

DEVELOPMENT AND PUBLIC WORKS

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April 11, 2013

Hon. Brian Clem
Chair, House Land Use Committee
The Capitol
900 Court Street, N.E.
Salem, OR 97301

Dear Chair Clem and Members of the Committee:

I am writing to express to you concerns of the City of Springfield with respect to House Bill 3479, which is before you today. I apologize for the fact that the press of other business prevents me from attending in person.

This bill deals with an issue which, in my experience, is common among Oregon cities. Unfortunately, it deals with that issue in a way which is not only counterproductive for those who support the bill, but creates serious problems for the orderly administration of Systems Development Charges (SDC) imposed under the authority granted by ORS 223. 299, *et seq.* The City of Springfield opposes this legislation.

Not unlike the situation in The Dalles, where the precipitating issue occurred, the City of Springfield has 29 miles of unimproved streets within our city limits. These streets range from gravel roads to what we call asphalt mats, roadways which consist of nothing more than a layer of asphalt placed over some sort of gravel surface. These streets generally do not have sidewalks, an engineered stormwater system, streets lights and other amenities typically associated with City streets, and in some case also do not have a municipal sewer system.

For much longer than the 19 years I have served the city, our Council has maintained the policy that equity and fairness demand that when these streets are improved to urban standards, and all of the missing amenities are added, the owners of abutting properties should pay for the cost of those improvements, as did all of the previous residents of the City who either paid for them directly or found them incorporated into the price of the property they bought. In return, those property owners get the benefit of a commitment from the City to perpetual maintenance of the improved street. From my conversations with others across the state, including those in The Dalles, where this situation arose, that practice appears to be almost universal. This policy is enforced by directing staff to secure the appropriate commitments from property owners at the time they request approval of a land use action affecting the property. In Springfield's case, like many other cities, that often is a request for partition or subdivision of the property. At that time, one of the conditions of approval attached to that land use decision is a requirement to enter into a non-remonstrance agreement and, in Springfield's case, and improvement agreement which commits the property owner to fund their proportionate share of the future improvements. These agreements are recorded against the property affected.

Like many other cities, our Council does hear from citizens who don't like the practice, but remains steadfast in the view that the increase in property value which comes from having property on an improved street offsets the cost of funding the improvements, and puts those property owners in the same position as other property owners who have funded similar improvements. Like many other cities, our Council does not always require immediate construction, but rather allows construction to be deferred to a future time when economies of scale make the unit costs of construction lower. As mentioned previously, in those cases, owners are asked to agree not to remonstrate against the local improvement district which will ultimately be formed when a project of sufficient size can be assembled.

From Springfield's perspective there is no need to legislate with respect to a local solution that the City and its citizens have developed. It is neither prudent nor necessary to preempt local authority by mandating a statewide solution to a local concern. For this reason alone we believe the bill should not be approved.

In addition, the choice of Systems Development Charges to resolve this issue is particularly inappropriate. House Bill 3479 will impose burdens on cities but it will not achieve the result desired, which appears to be avoiding paying for the cost of street improvements. Given the limitations in ORS 223.299(1) (a) any charges for street improvement would be imposed as part of the Transportation SDC Methodology required to be developed under ORS 223.304. Since they relate to improvements not yet constructed, under ORS 223.299 (2) and (3) they would have to be part of the improvement fee. As a result, those fees must be based on a plan of capital improvements prepared pursuant to ORS 223.309. Typically those plans estimate need for capacity increasing improvements over a significant time window. In Springfield, like in many other cities, a 20 year plan is created. This means the city would be obliged to estimate the number of land use actions that will trigger the need for potential street improvements over that period of time to properly complete its plan of capital improvements.

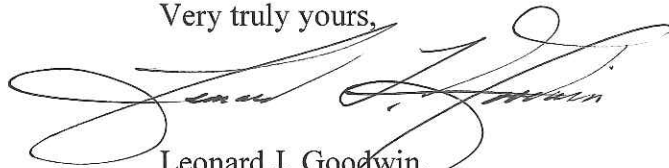
Currently, under ORS 223.304(2)(a) the full estimated cost of those improvements is not included in the basis for calculating an SDC, only the amount that is the portion of the improvements that are needed for additional capacity. In my experience, the improvement of streets to urban standards is only partially attributable to a need for additional capacity. Consequently, only a portion, perhaps a small one, of the costs of the improvements could be included as part of the SDC methodology. In Springfield's case that is often as little as 12 percent of the cost of the improvement. While that amount could be included in the SDC, and charged as part of the SDC fee, it would generally be charged to all development in the community, based upon the amount of additional capacity that will be required by a development. The funds would then be commingled with all other Transportation SDCs and would be used for any eligible improvement subsequently required in the community. Typically SDC methodologies do not reserve SDC revenue for either specific projects or for specific geographic areas of the community, since they are calculated based on the total needs of the community as a whole.

The balance of the cost of making the improvement, that portion not attributable to the need for additional transportation capacity (perhaps as much as 88 percent, based on Springfield's history), could not legally be funded from SDCs. At the time a particular street improvement is actually made, which could be many years in the future, it would be still assessed against the owner of the abutting property, since it could not legally be included as part of the SDC, a practice which, pursuant to the proposed bill's version of ORS 223.299(4) (c) would continue to be excluded from the definition of SDCs.

The end result is that a property owner would be relieved of a small portion of the cost of street improvements, but remain responsible for the balance. That cost would be shared by all other development in the community. Conversely, the result for the community would be reduced certainty as to funding of future street improvements and substantial expense to create a new element of an already complicated SDC methodology. We believe that result neither strikes a balance between the rights of communities to plan adequately for the infrastructure needs and the rights of property owners to understand their obligations with respect to community improvements, nor is it fair to the vast majority of the citizens who have, in one way or another, funded the cost of existing infrastructure. We urge the committee to reject the bill.

Thank you for the opportunity to express the views of the City of Springfield on this legislation.

Very truly yours,

A handwritten signature in black ink, appearing to read "Leonard J. Goodwin", written in a cursive style.

Leonard J. Goodwin,
Director, Development and Public Works

c: Hon. John Lively