SF

- (f) **Transportation.** SDCs are collected based on the initial use of the building being constructed. Fees are collected for changes of use only when additional parking is required to accommodate the new use pursuant to SRC Chapter 806.
- (g) **Water/Sewer.** SDCs are collected based on maximum fixture units allowed for a given water meter size as specified in the *Oregon State Plumbing Specialty Code*. SDCs will not be increased when the meter size is increased because of developed length or pressure considerations.
- (h) **Stormwater.** Replaced impervious surface is not subject to SDCs based on an exemption in SRC 41.150(a)(6). To qualify for an exemption under this regulation, the surface must have been:
- Impervious prior to September 22, 2002, which is the effective date of Resolution 2002-142 that adopted the original Stormwater SDC; or
 - New impervious surface constructed on or after September 22, 2002, and stormwater SDCs were paid at the time the project was constructed.