

RESOLUTION NO. 3376

A RESOLUTION AMENDING THE WATER SYSTEM DEVELOPMENT CHARGE METHODOLOGY

Findings

A. Bend Municipal Code (BMC) Chapter 12.10 and ORS 223.297-223.314 allow the City to establish System Development Charges (SDC). Per ORS 223.304, SDCs must be based on a methodology that is adopted by resolution or ordinance. BMC 12.10.050(C) allows the City Council to amend an SDC methodology by resolution.

B. The City's current Water SDC methodology was adopted in 2008, under Resolution 2705. In 2023, the City began a project to update the water SDC methodology. The City engaged Galardi Rothstein Group and convened a stakeholder group to provide feedback to staff and consultants in the update and creation of these methodologies. The stakeholder group held six meetings between February and August of 2023.

C. The methodology accompanying this resolution updates the projects to be funded with SDC revenues and their associated growth basis, land use categories and associated service requirements that provide the basis for how individual developments will be charged.

D. The SDC Project List is based primarily on the Integrated Water System Master Plan (IWSMP) adopted by the City in 2021, adjusted for inflation through February 2023 and for anticipated developer funding. The list includes the project description, and the estimated cost, timing, and portion of cost eligible for improvement SDC funding. The City Council may amend or update this project list by resolution, including adjustments of cost for inflation, as provided in the methodology and Bend Code.

E. The IWSMP identifies capacity needs for current development and projected future growth (through 2040) under various water demand conditions and service delivery requirements (e.g., fire flow and emergency storage). A primary sizing consideration for water system infrastructure is the maximum day demand (MDD) of customers. Thus, water SDCs are designed to recover costs from individual developments in proportion to their estimated maximum day water delivery requirements, accounting for water losses, historical water consumption, and balancing between summer and winter consumption rates.

F. The water SDC methodology is designed to scale residential SDCs based on the type and size of the housing unit (i.e., lower SDCs for smaller and higher density multi-units and higher SDCs for larger and lower density single units), reflecting relative water use from existing customer billing data, as a means of balancing the City's infrastructure funding and housing needs.

G. Updates to the land use categories are explained in the methodology. Key provisions include:

- Residential land use categories group all single-unit residential and middle housing up to four units on a single lot into a tiered structure where SDCs are charged based on square footage, to account for the different sewer needs of dwellings of different sizes. Breakpoints for the tiers were selected based on statistical significance of tiers across infrastructure systems, including the relationship between living area and peak summer month water use.
- Accessory dwelling units (ADU) will not be charged a water SDC if the water meter needed to serve the primary dwelling unit is sufficient to serve the primary dwelling unit plus the ADU. The City finds that the addition of the accessory use of the ADU, without increase in size to the water meter, does not create additional impact on the water system.
- Multi-unit residential will be charged per dwelling unit, based on a uniform average service requirement derived from a combination of City utility billing data, U.S Census data, and benchmark information where local data were not available.

H. The nonresidential SDC framework includes:

- Standard use categories that will be charged based on gross square feet of building area. Water service requirements for nonresidential SDC categories are derived from City billing data (for most standard categories), and benchmark information for other specialty categories.
- For industrial and manufacturing uses, the methodology includes a standard "light" industrial rate and a formula for calculating the SDCs for industries that use water in the manufacturing process, or for cleaning, packaging, etc., based on individual customer estimated sewer service requirements, as further defined in the SDC fee resolution adopted by the City Council.
- Several uses (e.g., schools, gas sales, car wash, lodging, outdoor park and recreation facilities, and irrigated areas larger than ¼ acre) will be charged based on units of measure other than building area or where the units of measure differ from the SDC methodology for other infrastructure systems (transportation and water).

I. The methodology includes an exemption from the water SDC for housing affordable to households making 80% of area median income or less, homeless shelters, and childcare facilities. The need for both affordable housing and childcare in Bend is critical. Market rate housing prices continue to climb, leading to increased demand for affordable housing. Area median income is not rising to meet the costs of housing. Construction costs and other market factors including interest rates have also put pressure on housing costs, making the cost of housing further out of reach for households making 80% of the area median income or less. The number of people experiencing

Resolution No. 3376

homelessness in Central Oregon grew by 17% between 2021 and 2022, with a large proportion unsheltered. There is a continued need for additional shelter beds. Constructing and operating homeless shelter facilities by non-profit, religious, government or other entities is often cost prohibitive, and supporting such facilities benefits the health and safety of those in need and the entire community. In addition, the COVID-19 pandemic led to closures of existing childcare facilities and few new facilities opening in the City, exacerbating a pre-existing lack of childcare spaces. Based on changes to the BMC Chapter 12.10 proposed to the City Council in a separate action, Sewer SDCs will be charged in full for a subsequent non-exempt use on a property after an exempt childcare or shelter use that did not record a 20-year deed restriction.

J. Notice of the public hearing on proposed changes to the methodology and fee schedule was provided to persons who had requested such notification and the general public on October 16, 2023, at least 90 days before the first public hearing on the methodology. The methodology was made available for public review on the City's website and in person at City Hall beginning on November 17, 2023, at least 60 days prior to adoption. The Bend City Council heard a staff presentation and discussed the methodology, fee schedules and changes to the Municipal Code at a work session on Dec. 6, 2023. Council held a public hearing and considered adoption of the SDC methodology reports, projects lists, fee schedules, and changes to the Bend Municipal Code at the City Council meeting on January 17, 2024. Based on a number of public comments received at and immediately before the hearing, Council held a first reading of the ordinance adopting changes to the Bend Municipal Code, Chapter 12.10, System Development Charges, and continued the public hearing on the SDC methodologies and fee schedule to a later date. Staff conducted additional review with Galardi and Associates, engaged with stakeholders, reviewed and addressed comments, added information to the record for Council consideration to support the proposed methodologies and fee schedule, and proposed adjustments to the methodologies and fee schedules. Council held a work session to review proposed changes on February 21, 2024, and April 3, 2024. The proposed revised methodologies and fee schedule were posted for public consideration to the City's website on April 1, 2024, with notice provided to persons who those on the City's interested parties list. Staff held public question and answer sessions to provide additional information to the public on April 25 & 26, 2024. The continued hearing also allowed additional written comments to be submitted until April 30, 2024, at 5 p.m. Oral comments on the methodology and fee schedule were taken at the continued public hearing at the City Council meeting on May 1, 2024.

K. Changes to the Water SDC Methodology since the January 17, 2024, hearing include: adjustments to retail and service uses and integrated rates, and adjustment to the gallons per day required for public schools and colleges based on local data.

L. Council has reviewed the report attached as Exhibit A and finds that it has been professionally prepared and provides a sufficient basis for the Council to adopt the methodology, project list, and rates.


Based on these findings, the City of Bend resolves as follows:

- Section 1. The Water System Development Charge Report dated March 31, 2024, attached as Exhibit A (the "Water SDC Report") is accepted and approved as the methodology supporting the City's Water SDCs.
- Section 2. The Water SDC rate and land use categories are those established by separate resolution based on the Water SDC Methodology adopted by this resolution, and may be adjusted each year for inflationary cost adjustments, and as otherwise provided in the methodology and Bend Code.
- Section 3. Credits, including credits for qualified public improvements, shall be provided consistent with applicable provisions of the Bend Code.
- Section 4. The Water SDC Methodology adopted by this resolution replaces the City's prior water SDC methodology adopted under Resolution 2705.
- Section 5. The provisions of this resolution take effect on July 1, 2024, except that the adoption of Appendix D, Exemptions for Certain Developments, is effective upon passage.

Adopted by motion of the Bend City Council on May 1, 2024.

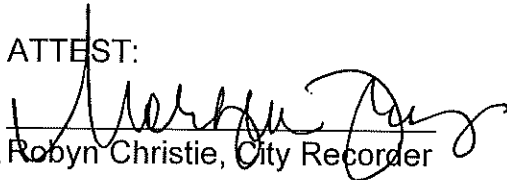
YES: Mayor Melanie Kebler
Mayor Pro Tem Megan Perkins
Councilor Barb Campbell
Councilor Ariel Méndez
Councilor Mike Riley

NO: none

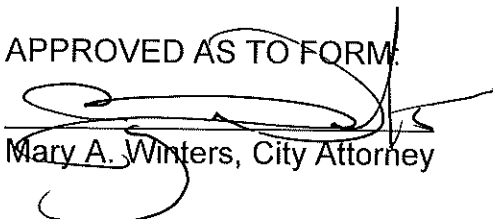


Melanie Kebler, Mayor

ATTEST:


For Robyn Christie, City Recorder

APPROVED AS TO FORM:


Mary A. Winters, City Attorney



CITY OF BEND

Methodology Report

Water System Development Charges

Prepared for City of Bend

March 31, 2024

Contents

1. INTRODUCTION	1
Authorization	1
Report Organization	1
Background	2
Oregon SDC Legal Framework.....	2
SDC Structure	3
Project List.....	3
Credits for Qualified Public Improvements.....	3
Methodology Review and Notification Requirements	3
Other Provisions.....	4
Policy Framework.....	4
Bend Comprehensive Plan	4
Bend City Council Goals (2023-2025)	5
Public Engagement.....	5
Methodological Framework.....	6
Cost Basis	7
Charge Basis.....	7
Policy Recommendations	8
2. SDC COST BASIS	9
Introduction.....	9
Growth Capacity Requirements	9
Growth Share Framework.....	10
Source of Supply	10
Storage.....	11
Pumping	12
Transmission & Distribution.....	12
Support Facilities.....	13
Growth Costs.....	13
Improvement Fee	13
Reimbursement Fee.....	14
Compliance Costs	14
Unit Costs of Capacity	16
3. SDC CHARGE BASIS	17
Introduction.....	17
Water SDC Categories	17
Residential Categories	18
Nonresidential Categories	19
Water Service Requirements	22
General Approach	22
Residential Service Requirements	23
Nonresidential Service Requirements.....	26
SDC Schedule.....	29
Future Modification to SDCs	30
Modifications to SDC Assumptions	30
Alternative SDC Calculations	30
Future Project List and Inflationary Adjustments.....	30
APPENDIX A – WATER SDC PROJECT LIST	A-1
APPENDIX B – REIMBURSEMENT PROJECTS	B-1
APPENDIX C – WATER SDC SCHEDULE.....	C-1
APPENDIX D – EXEMPTIONS FOR CERTAIN DEVELOPMENTS	D-1
APPENDIX E – BENCHMARK DATA.....	E-1

Tables and Figures

Table 1-1. Bend City Council Goals Related to SDCs (2023-2025)	5
Figure 1-1. SDC Update Stakeholder Engagement Meetings and Topics	6
Table 1-2. Water SDC Methodology Framework	7
Table 1-3. SDC Update Policy Recommendations.....	8
Table 2-1. Water System Design Basis and Assumptions.....	10
Table 2-2. Source of Supply Capacity and Growth Allocations	11
Table 2-3. Water System Storage and Pumping Available Capacity	11
Table 2-4. Improvement Fee Cost Basis	13
Table 2-5. Reimbursement Fee Cost Basis	14
Table 2-6. Compliance Costs	15
Table 2-7. Unit Costs of Capacity	16
Table 3-1. Residential SDC Categories ^a and Service Requirement Measure	18
Table 3-2. Nonresidential SDC Categories and Unit of Measure.....	20
Table 3-3. Irrigation Meter SDC Categories	22
Table 3-4. Single Unit and Middle Housing Service Requirements per Dwelling Unit.....	23
Figure 3-1. Single Unit and Middle Housing Average Summer Water Consumption (GPD) per Unit by Size of Unit (SQ FT of Living Area) and Margin of Error.....	24
Table 3-5. Multi-Unit and Other Housing Service Requirements per Dwelling Unit.....	25
Table 3-6. Nonresidential SDC Categories and Service Requirements per Unit.....	26
Table 3-7. Irrigation Meter Service Requirements	29
Table A-1. Water SDC Project List.....	A-1
Table B-1. Reimbursement Fee Cost Basis.....	B-1
Table C-1. SDC Schedule	C-1
Table C-2. SDC Category Definitions and Examples.....	C-3
Table E-1. Nonresidential Water and Sewer Service Requirements per Unit (GPD)	E-1

Acknowledgements

This report was prepared with the assistance of the following key individuals and organizations. In addition, we would like to thank everyone who participated in the development of the methodology and policy recommendations through participation in meetings, comments on draft proposals, and one-on-one discussions.

City of Bend Staff

Project Leadership

Sarah Hutson – Senior Management Analyst, Project Manager
Russell Grayson, PE – Chief Operations Officer
Gina Dahl – Development Services Program Manager
Elizabeth Oshel – Assistant City Attorney
Shannon Levine – Lead Program Technician
Robin May – Program Technician

City Councilors

Mike Riley
Barb Campbell

Other Contributing Staff

Kerry Bell – Affordable Housing Coordinator
Mandy Bonahoom – Program technician
Debbie Christian – Program technician
Deedee Fraley – Assistant City Engineer
Ben Hemson – Economic Development Manager
Lynne McConnell – Housing Director
Ryan Oster – Engineering & Infrastructure Planning Director
Colin Stephens – Community Development Director
Tory Carr - Senior Budget & Financial Analyst

System Development Charge Stakeholder Group

Affordable Housing Advisory Committee (AHAC)
Bend Chamber of Commerce
Bend Economic Development Advisory Board (BEDAB)
Bend La Pine School District
Bend Park & Recreation District (BPRD)
Brooks Resources
Cascadia Partners
Central Oregon Association of Realtors (COAR)
Central Oregon Builders Association (COBA)
Compass Commercial
Deschutes County
Economic Development for Central Oregon (EDCO)

Environment and Climate Committee (ECC)
Habitat for Humanity
Hayden Homes
Hiatus Homes
Housing Works
Human Rights and Equity Commission (HREC)
Macher Management Oregon Department of Transportation (ODOT)
Oregon State University-Cascades
Pahlisch Homes
R&H Construction
Stone Bridge Homes
Sunwest Builders
Wishcamper Development Partners
Wood Hill Homes

Consulting Team

Deb Galardi, Galardi Rothstein Group
Jessica Stanton, Stanton Global Communications

Kristina M. Currans, PhD
David Stangel, PE, Consor
Dawn Wirz, Consor

Abbreviations and Acronyms

ADD	Average Day Demand
ADU	Accessory Dwelling Unit
AHAC	Affordable Housing Advisory Committee
AMI	Area Median Income
BEDAB	Bend Economic Development Advisory Board
BPRD	Bend Park & Recreation District
CCI	Construction Cost Index
CIP	Capital Improvement Program
City	City of Bend
CEDD	Community and Economic Development Department
COAR	Central Oregon Association of Realtors
COB	City of Bend
COBA	Central Oregon Builders Association
ECC	Environment and Climate Committee
EDCO	Economic Development for Central Oregon
ENR	Engineering News Record
GPD	Gallons Per Day
GPM	Gallons Per Minute
HREC	Human Rights and Equity Commission
IWSMP	Integrated Water System Master Plan
MDD	Maximum Day Demand
MG	Million Gallons
MGD	Million Gallons per Day
ODOT	Oregon Department of Transportation
ORS	Oregon Revised Statute
PHD	Peak Hour Demand
PRV	Pressure-Reducing Valve
SCADA	Supervisory Control and Data Acquisition
SDC	System Development Charge
SQ FT	Square Feet
TI	Tenant Improvements

1. Introduction

Authorization

In September 2022, the City of Bend (City) contracted with Galardi Rothstein Group (GRG) to update its System Development Charge (SDC) methodology. This report presents the updated methodology that was developed in conformance with Oregon Revised Statutes (ORS) 223.297-223.316 (SDC Statutes), industry standards, the City's policy objectives and 2021 Integrated Water System Master Plan (IWSMP).¹

Report Organization

The following sections are included in this report:

- Section 1 – Introduction – Presents background information on the SDC project objectives and policy and legal framework for the methodology, a summary of the public engagement process that informed methodological choices, and the key elements of the updated methodology.
- Section 2 - SDC Cost Basis – Describes the growth capacity needs and the infrastructure costs associated with meeting those needs in aggregate, including the costs of the City's existing water system facilities and updated SDC project list.
- Section 3 - SDC Charge Basis - Provides information on how the water service requirements of individual developments are estimated for purposes of developing the SDC schedule.
- Appendix A - SDC Project List - Provides the list of planned capital projects for the water system based on the IWSMP that form the basis for the calculations in this methodology. The list includes the project description, and the estimated cost, timing, and portion of cost eligible for improvement SDC funding. The City Council may amend or update this project list by resolution.
- Appendix B – Reimbursement Projects – Provides a list of prior investments used to determine the reimbursement SDC cost basis.
- Appendix C - SDC Schedule - Provides the SDCs by land use category that are the product of the SDC methodology and project list. Also provides a description of each category. Consistent with ORS 223.304(8) and the City's SDC ordinance, the fees presented in Appendix B may be adjusted periodically for changes in costs or changes to the project list. The SDC Schedule adopted by the Bend City Council will be the applicable fee schedule.
- Appendix D – Exemptions for Certain Developments – Describes uses that will be exempt from payment of SDCs, subject to recording of deed restrictions. Also summarizes credits available on redevelopment of previously exempt uses. The provisions of the Bend Municipal Code control availability of credits.

Finally, Appendix E provides nonresidential benchmark data.

¹ Murraysmith, *City of Bend Integrated Water System Master Plan*, September 2021.

Rounding

The calculations contained in this report were produced by computer spreadsheets where numbers extend beyond the decimal places shown in the tables presented, so slight variations exist due to rounding. However, these variations are not material.

Background

System Development Charges (SDCs) are an important funding source for water system infrastructure. The City last updated the water SDC methodology in 2007. In September 2021, the City adopted the IWSMP that identifies over \$477 million² in capital improvements needed for the system through 2040.

The primary objectives of the 2022-2023 SDC update are to:

- Determine SDC fee levels that align with infrastructure funding requirements, including growth-related project costs identified in the IWSMP.
- Modify the way SDCs are charged to:
 - Achieve greater consistency and efficiency across the transportation, water, and sewer systems.³
 - Support the City's housing and other City Council goals.
- Review SDC payment and related policies and procedures, including timing of collection, deferrals, financing, and exemptions.

Oregon SDC Legal Framework

The SDC Statutes (ORS 223.297 - 223.316) authorize local governments to impose SDCs on new development to provide equitable funding for capital improvements needed to support orderly growth and development. Specifically, SDCs may be imposed for the following types of capital improvements:

- Drainage and flood control (i.e., storm water)
- Water supply, treatment, and distribution
- Wastewater collection, transmission, treatment, and disposal
- Transportation
- Parks and recreation

The City of Bend does not provide park and recreation services, and has only adopted SDCs for water, wastewater (sewer) and transportation systems. The SDC Statutes also provide guidelines on the calculation and modification of SDCs, accounting requirements to track SDC revenues, and adoption of administrative review procedures. Key provisions of the SDC Statutes are summarized below. This legal overview is provided as a summary of Oregon law, does not change, or add requirements for future City action, which is governed by the Code and statute.

² Costs have been updated to reflect inflation through February 2023 based on the Engineering News Record Construction Cost for Seattle (15,088).

³ The transportation and sanitary sewer SDC methodologies are documented in separate reports.

SDC Structure

An SDC may include a reimbursement fee, an improvement fee, or a combination of the two.

Reimbursement Fee

The reimbursement fee is based on the value of available capacity associated with capital improvements already constructed or under construction. The methodology used to calculate the reimbursement fee must consider the cost of existing facilities, prior contributions by existing users, the value of unused capacity, grants, and other relevant factors. The objective of the reimbursement fee methodology is to require new users to contribute an equitable share of the capital costs of existing facilities.

Improvement Fee

The improvement fee is designed to recover the costs of planned capital improvements that add system capacity to serve future users. An increase in system capacity may be established if a capital improvement increases the level of performance or service provided by existing facilities or provides new facilities. The portion of the improvements funded by improvement fees must be related to the need for increased capacity for future users.

Project List

Local governments are required to prepare a master plan or comparable plan, prior to establishment of an SDC, that includes a list of the improvements that the jurisdiction intends to fund with improvement fee revenues and the estimated timing, cost, and eligible portion of each improvement. The improvement fee must demonstrate consideration of the projected costs of projects identified on the list that are related to meeting the capacity needs of future growth.

The project list may be updated at any time. If an SDC is to be increased by a proposed modification to the list, then required action includes: (1) written notice provided to interested parties at least 30 days prior to adoption of the proposed modification and (2) hold a public hearing on the proposed modification if a request is received in writing up to seven days before the date of the planned adoption.

Credits for Qualified Public Improvements

A credit must be provided against the improvement fee for the construction of “qualified public improvements.” Qualified public improvements are improvements required as a condition of development approval, identified in the SDC project list, and either (1) not located on or contiguous to the property being developed or (2) located in whole or in part, on or contiguous to, property that is the subject of development approval and required to be built larger or with greater capacity than is necessary for the particular development project to which the improvement fee is related. The credit amount provided need only be for the improvement fee portion of the SDC owed by the development or future phases of the development; however, local governments have some latitude in establishing credit policies beyond the minimum requirements.

Methodology Review and Notification Requirements

The methodology for establishing or modifying improvement or reimbursement fees must be available for public review prior to adoption. The local government must maintain a list of persons who have made a written request for notification prior to the adoption or amendment of such fees that are resultant of a methodology amendment. The requirements for any changes to the fees that represent a modification to the methodology are: (1) 90-day written notice prior to the first public hearing, and (2) SDC methodology made available for review 60 days prior to the public hearing.

Application of one or more cost indices periodically is allowable and is not considered a change in the methodology and is therefore not subject to the methodology review and notification procedures, provided that the index is published by a recognized agency and incorporated into the methodology or adopted separately by ordinance or resolution.

Other Provisions

Other provisions of the SDC Statutes include:

- Deposit of SDC revenues into dedicated accounts and annual accounting of revenues and expenditures is required.
- Expenditure of SDCs may include costs of complying with the provisions of the SDC Statutes, including costs of developing SDC methodologies, and providing an annual accounting of SDC expenditures.
- Creation of an administrative appeals procedure is required, whereby a citizen or other interested party may challenge the expenditure of SDC revenues. Furthermore, in the event a written objection to the calculation of an SDC is received, the local government must provide information on the right to petition for review pursuant to ORS 34.010, and about any locally adopted administrative review procedures.
- Specific information related to SDCs (e.g., SDC schedule, project list and methodology) must be made available on the local government's website along with the contact information for an SDC official that can be contacted in case of questions.

Policy Framework

Within the guidelines established by the SDC Statutes, local governments have flexibility to choose among different methodological approaches that balance data and administration requirements, and other considerations. For example, the SDC Statutes do not prescribe a particular basis for charging different development types or sizes (i.e., the development characteristics that will be used to estimate system demands or impact). Local governments may choose approaches that best align with their specific growth projections and policy objectives.

Key policy considerations used in the development of the water SDC methodology are summarized below.

Bend Comprehensive Plan

The Bend Comprehensive Plan guides how the City will meet projected growth in population and employment, including planning for public infrastructure. In addition to the infrastructure plans, which are part of the Comprehensive Plan, other supporting documents included in Chapter 11 (Growth Management), provide analyses and findings related to the specific types and scale of housing needed to meet the City's forecast population growth. Key needs identified in the 2016 Housing Needs Analysis include:

- Higher density housing forms (e.g., single unit attached and multi-unit housing.)
- Greater diversity of housing choices (e.g., small single unit detached and attached units, cottages, accessory dwelling units, family-sized units, and group housing.)
- Income-qualified affordable housing units.

The Comprehensive Plan framework provided important context for evaluating SDC methodology options, particularly in establishing charges for different types and sizes of residential development. As noted in the 2016 Housing Needs report, incentivizing greater production of smaller units supports housing affordability goals:

In most cities, the stock of housing affordable to low-income households increases through the addition of new subsidized units, smaller market rate units, and older market rate units that become more affordable over time.⁴

Bend City Council Goals (2023-2025)

The City Council goals for the 2023-2025 biennium provide additional context for development of the SDC methodology. Goals that are most relevant to SDCs are summarized in Table 1-1 below.

Table 1-1. Bend City Council Goals Related to SDCs (2023-2025)

Goal	Strategies & Action Items
Affordable Housing + Sustainable Development	<ul style="list-style-type: none"> Plan for growth in alignment with climate, economic, and housing affordability strategies to ensure sufficient land supply for future needs including improving permitting process and review times. Encourage economic development that results in shared prosperity, including strategic investments in the Core Area. Optimize housing continuum including policy options to increase affordable and middle-income housing.
Environment + Climate	<ul style="list-style-type: none"> Encourage sustainable development, including through reducing emissions from transportation.
Transportation + Infrastructure	<ul style="list-style-type: none"> Improve the transportation system by focusing on safety and securing sustainable funding aligned with the Transportation System Plan, including updating the SDC methodology and implementing near-term multimodal and safety projects to capitalize on the existing system. Ensure water, wastewater, and stormwater systems are aligned with the needs of a growing city.

Source: 2023-25 Council Goals and Work Plan

<https://www.bendoregon.gov/home/showpublisheddocument/56311/638241653504570000>

Collectively, the Comprehensive Plan and Council goals highlight the City's desire to support growth generally through investments in the infrastructure systems and to encourage a greater diversity of housing options, particularly smaller units, and higher density forms to align with affordability and sustainability goals. The SDC methodology includes approaches designed to address these goals.

Public Engagement

In addition to the policy framework established by the City's Comprehensive Plan and the City Council, the updated water SDC methodology presented in this report reflects feedback from stakeholders obtained through a combination of facilitated stakeholder group meetings, written comments, and discussions with individual stakeholders. The City conducted six (6) stakeholder meetings over the course of the SDC update that included participation from members of the City Council and the following organizations:

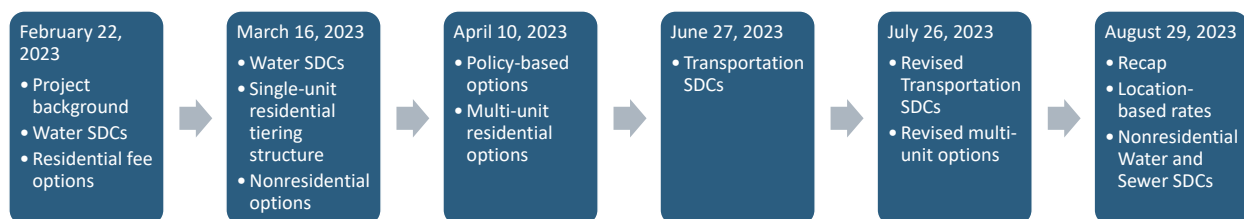
⁴ Bend Housing Needs Analysis, August 31, 2016, page 77 (Based on analysis presented in the ECONorthwest report "Seattle Housing Affordability Policy Framework and Recommendations," March 2015.)

Affordable Housing Advisory Committee (AHAC)
 Bend Chamber of Commerce
 Bend Economic Development Advisory Board (BEDAB)
 Bend La Pine School District
 Bend Park & Recreation District (BPRD)
 Brooks Resources
 Cascadia Partners
 Central Oregon Association of Realtors (COAR)
 Central Oregon Builders Association (COBA)
 Compass Commercial
 Deschutes County
 Economic Development for Central Oregon (EDCO)

Environment and Climate Committee (ECC)
 Habitat for Humanity
 Hayden Homes
 Hiatus Homes
 Housing Works
 Human Rights and Equity Commission (HREC)
 Macher Management
 Oregon Department of Transportation (ODOT)
 Oregon State University-Cascades
 Pahlisch Homes
 R&H Construction
 Stone Bridge Homes
 Sunwest Builders
 Wishcamper Development Partners
 Wood Hill Homes

Feedback collected through these meetings⁵ helped formulate the methodological framework and recommended policy changes related to the City's SDC program summarized in the section below. A list of meeting dates and topics is provided in Figure 1-1.

Figure 1-1. SDC Update Stakeholder Engagement Meetings and Topics



Methodological Framework

Key aspects of the updated water SDC methodology are summarized in Table 1-2. The methodology is comprised of two distinct components: 1) "Cost Basis" – the determination of growth-related system capacity costs in aggregate, and 2) "Charge Basis" – the determination of how individual development will be charged. Each component is summarized below and addressed in more detail in Sections 2 and 3 of this report. Controlling definitions are provided in the fee schedule adopted by the Bend City Council by resolution.

⁵ As of the date of adoption of this methodology, detailed meeting summaries and recordings are available on the City's website. Archive copies may be available on request.

Table 1-2. Water SDC Methodology Framework

Methodology Element	Approach
SDC Cost Basis (Section 2)	
Fee Structure	Combined reimbursement and improvement fee
Improvement Fee	Project list based on capital projects identified in the IWSMP.
Reimbursement Fee	Existing system value for completed projects based on original acquisition cost and available capacity.
SDC Charge Basis (Section 3) ^a	
Residential	<ul style="list-style-type: none"> • Single unit and “middle” housing: tiered SDC structure with six (6) living area size tiers. • Multi-unit and other housing: uniform SDC per unit by housing type. • Accessory dwelling units: no SDC if served by meter of primary unit.
Nonresidential	<ul style="list-style-type: none"> • “Wet” Industrial: Charged based on estimated maximum day water demand for development (as determined from water analysis). • Other development: SDCs based on cost per unit by type of land use^b
Irrigation (stand-alone meter or combined use with irrigation area > ¼ acre)	Based on the water meter size and demand needed for the irrigation area.

^a “Middle” housing is defined in the Bend Development Code. See SDC fee schedule for other development category definitions.

^b Units for most uses are gross square feet of building area.

Cost Basis

In most water systems, like Bend, growth capacity needs will be met through a combination of existing available capacity and future capacity-enhancing improvements. Therefore, the SDC methodology is based on a combined reimbursement and improvement SDC structure. The improvement fee is based on the capital project list identified in the IWSMP, adjusted for inflation through February 2023 and for anticipated developer funding.

The reimbursement fee considers the available capacity in existing system facilities funded by the City and valued at original acquisition cost.

Charge Basis

As discussed previously, SDCs are needed to provide the infrastructure to make development of new housing and employment centers possible. However, for housing, there is also a recognition that SDCs assessed uniformly without consideration for the dwelling size or development context may not adequately reflect the relative service requirements of different sized units, as estimated from the City’s water consumption data. Furthermore, uniform SDCs may contribute to affordability challenges for smaller dwellings.⁶ Therefore, the water SDC methodology is designed to scale residential SDCs based on the type and size of the housing unit (i.e., lower SDCs for smaller and higher density multi-units and higher SDCs for larger and lower density single units), reflecting relative water use from existing customer billing data, as a means of balancing the City’s infrastructure funding and housing needs.

Similarly, the SDCs for nonresidential development are also scaled based on the size and type of the development. For most land use types, the SDCs will be charged based on a standardized SDC schedule. However, for industrial and large irrigation uses, where the

⁶ See for example Oregon System Development Charges Study: Why SDCs Matter and How They Affect Housing, Prepared for Oregon Housing and Community Services (December 2022).

maximum day water demands may vary widely, the SDC will be based on estimated water use specific to the development (as determined by a water analysis) and charged according to the average cost per gallon identified on the SDC schedule. Stand-alone irrigation meters will be charged based on the water meter size.

Policy Recommendations

Beyond methodological incentives, the City is considering policy-based incentives that reduce or exempt SDCs for certain development types. Certain uses will be exempt from payment of SDCs, and either subject to a durational deed restriction requiring the exempt use to remain in place for a certain period, or requiring that on redevelopment, SDCs are paid without a credit for an existing, exempt use. Exemptions and credits are addressed in the Bend Municipal Code, and in attached Appendix D, describing the uses to which exemptions apply. Additionally, the stakeholder group discussed expansion of the City's existing program of deferral of the time SDCs are payable. This is also addressed in the Bend Municipal Code.

Table 1-3 summarizes the policy recommendations related to SDC implementation and administration that were developed as part of the SDC update:

Table 1-3. SDC Update Policy Recommendations

SDC Program Element	Recommendation
Exemptions	Provide 100% exemption from water SDCs for the following developments: <ul style="list-style-type: none"> • Affordable Housing^a • Temporary shelters • Childcare facilities
Deferrals	<ul style="list-style-type: none"> • Expand program (in phases) from multi-unit only to all residential development and then possibly commercial. • Lock in SDC rate at time of permit application. • Require payment of SDCs any time prior to Certificate of Occupancy. • No development agreement required for participation in program.

^a See Appendix D for definitions.



2. SDC Cost Basis

Introduction

The methodology used to calculate water SDCs begins with the determination of growth costs (the costs in aggregate associated with meeting the capacity needs of future growth). The City adopted a comprehensive update to its Integrated Water System Master Plan (IWSMP) in 2021. The IWSMP identifies system investments needed for the integrated water system to meet the needs of the community through 2040. The SDC methodology provides a framework for determining an equitable allocation of system investments to future growth in proportion to capacity needs determined for each major system function (supply, storage, pumping, delivery).

Like most infrastructure systems, water systems are designed to accommodate peak rates of use, which occur for the water system during the summer period. Therefore, consistent with industry practices, the methodology uses maximum day demand (MDD) as the basis for determining the systemwide average cost per unit of volume, and the SDCs for individual developments. The MDD is the highest daily recorded rate of water production in a year, and it is a factor in designing water supply, pumping, and delivery facilities.

This section presents the projected growth in demand over the IWSMP planning period and the infrastructure costs needed to expand capacity for growth over the same period.

Growth Capacity Requirements

The IWSMP identifies capacity needs for current development and projected future growth within the City's water service area boundary⁷ for the 20-year period ending in the year 2040. Water service requirements reflect projected household and employment growth developed for the City's 2016 Urban Growth Boundary Study, and unit demand factors developed in the IWSMP based on 2018 consumption and production data.⁸

Table 2-1 shows existing and projected future MDD systemwide for source of supply. System MDD is projected to increase from 28.1 million gallons per day (mgd) to 45.2 mgd in 2040, an increase of 17.1 mgd (37.8 percent). Storage facilities are evaluated by zone and designed to meet multiple demand criteria, including operational (or equalization) requirements, and storage for emergency and fire protection needs. Growth requirements shown in Table 2-1 include a pro-rata share of fire protection and emergency capacity for each zone, as estimated from information in the IWSMP. Pumping facilities are also evaluated by zone and reflect design criteria specific to the type of system (i.e., "closed" or "open" system). Open systems are designed to meet MDD, while closed systems must also be able to provide Peak Hour Demands (PHD) and fire protection needs.

⁷ The City's water system provides service to approximately 75 percent of the City's population. Private water companies provide service to the balance of customers.

⁸ City of Bend 2021 IWSMP, page ES-4.

Table 2-1. Water System Design Basis and Assumptions

System Component/ Zone	Design Basis (Units)	Base (2020)	Future (2040)	Growth Units	Growth % of 2040
Source of Supply (mgd)	MDD	28.1	45.2	17.1	37.8%
Storage (mg)¹					
Zone 1	Storage	0.6	0.9	0.3	33.3%
Zone 2	Storage	1.0	1.4	0.4	30.1%
Zone 3	Storage	2.7	7.4	4.7	63.6%
Zone 4a	Storage	1.5	4.0	2.5	63.6%
Zone 4b	Storage	1.7	2.5	0.7	30.3%
Zone 5	Storage	7.4	11.6	4.3	36.7%
Pumping (gpm)					
Zone 1	MDD/PHD	582	691	109	15.8%
Zone 2	MDD/PHD	632	747	115	15.4%
Zone 3	MDD/PHD	6	29	23	79.3%
Zone 4b	MDD/PHD	3,100	5,393	2,293	42.5%
Zone 2a	MDD/PHD	552	774	222	28.7%

MDD = maximum day demand, PHD = Peak Hour Demand, mg = million gallons, gpm = gpm

Source: Information developed for the 2021 Integrated Water System Master Plan.

¹ Reflects pro-rata share of fire and emergency storage requirements for base and future development by zone.

Growth Share Framework

The framework and key assumptions used to determine growth's share of existing and planned future facility costs are summarized below for each major system component. The "growth share" determines how much improvement fee revenue the City can use to pay for an improvement on the SDC project list (Table A-1 in Appendix A) and the portion of reserve capacity costs to be recovered from growth through the reimbursement SDCs (Table B-1 in Appendix B).

Source of Supply

The City's water supply sources include both surface water and groundwater facilities. As described in the IWSMP, the City operates the system to maximize use of the surface supply when feasible and uses groundwater supply only to meet demands above the maximum available surface water supply.⁹ Table 2-2 shows the current firm capacity for surface water and well facilities. As the preferred source, surface water capacity is assumed to be available to meet the needs of both existing development and future growth in proportion to overall MDD. Therefore, 3.6 mgd (37.8 percent) of the existing 9.5 firm capacity of the surface water facilities are assumed to be available for future growth over the planning period.

The balance of growth's supply needs (13.5 mgd, to yield a total supply of 17.1 mgd from Table 2-1) will be met through new well construction (11.6 mgd) and a portion of the available capacity in existing wells (1.9 mgd, 7.5 percent), as shown in Table 2-2.

⁹ IWSMP, "Supply Analysis", page 4-11.

Table 2-2. Source of Supply Capacity and Growth Allocations

System Component	Firm Capacity (mgd)	Existing Demand (mgd)	Available Capacity (mgd)	Future Capacity for Growth (mgd)	Capacity for Growth (mgd)	Growth Share (%)
Existing Facilities						
Surface Water	9.5	5.9	3.6	--	3.6	37.8
Existing Well Facilities	25.1	22.2	2.9	--	1.9	7.5
Total Existing	34.6	28.1	6.5	--	5.5	15.9
New Wells						
Zone 3	1.6	--	--	1.6	1.6	100.0
Zone 4	5.0	--	--	5.0	5.0	100.0
Zone 5	5.0	--	--	5.0	5.0	100.0
Total New Wells	11.6	--	--	11.6	11.6	100.0
Total Future Capacity	45.2	28.1	6.5	11.6	17.1	37.8

Storage

Storage and pumping capacity needs by zone are shown in Table 2-3. Existing firm capacities for each zone, net of “dead” or otherwise unavailable storage (including planned facility decommissioning) are compared to base year development needs to determine capacity available for future growth and any existing service deficiencies. For purposes of determining total capacity needs, system fire flow and emergency storage capacity requirements are distributed to existing and future development in proportion to current and future MDD.

Table 2-3. Water System Storage and Pumping Available Capacity

System Component	Existing Capacity ¹	Current Need (Units)	Available Capacity (Units)	Available Capacity (%)	Growth Units	New Capacity for Growth
Storage (mg)						
Zone 1	0.9	0.6	0.3	33%	0.3	--
Zone 2	1.4	1.0	0.4	30%	0.4	--
Zone 3	3.6	2.7	0.9	25%	4.7	4.0
Zone 4a	0.0	1.5	(1.5)	0%	2.6	2.6
Zone 4b	2.5	1.7	0.7	30%	0.7	--
Zone 5	8.6	7.4	2.4	28%	4.3	3.0
Pumping (gpm)						
Zone 1	2,400	582	1,818	76%	109	--
Zone 2	1,100	632	468	43%	115	--
Zone 3	2,900	6	2,894	99%	23	--
Zone 4b ²	5,393	3,100	2,293	43%	2,293	--
Zone 2a	3,220	552	2,668	83%	222	--

¹Firm capacity, excluding “dead” capacity and facilities to be decommissioned in the planning period.

²Facility used for back-up supply, so allocated in proportion to existing and future MDD within the zone.

Existing storage facilities generally have sufficient capacity to meet current needs, as well as a portion of future growth needs over the planning period. The capacity deficit shown for Zone 4a reflects the planned decommissioning of existing facilities in that zone during the planning period, as opposed to an actual service deficiency. Replacement capacity costs are attributable to existing development, while capacity expansion costs are allocated to growth, as shown in the SDC project list (Table A-1 in Appendix A) and summarized below for new reservoirs:

- New Zone 4 reservoir: 4.0 mg facility: 1.4 replacement capacity and 2.6 mg available for future growth (growth share = 64 percent)
- New Zone 5 reservoir: 3.0 mg facility providing all new capacity (growth share = 100 percent)
- New Zone 3 reservoir: 7.0 mg facility: 3 mg replacement capacity and 4 mg capacity for growth (growth share = 57.1 percent)

The balance of growth storage needs will be met by a portion of the available capacity in existing reservoirs shown in Table 2-3. Allocations of existing storage facility costs to future growth are shown in Appendix B and generally reflect available capacity, system operational needs, and exclude planned facility replacements. Capacity allocations reflect the integrated nature of the system (i.e., ability to move water between zones), the need to account for “dead” storage, and tank size rounding. Overall, the SDCs are designed to recover an equitable share of existing facility capacity costs from future growth based on capacity needs.

Pumping

No new pump stations are planned in the IWSMP, so growth capacity needs will be met by existing system facility available capacity exclusively, including capacity from the City’s recently completed Murphy pump station. Growth allocations (shown in Appendix B) reflect planning assumptions by zone from data provided in Tables 2-1 and 2-3.

Transmission & Distribution

Water delivery for future development will utilize both existing system facilities and future water main extensions and upgrades. Existing facility costs are allocated in proportion to future MDD (i.e., 37.8 percent for growth). Existing and future development across the system are served by an integrated network of water mains designed to provide adequate pressure for fire flow, redundancy in the case of asset failure, and delivery of supply from various sources.

For new water main improvements, the following approaches are used in determining the growth share of project costs:

- **Transmission:** Most new transmission mains (e.g., mains to serve new storage and supply facilities) are allocated 100 percent to growth. For mains that will be upsized, the allocation to growth excludes the portion of capacity needed to replace the existing main size.
- **Distribution – Capacity:** Based on the IWSMP project list, few distribution projects (limited to new connections) are allocated 100 percent to growth. Most projects are improvements to upsize existing mains, where the portion of project costs allocated to growth excludes the replacement capacity associated with the existing main size.
- **Distribution – Fire flow and looping:** Based on the IWSMP project list, all new and upgraded distribution pipes needed for fire flow are allocated 100 percent to existing development. Growth SDC allocation = 0 percent.
- **Distribution – Pipe Replacement:** Based on the IWSMP project list, all general pipe replacement costs are excluded from the SDCs, as the existing facility costs are already accounted for in the allocation of existing system available capacity.

Support Facilities

Existing water system facilities include Supervisory Control and Data Acquisition (SCADA) systems and other facilities that support the operation of water system for both existing and future development. Therefore, these facilities are allocated in proportion to growth's share of future MDD (growth = 37.8 percent).

Growth Costs

Improvement Fee

As mentioned previously, the methodology for establishing an improvement fee must demonstrate consideration of the projected costs of capital improvements identified in an adopted plan and list, that are needed to increase capacity in the system to meet the demands of new development.

SDC Project List

The cost of future capacity-increasing improvements (the improvement fee cost basis) is based on the SDC project list shown in Table A-1 of Appendix A that is derived from the IWSMP capital improvement plan. The improvement costs reflect estimated cost inflation since the plan was adopted in 2021. Specifically, the Engineering News Record (ENR) Construction Cost Index (CCI) for Seattle was used as a basis for cost escalation through February 2023 (index = 15,087.53).

Local water mains needed to bring service directly to new developments will be constructed by developers and are therefore excluded from the project list. Where developers are required to build improvements that are included on the project list as a condition of development approval, they will be potentially eligible for SDC credits, in accordance with the City's policies identified in City Code.

Improvement Fee Cost Basis

Each improvement on the project list was reviewed in the context of the growth share framework discussed previously to determine the portion of costs that are SDC-eligible (i.e., increase capacity for future growth). Based on the SDC Statutes, an increase in system capacity may be established if a capital improvement increases the level of performance or service provided by existing facilities or provides new facilities.

Table 2-4 summarizes the future improvement costs by major component and the growth share of costs net of direct developer funding. Detailed project information, including description, estimated cost, timing, and SDC-eligible share and costs are provided in Table A-1 (Appendix A).

Table 2-4. Improvement Fee Cost Basis

System Component	Improvement Cost	Growth %	SDC-Eligible Growth Cost
Source of Supply			
Surface Water	\$19,560,852	37.8%	\$7,390,521
Groundwater	\$40,349,148	89.6%	\$36,165,597
Storage			
Zone 4	\$13,715,825	64.0%	\$8,778,128
Zone 5	\$11,013,982	100.0%	\$11,013,982
Zone 3	\$21,842,137	57.1%	\$12,481,221

System Component	Improvement Cost	Growth %	SDC-Eligible Growth Cost
PRVs	\$378,992	37.8%	\$143,191
Transmission & Distribution			
Distribution	\$13,541,000	55.2%	\$7,478,733
Transmission	\$43,158,576	69.7%	\$30,074,798
Total	\$163,560,513	69.4%	\$113,526,173

Source: IWSMP capital improvement plan and Table A-1.

Reimbursement Fee

Completed (Reimbursement) Project List

The reimbursement fee is based on a list of capital projects already constructed or under construction, with available capacity to serve future users. Table B-1 in Appendix B lists the projects and costs included in the reimbursement fee cost basis. The projects include supply, storage, pumping, and delivery and support facilities constructed in whole or in part by City funds.

Reimbursement Fee Cost Basis

Table 2-5 summarizes the existing system facility costs by major component and the growth share of costs net of contributed capital and facilities that will be replaced by improvements on the project list. The reimbursement fee cost basis reflects the original acquisition costs of system assets as of June 30, 2022.

Table 2-5. Reimbursement Fee Cost Basis

System Component	Acquisition Cost	Exclusions	Net Acquisition Cost	Growth %	Growth \$
Source Supply	\$90,670,997	\$978,130	\$89,692,867	33.6%	\$30,145,597
Storage	12,341,644	2,439,349	9,902,295	19.9%	1,970,105
Pumping	2,863,651	592,431	2,271,220	40.6%	923,087
Transmission & Distribution	118,468,557	70,107,897	48,360,660	37.8%	18,271,724
Support Facilities	13,951,439	10,921,707	3,029,732	37.8%	1,144,699
Total	\$238,296,288	\$85,039,513	\$153,256,775	34.2%	\$52,455,212

Source: City of Bend Fixed Assets and Work in Progress (June 30, 2022). See detail in Appendix B.

Compliance Costs

Local governments may spend SDCs on the costs of complying with the SDC Statutes. Compliance costs include costs related to developing the SDC methodology and project list, as well as compliance functions performed across several different departments.

Table 2-6 shows the calculation of the estimated compliance costs based on the 20-year planning period. The estimated compliance costs include 37.8 percent of master planning costs (associated with development of the project list and other information needed for the SDC methodology). Periodic updates to the project list and methodology are amortized over the planning period to determine the annual cost estimates.

Table 2-6. Compliance Costs

Cost Category (Example Costs)	Growth Cost
<i>Multi-System “Shared” Compliance Costs by Department (Annual)^a</i>	
Finance (Budgeting, accounting, reporting)	\$18,458
Planning (SDC calculations and credits)	\$21,716
Development Services (credits, website updates, updates)	\$361,653
Engineering (appeals, developer agreements)	\$5,883
Building Department (permit techs)	\$2,068
CEDD Administration (administrative support)	\$1,505
Office of Performance Management (software maintenance)	\$85,653
City Administration (legal review, code development, appeals)	\$80,806
SDC Methodology ^b	\$42,857
Software Modifications ^b	\$2,369
<i>Total Shared Costs (Annual)</i>	\$622,969
<i>Total Shared Costs (20-Year)</i>	\$12,459,378
<i>Allocated Water System Compliance Costs (20-Year)</i>	
Water System Master Planning Costs (37.8 percent growth) ^{bc}	\$1,385,724
Water Share of Multi-System Compliance Costs (25% of Total Shared Costs)	3,114,845
<i>Total Water Compliance Cost (20-Year)</i>	\$4,500,569

^a City of Bend estimate. CEDD = Community and Economic Development Department

^b Assumes three updates amortized over planning period.

^c Reflects IWSMP capital improvement plan estimates.

Unit Costs of Capacity

System-wide unit costs of capacity (shown in Table 2-7) are determined by dividing each cost basis component by the aggregate growth-related capacity requirements over the planning period from Table 2-1. These unit costs are then used to develop the SDCs for each development category, as described in Section 3.

Table 2-7. Unit Costs of Capacity

SDC Component	Cost Basis
<i>Growth (\$)^a</i>	
Reimbursement	\$52,455,212
Improvement	113,526,173
Compliance	4,500,569
Total	\$170,481,953
<i>Growth Capacity (gpd)</i>	17,070,000
<i>Unit Cost (\$/gpd)</i>	
Reimbursement	\$3.07
Improvement	6.65
Compliance	0.26
Total \$/gpd	\$9.99

^a From Tables 2-4 to 2-6.



3. SDC Charge Basis

Introduction

Water SDCs are determined for individual developments based on the systemwide unit cost of capacity presented in Section 2 and the estimated service requirements of the development. Water service requirements are both a function of the type of land use and the scale of the development. The SDC schedule establishes the charges that will be assessed for each land use category and the units of measure that will be used to determine the development scale and total SDCs owed.

The water SDC schedule based on this methodology and project list is shown in Appendix C (Table C-1). This section describes the determination of SDC categories and the estimated service requirements for each category.

Water SDC Categories

As discussed in Section 1, a primary objective of the updated SDC methodology framework is greater efficiency and consistency in how SDCs are determined across the City's water, sanitary sewer, and transportation systems. Establishing a limited number of land use categories with individualized fees is key to enhanced administrative efficiency and clarity. Part of the efficiency gained from this type of approach is a reduction in the number of SDC reassessments for commercial and industrial tenant improvements (TI) for changes in use alone. A methodology with fewer distinct SDC categories may also make it easier for developers to estimate charges for a particular project, as the overlap between categories is reduced. As indicated in *Proportionate Share Impact Fees and Development Mitigation*:

*An alternative approach is to use a smaller number of broader, more generalized nonresidential categories. Having learned that attempts to enumerate every possible land use in the fee schedule is both unnecessary and overly complicated, many communities are now moving in this direction.*¹⁰

Therefore, consistent with current industry practice and the City's policy framework, the SDC schedule shown in Table C-1 consolidates similar uses into eight (8) primary residential and about two dozen primary nonresidential SDC categories. Sample development types and descriptions of each category are also provided in Appendix C. Many of the category definitions are based on the Institute of Transportation Engineers (ITE) *Trip Generation Manual*, 11th edition, as they are also used for transportation SDC purposes. These categories will be included in the City's adopted fee resolution. The City may periodically review, and update SDC category definitions included in the City's SDC fee resolution(s), as needed to reflect more current editions of the ITE manual and evolving land use types and forms developing in the City. Such updates will not be considered changes to this methodology.

¹⁰ "Arthur C. Nelson, James C. Nicholas, Julian Conrad Juergensmeyer, and Clancy Mullen, *Proportionate Share Impact Fees and Development Mitigation* (Routledge, 2023), 128.

Residential Categories

Table 3-1 shows the residential SDC categories included in the SDC methodology framework. Single unit (detached and attached units on individual lots or parcels) and middle housing with two-four units (e.g., duplex, triplex, quadplex, cottages, and townhomes) are combined for SDC assessment purposes and will be charged according to tiers based on size of living area of the unit. Under Oregon House Bill 2001 (2019) and the City's development code, any lot zoned for single unit detached housing may also be developed with up to four units (attached or detached), so combining these housing types is administratively straightforward, and a tiered structure enhances equity within the overall category, as it scales the SDC in proportion to water service requirements.

Table 3-1. Residential SDC Categories^a and Service Requirement Measure

SDC Category	Unit of Measure
<i>Single Unit & Middle Housing</i>	
Living Area Tiers	Dwelling Unit
Tier 1 (<600 SQ FT)	Dwelling Unit
Tier 2 (601-1200 SQ FT)	Dwelling Unit
Tier 3 (1201-1600 SQ FT)	Dwelling Unit
Tier 4 (1601-2200 SQ FT)	Dwelling Unit
Tier 5 (2201-3000 SQ FT)	Dwelling Unit
Tier 6 (>3001 SQ FT)	Dwelling Unit
<i>Multi-Unit Housing</i>	
Housing >4 units on a single lot	Dwelling Unit
Manufactured Dwelling Park, per pad	Dwelling Unit/Pad
Micro-Units/Single Occupancy	Dwelling Unit
Dormitories	Room
Attached Sr. Housing >4 units (55+ restricted, no care)	Dwelling Unit
<i>Other Housing</i>	
Continuing Care Facility ^b	Units
Accessory Dwelling Unit ^c	Dwelling Unit

^a Single unit housing includes manufactured homes (up to 3) on single lots and senior detached housing. Middle housing = 2-4 dwelling units on one lot, including townhomes and cottage housing, as defined in the Bend Development Code. Full category descriptions are included in Appendix C and controlling definitions are found in the City's adopted Fee Resolution.

^b Units include a mix of beds and dwelling units in these facilities.

^c ADU = dwelling unit if water meter needed to serve primary dwelling unit plus ADU is larger than meter sized for only a primary dwelling unit on property.

Scaled SDCs that charge lower fees for smaller homes and higher fees for larger homes are a way to capture different system impacts and balance the City's housing affordability objectives

with the need to fund infrastructure.¹¹ For residential development, U.S Census data generally show a relationship between the size of the dwelling unit and the number of occupants which is a factor in demand for most types of infrastructure. National and local research have indicated that building size is a strong predictor of water consumption (impacting both water and wastewater systems).¹²

Multi-unit development categories include attached or detached housing (more than four units on a single lot or parcel) and special categories for small multiple-unit developments (micro or single occupancy units), dormitories, and age-restricted senior housing without care facilities. For these categories, a uniform SDC per dwelling unit applies within each category due to the relatively limited dwelling size and water use variations observed from available City of Bend billing data (compared to single unit and middle housing units), the additional complexity of measuring individual units in larger scale multi-unit development, and affordability concerns for family-sized units.

Other housing categories are limited to continuing care facilities (defined as facilities that provide a continuum of housing types along with medical care facilities and other amenities such as dining) and accessory dwelling units (ADUs). Based on the current and continued recommended policy framework, the City does not charge SDCs for ADUs that may be accommodated by the same meter size as the primary dwelling unit.

Nonresidential Categories

Table 3-2 shows the nonresidential SDC categories and units of measure included in the water SDC methodology framework. The determination of nonresidential categories began with an analysis of the City's existing categories for transportation and sewer SDCs which included dozens of land use types. Though the City's 2007 water SDC methodology was based on water meter size (not the type of nonresidential use), the revised methodology framework is designed to bring consistency across the infrastructure systems, additional scaling of SDCs within a given meter size, and to reduce the number of existing categories used for transportation and sewer SDC assessment purposes. A meter size based SDC is retained for small and moderate sized¹³ irrigation uses only.

Standard Categories

As shown in Table 3-2, the nonresidential SDC framework includes standard use categories that will be charged based on gross square feet (SQ FT) of building area (consistent with the sewer and transportation SDC methodologies). For industrial and manufacturing uses, the methodology includes a standard industrial rate and a formula for calculating the SDCs for 'wet' industries (i.e., any industry that uses water in the manufacturing process, or for cleaning, packaging, etc.) based on individual customer water service requirements, as further defined in the SDC fee resolution adopted by the City Council.

¹¹ As noted in *Proportionate Share Impact Fees and Development Mitigation*: "Moreover, when calibrated to reflect the costs of housing – where smaller homes on smaller lots in areas that cost less to serve are assessed at a lower value than larger homes on larger lots – impact fees can improve housing affordability.", xxxv.

¹² See for example "Residential End Uses of Water" (Water Research Foundation, 2014) which found indoor water use to be most significantly impacted by household size and "Spatial Variations of Single-Family Residential Water Consumption in Portland, Oregon" Chang, H., Parandvash, G.H. and Shandas, V. (2010) which found building size to be the best indicator of water consumption for single-family residential households, followed by building density.

¹³ Defined as stand-alone metered irrigation uses with a meter size of 2 inches or smaller.

Table 3-2. Nonresidential SDC Categories and Unit of Measure

SDC Category	Unit of Measure
Additional irrigation SDC categories apply for irrigation only meters or when irrigated area >1/4 acre (for all uses).	
Standard Categories	
Industrial/Manufacturing ^{ab}	1,000 SQ FT
Warehouse/ Storage/ Dist. Center	1,000 SQ FT
Movie Theater	1,000 SQ FT
Indoor Fitness & Recreation	1,000 SQ FT
Church, Religious Organization	1,000 SQ FT
Hospital	1,000 SQ FT
Medical - Dental - Vet Office	1,000 SQ FT
General Office	1,000 SQ FT
Stand-Alone Retail/Services with >50% Floor Area Warehouse/Storage ^c	1,000 SQ FT
Stand-Alone Retail/Services	1,000 SQ FT
Integrated Retail/Services ^d	1,000 SQ FT
Super Store (with or w/out membership & discount) ^b	1,000 SQ FT
Car Sales ^b	1,000 SQ FT
Supermarket ^b	1,000 SQ FT
Convenience Store	1,000 SQ FT
Furniture Store	1,000 SQ FT
Bank/Financial Institution	1,000 SQ FT
Restaurant (Table Service)	1,000 SQ FT
Quick Service Restaurant ^b	1,000 SQ FT
Special Unit Categories	
Public Parks, Private/Public Golf Course, Common Areas ^b	
Community space	1,000 SQ FT
Golf Course Club House	1,000 SQ FT
Restroom	Each
Outdoor pool	1,000 SQ FT Surface Area
Childcare (presently exempted in methodologies)	Child
School K-12	Student
College/University	Student
Gas Sales/Service Station ^b	Fuel or Service Position or Site
Manual Car Wash ^b	Bay
Automated Car Wash ^b	Bay

SDC Category	Unit of Measure
Hotel/Motel/RV Park ^b	Room or Space
RV Dump Station (for Park)	Unserved Space
RV Dump Station (for Public)	Each
"Wet" Industrial User^a	
Industrial/Manufacturing	GPD water use

na = not applicable; GPD = Gallons per Day,

NOTE: See category definitions in Appendix A and the City's adopted fee resolution.

^a "Wet" industry (industrial customers that use water in the manufacturing process, or for cleaning, packaging, etc.) required to prepare individual water and sewer analysis.

^b Individual category rates apply even if part of an integrated development. For Quick Service Restaurants, only those with a drive-thru will be charged individual category rates, even if included in an integrated development.

^c If stored products require water for growing, cleaning, etc., Stand-Alone Retail/Services category applies for water and sewer.

^d Integrated development is defined as a development that is planned or developed as a unit with features such as shared parking or access.

Retail/Services categories shown in Table 3-2 apply to most forms of retail/service establishments, including stand-alone developments (if not otherwise listed in the table) and all uses that are part of an integrated group of commercial establishments¹⁴ (e.g., shopping centers, "strip" retail, and retail space within a mixed-use building), except the following which will be charged based on the individual category rates:

- Hotels and other tourist accommodations
- Parks
- Quick-service restaurants with drive-throughs
- Super stores
- Supermarket
- Car washes
- Gas Sales/Service Station
- Car sales

Individual category rates listed in the schedule (e.g., Medical – Dental - Vet Office, Indoor Fitness and Recreation, General Office, Movie Theater, etc.) will apply in any case if the land use is the primary use.¹⁵ For Retail/Service uses that have greater than 50 percent floor area used for warehouse/storage, a separate category (and SDC) are provided due to the different service requirements of this use.

Special Categories

As shown in Table 3-2, there are several uses (e.g., schools, gas sales, car wash, and lodging and outdoor park and recreation facilities) that will be charged based on units of measure other than building area or that are specific to the water SDC methodology (e.g., public pools and irrigation). Water meters used primarily to irrigate parks, fields, common areas, or other spaces,

¹⁴ Integrated development is defined as a development that is planned or developed as a unit with features such as shared parking or access. See Appendix C for full definition.

¹⁵ Refer to the Bend Development Code for definitions of "use, primary" and "use, secondary", to determine appropriate categories.

will be charged based on the water meter size for meters up to 2 inches, as shown in Table 3-3. For developments with stand-alone irrigation that require a separate water meter larger than 2 inches and for irrigation areas larger than ¼ acre that will be served by a meter also serving non-irrigation uses, the irrigation service requirements will be determined based on an individualized water use analysis, that will consider the irrigation-specific water meter sizing requirements and other factors.

The City has a minimum standard meter size of 1-inch for irrigation purposes.

Table 3-3. Irrigation Meter SDC Categories

Meter Size^{ab}	Unit of Measure
1-inch	Meter
1.5 inch	Meter
2-inch	Meter
3-inch and Larger	GDP Water Use

^a Applies to meters where irrigation is primary use.

^b Reflects City requirement of 1-inch meter minimum.

Water Service Requirements

General Approach

As discussed in Section 2, a primary sizing consideration for water system infrastructure is the maximum day demand (MDD) of customers. Thus, water SDCs are designed to recover costs from individual developments in proportion to their estimated maximum day water delivery requirements. The MDD is the largest quantity of water delivered to the system over an actual 24-hour period and the average day demand (ADD) is the annual system demand divided by 365 days.

The Integrated Water System Master Plan (IWSMP) water demand projections for future growth are based on existing development average historical water consumption per residential dwelling unit and nonresidential employee. To account for water losses, projected system production requirements include a 5.5 percent adjustment to water consumption. System production records are then used to determine the ratio of MDD to ADD (2.14 based on the 2012-2018 period) for purposes of projecting future MDD production requirements for the water system.

Consistent with the IWSMP projections for overall system demands, estimating service requirements for each SDC category began with an analysis of existing customer historical average water use, based on utility billing data provided by the City. To estimate consumption requirements under MDD conditions for the SDC analysis, average consumption during the peak summer period (defined as the two highest months between July and September) was determined for each SDC category.¹⁶ These maximum *month consumption* estimates were then adjusted to maximum *day production* estimates based on the IWSMP average water loss factor

¹⁶ Use rates were provided by the City for each month over the five years. The maximum monthly rate was estimated by first averaging a July, August, September estimate over the five-year sample, selecting the two highest months, and then averaging those monthly rates. Cubic feet per month were then converted to gallons per day by multiplying by 7.481 gallons per cubic feet and dividing by an estimated 30 days per month. Sewer rates were estimated by taking a monthly average of December, January, and February rates and then converting to gallons per day.

and a peak month to peak day conversion factor.¹⁷ An additional factor (5 percent) was applied to the MDD production estimates to account for differences in the average use during the data period analyzed for the SDCs (2017-2022) and the IWSMP historical period (2012-2018).

Residential Service Requirements

Single Unit and Middle Housing

The City provides water service to about 24,000 residential accounts and sewer service to about 32,000 residential accounts. Water service to about one-third of residential accounts located in the City is provided by other providers (i.e., Roats and Avion). The City provided monthly water consumption data for the period 2017-2022 for each water customer account. Available information from the Deschutes County Assessor's Office was also provided for each account, including customer type, number of dwelling units, and dwelling unit size as measured by SQ FT of living area.¹⁸ From this data, an analysis of the relationship between living area and peak summer month water use was conducted. Summary statistics are shown in Table 3-4 reflecting both maximum month consumption and estimated MDD production.

Table 3-4. Single Unit and Middle Housing Service Requirements per Dwelling Unit

System Component	Number of Dwellings	% of Dwellings	GPD/Unit (Max Month Consumption) ^a	GPD/Unit (MDD Production) ^b
Average (for comparison only)			595	709
Living Area Tiers				
Tier 1 (<600 SQ FT)	152	0.6%	213	254
Tier 2 (601-1200 SQ FT)	3,871	16.2%	360	429
Tier 3 (1201-1600 SQ FT)	5,309	22.2%	475	566
Tier 4 (1601-2200 SQ FT)	7,198	30.1%	535	638
Tier 5 (2201-3000 SQ FT)	4,702	19.6%	710	846
Tier 6 (>3001 SQ FT)	2,718	11.3%	1141	1,360
Total	23,950	100.0%		

^a Reflects average consumption during the two highest summer months.

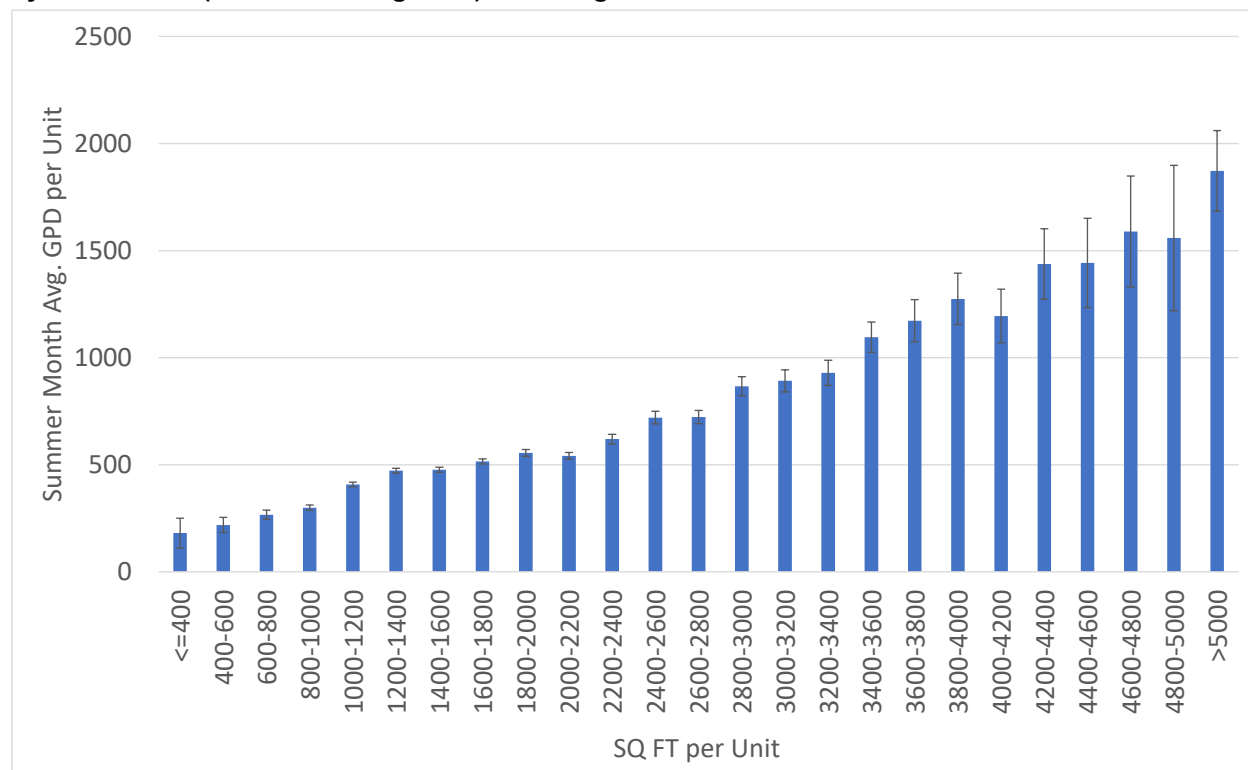
^b Adjusted for water system losses and peak month to peak day ratio.

Figure 3-1 shows the maximum month water consumption per unit for single unit and middle housing units across the full spectrum of unit sizes that was used to evaluate alternative tier structures.

¹⁷ Based on information contained in Table 2-5 of the IWSMP, system max month to ADD production is 1.99, while system MDD to ADD is 2.14.

¹⁸ Deschutes County Property Information System records do not provide individual dwelling unit sizes for middle housing attached structures on the same lot. In this case, the total square footage for tax lot was assumed to be equally distributed across all units.

Figure 3-1. Single Unit and Middle Housing Average Summer Water Consumption (GPD) per Unit by Size of Unit (SQ FT of Living Area) and Margin of Error

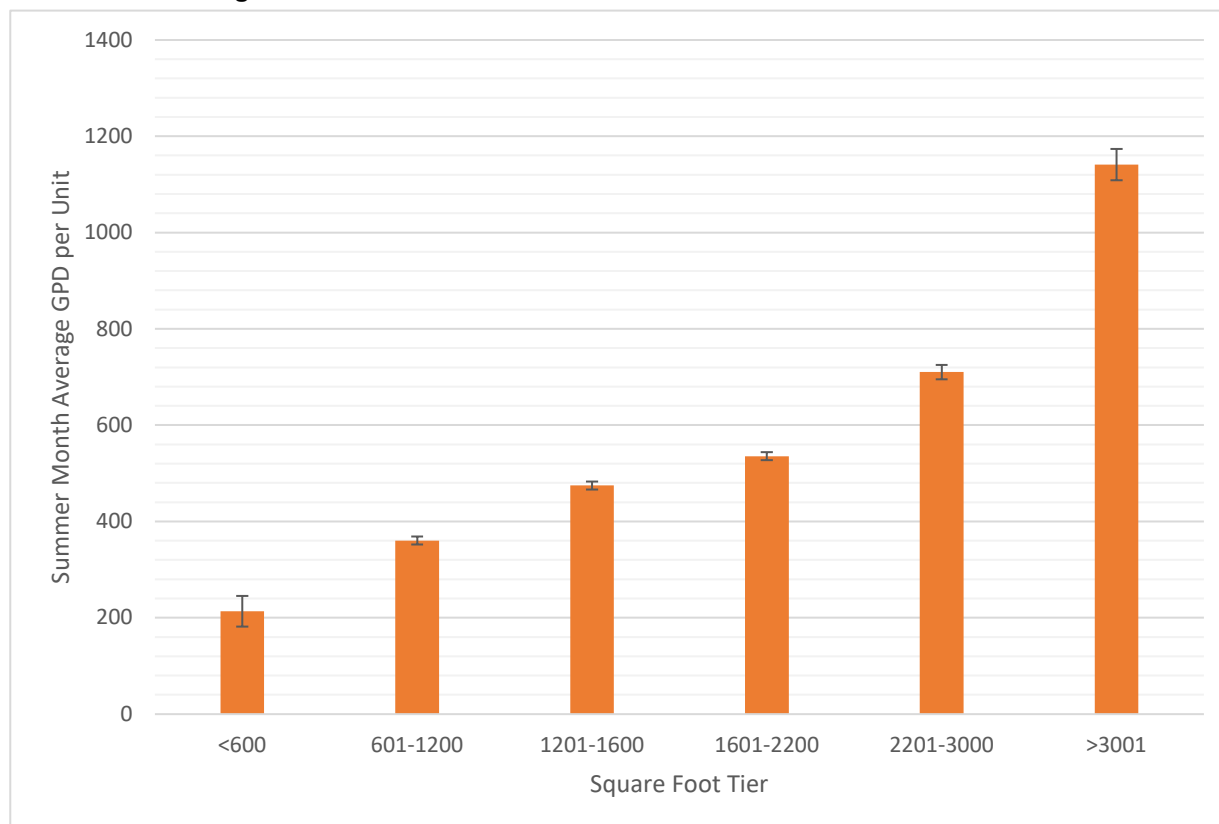


Several tier options were considered before the six-tier structure shown in Tables 3-1 and 3-4 was selected as the preferred option by a majority of stakeholders. Initially, two scaling options were developed using a five-tier structure. A five-tier structure is currently used by the Bend Park and Recreation District (BPRD) for SDC purposes; however, the BPRD tiers (defined through an earlier SDC methodology development process) are not consistent with the City's current development code as it applies to small dwelling units and alternative housing types. Specifically, the City's current development code¹⁹ defines some small dwelling unit types (e.g., cottage housing) as structures between 600 SQ FT and 1,200 SQ FT, while BPRD's SDC structure has tiers include cut-offs at 500 SQ FT and 1,000 SQ FT. The recommended water tier structure includes cut-offs at 600 SQ FT and 1,200 SQ FT for consistency with the City's current development code.

Furthermore, at the suggestion of members of the SDC stakeholder group, a sixth tier was included to provide additional incentives on the lower end of the dwelling size range, compared to the five-tier options. Specific breakpoints for the tiers were selected based on both statistical significance of tiers across infrastructure systems (given the City's desire for a uniform tiering structure for water, sanitary sewer, and transportation infrastructure), and the development code considerations. Figure 3-2 shows the average use and margin of error bars for each tier. The margin of error is an indication of the variability of the data and the confidence of individual estimates. Larger error bars can be an indication of more variability in a tier or smaller sample sizes (as is the case for Tier 1 "<600"). Evaluation of confidence intervals provides the opportunity to group dwelling unit sizes such that the average use within each tier is distinct from other tiers.

¹⁹ Bend Development Code BDC 3.8.300.

Figure 3-2 Single Unit and Middle Housing Average Summer Water Use (GPD) per Unit by Living Area Tier and Margin of Error



Multi-Unit and Other Housing Requirements

Water service requirements for multi-unit and other housing units are derived from a combination of City utility billing data, U.S Census data, and benchmark information where local data were not available. Summary statistics for each category are shown in Table 3-5.

Table 3-5. Multi-Unit and Other Housing Service Requirements per Dwelling Unit

System Component	Source of Estimate	GPD/Unit (Max Month Consumption)	GPD/Unit (MDD Production) ^a
Multi-Unit Housing			
Housing >4 units	Billing Data	163	194
Manufactured Dwelling Park, per pad	Billing Data	294	350
Micro-Units/Single Occupancy ^b	Billing & Census Data	100	119
Dormitories ^b	Benchmark Data	100	119
Attached Sr. Housing (55+ restricted, no care) ^c	Benchmark Data	133	158
Other Housing			
Continuing Care Facility ^c	Benchmark Data	149	177
Accessory Dwelling Unit ^d	NA	NA	NA

GPD = Gallons per Day, MDD = Maximum Day Demand, N/A = not applicable

^a Adjusted for water system losses and peak month to peak day ratio.

^b Multi-unit housing >4 units rate X 0.61 (1.10 persons per unit avg. occupancy for 0- bedroom units/1.78 avg. occupancy for all multi-units).

^c Based on data from 2019 Water Research Foundation report 4619A (*Developing Water Use Metrics for Commercial and Institutional Sectors*).

^d ADU = dwelling unit if water meter needed to serve primary dwelling plus the ADU is larger than meter sized for primary dwelling unit on property.

As discussed previously, the SDC structure for multi-unit and other housing is based on a uniform average service requirement per unit to balance both technical considerations and policy objectives. City billing data were used to determine peak summer month consumption for housing units greater than four (4) units and manufactured dwelling units in parks. For micro-units and single occupancy units, the average water use reflects 61 percent of the “Housing >4 units” category. This is based on the ratio of average occupants for a studio dwelling with 0 bedrooms (1.10 person) relative to the overall attached housing average (1.78 persons) from U.S. Census data for Deschutes County.²⁰ The dormitory category rate is the same as the micro-unit rate and is similar to assumptions used by other communities, as shown in Appendix D. Benchmark information for senior attached housing and continuing care categories is based on information from the 2019 Water Research Foundation Report: *Developing Water Use Metrics for Commercial and Institutional Sectors*.²¹

Nonresidential Service Requirements

Water service requirements for nonresidential SDC categories are derived from City billing data (for most standard categories), and benchmark information for other specialty categories. Summary statistics are shown in Table 3-6.

Table 3-6. Nonresidential SDC Categories and Service Requirements per Unit

SDC Category	Source of Estimate	GPD/Unit (Max Month Consumption) ^a	GPD/Unit (MDD Production) ^b
Additional irrigation SDCs apply for irrigation only meters or when irrigated area >1/4			
Standard Categories (per 1,000 SQ FT Building Area)			
Industrial/Manufacturing ^{cd}	Billing Data	95	113
Warehouse/Storage/Dist. Center	Billing Data	65	78
Movie Theater	Benchmark	196	233
Indoor Fitness & Recreation	Billing Data	419	499
Churches, Religious Organizations	Benchmark	120	143
Hospital	Billing Data	346	413
Medical – Dental – Vet Office	Billing Data	268	320
General Office	Billing Data	177	211
Stand-Alone Retail/Services with >50% Floor Area Warehouse/Storage ^e	Billing Data	66	79
Stand-Alone Retail/Services	Billing Data	138	164

²⁰ 2020 American Community Survey Public Use Microdata Sample (PUMS) for Deschutes County. (PUMS Microdata Area 00400)

²¹ Fedak, R., D. Hannon, Z. Taylor, and A. Volckens. 2019. *Developing Water Use Metrics for the Commercial and Institutional Sectors*. Project 4619a. Denver, CO: The Water Research Foundation.

SDC Category	Source of Estimate	GPD/Unit (Max Month Consumption) ^a	GPD/Unit (MDD Production) ^b
Integrated Retail/Services ^f	Billing Data	210	250
Super Store (with or w/out membership or discount) ^d	Billing Data	151	180
Car Sales ^d	Billing Data	117	139
Supermarket ^d	Billing Data	217	259
Convenience Store	Billing Data	153	183
Furniture Store	Billing Data	66	79
Banks/Financial Institutions	Billing Data	152	181
Restaurant (Table Service)	Billing Data	653	778
Quick Service Restaurant ^d	Billing Data	653	778
Special Unit Categories (Units Vary)			
Public Park, Private/Public Golf Course, Common Area ^d			
Community space (per 1,000 SQ FT)	Benchmark	120	143
Golf Course Club House (per 1,000 SQ FT)	Billing Data	167	200
Restroom (each)	Benchmark	451	508
Outdoor pool (1,000 SQ FT surface area)	Benchmark	251	299
Childcare (presently exempted in methodologies) (per child)	Benchmark	na	6
School K-12 (per student)	Billing/Benchmark	na	11
College/University (per student)	Billing/Benchmark	na	18
Gas Sales/Service Station (each) ^d	Benchmark	450	476
Manual Car Wash (per bay) ^d	Benchmark	300	317
Automated Car Wash (per bay) ^d	Benchmark	3,700	3,915
Hotel/Motel/RV Park (per room or space) ^d	Billing Data	135	161
RV Dump Station for Park (unserved space)	Benchmark	na	na
RV Dump Station for Public (each)	na	na	na
"Wet" Industrial/Manufacturing ^c	GPD Water Use	na	na

MDD=Maximum Day Demand, GPD = gallons per Day, na = not applicable

^a Reflects average use 2017-2022 during two highest summer months, except for schools which are based on 2022-2023 peak winter month water use adjusted to MDD capacity requirements based on the MDD/max month ratio of 1.19 applied to the average dry weather flow estimated from the sewer SDC methodology.

^b Adjusted for water system losses and system peak month to peak day ratio.

^c "Wet" industry (industrial customers that use water in the manufacturing process, or for cleaning, packaging, etc.) required to prepare individual water and sewer analysis.

^d Individual category rates apply even if part of an integrated development. For Quick Service Restaurants, only those with a drive-thru will be charged individual category rates, even if included in an integrated development.

^e If stored products require water for growing, cleaning, etc., Stand-Alone Retail/Services category applies for water and sewer.

SDC Category	Source of Estimate	GPD/Unit (Max Month Consumption) ^a	GPD/Unit (MDD Production) ^b
--------------	--------------------	---	--

^f Integrated development is defined as a development that is planned or developed as a unit with features such as shared parking or access. See Appendix C for full definition.

Standard Development Categories

As for residential customers, the City provided monthly water consumption data for the period 2017-2022 for each nonresidential water customer account. Available information from the Deschutes County Assessor's Office was also provided for each account, including building size as measured by total square feet (SQ FT) of building area.²² The City also provided information on the type of nonresidential account, where information was available from business license data. Average summer month consumption per 1,000 SQ FT of building area was converted to MDD production based on the process described previously.

Sample sizes for land use categories within the City of Bend billing database vary. Furthermore, verification of information for individual tax lots and utility accounts is beyond the scope of this study. Therefore, data from other local and state agencies (summarized in Appendix E) were used to supplement billing data for some categories where sample sizes were small (e.g., churches and religious organizations) and to benchmark results for other categories.

Special Unit Categories

Water use data for special unit categories is based on benchmark data for car washes, gas sales/service stations, pools, and restrooms. Billing data and room counts for lodging customers provided by the City were used to determine lodging service requirements per room, which were also compared to other utility surveys shown in the Benchmark data. Service requirements for community spaces are based on benchmark data for churches. Golf course club house service requirements reflect City billing data.

Billing data was also provided by the City for about two dozen school accounts. Specifically, water use information for 2022 and 2023, December through April billing period was analyzed to develop water use estimates per student per school day.²³ Use estimates were then adjusted to SDC capacity requirements (average dry weather flow) using the sewer capacity/winter average use factor described in the sewer SDC methodology report (i.e., 200 gpd EDU/114 gpd WQA = 1.75 factor). The average dry weather flow estimates per student per day were then adjusted to MDD water production requirements based on the 1.19 MDD/water use factor described previously. The results of the billing analysis were then benchmarked against published water use and regression analyses,²⁴ which showed general alignment with the results.

²² Deschutes County Property Information System records do not provide individual dwelling unit sizes for middle housing attached structures on the same lot. In this case, the total square footage for tax lot was assumed to be equally distributed across all units.

²³ Student enrollment information from Bend-La Pine Schools Enrollment Forecasts 2022-23 to 2041-42 published by Portland State University Population Research Center.

²⁴ For example, *Commercial and Institutional End Uses of Water* (AWWA Research Foundation, 2000), which found efficiency benchmark range of 3-15 gpd per student per school day, excluding irrigation and cooling water use, and an audit data benchmark = 11.5 gpd per student for indoor use plus cooling. See Appendix E for a summary of benchmark data.

“Wet” Industries

SDCs for larger and more intensive industrial water users like breweries, distilleries, data centers and other customer that use water in the manufacturing process (for product, cleaning, etc., as defined in the adopted SDC fee resolution) will be determined based on the estimated water use of the customer (determined from a water analysis) and the following formula:

$$SDC = MDD \text{ of customer (in gpd)} \times \text{system unit cost (\$/gpd)}$$

Where:

MDD of customer = highest daily projected rate of water consumption divided by the system loss rate of 5.5 percent. If a maximum day consumption rate is not available, the estimated maximum month rate of consumption multiplied by the 1.19 maximum day production factor may be used.

System unit cost (\$/gpd of MDD) = \$9.99, (as adjusted in the future for inflation adjustments and changes to the project list).

Irrigation

Additional SDCs will be applied to developments with stand-alone irrigation meters or large-scale irrigation (more than ¼ acre) served by a meter with other (e.g., indoor) water uses. Irrigation service requirements by meter size (up to 2 inches) are shown in Table 3-7 and reflect average summer month water use by meter size for existing nonresidential customers from City billing data (adjusted to MDD production, as described previously). Water service requirements for stand-alone irrigation requiring a meter larger than 2 inches and for irrigation areas larger than ¼ acre that will be served by a meter also serving other uses, will be determined based on the estimated irrigation needs for the development, given the significant variability of potential service demands and system impacts. For meters serving irrigation and other uses, the irrigation SDCs will be in addition to the fees assessed based on the SDC category.

Table 3-7. Irrigation Meter Service Requirements

Meter Size	Basis for Estimate ^a	GPD (Max Month Consumption) ^a	GPD (MDD Production) ^b
1-inch	Water Use Mean	1,453	1,731
1.5 inch	Water Use Mean	3,251	3,874
2-inch	Water Use Mean	5,361	6,389
3-inch and larger ^c	MDD (GPD)	Estimated from water use analysis	

MDD=Maximum Day Demand, GPD = gallons per Day

^a Water use data from nonresidential customers by meter size for the period 2017-2022.

^b Adjusted for water system losses and system peak month to peak day ratio.

^c Also applies to irrigation >1/4 acre if being served by a meter with other (non-irrigation) uses.

SDC Schedule

The SDC for each development type is determined by multiplying the system-wide unit cost from Table 2-7 by the service requirement per unit for each SDC category as presented in Tables 3-4 through 3-7. Table C-1 in Appendix C provides the SDC schedule for each category based on the methodology framework outlined in Sections 1-3 and the SDC project list presented in Appendix A.

Future Modification to SDCs

Modifications to SDC Assumptions

Through calibration of consumption estimates to the IWSMP MDD production used for determination of the systemwide unit cost, IWSMP assumptions are applied consistently in the SDC methodology to the determination of the cost basis, unit cost, and service requirements estimates by SDC category.

As noted in the Capital Improvement Plan section of the IWSMP:

...projects may be delayed if demands are lower than projected, for example due to the continuing trend of decreasing per capita demands, or success in implementation of increased conservation program efforts. ²⁵

The overall average MDD per dwelling unit for single unit housing decreased significantly from the City's prior water SDC methodology developed in 2007. Specifically, the 2007 methodology was based on 977 GPD per dwelling unit (consistent with the prior water master plan), while the updated MDD per dwelling unit is 708 GPD (consistent with the current customer usage patterns that served as the basis for development of water demand projections in the IWSMP). This reduction reflects a decline in per capita demands, particularly during the peak season.

Alternative SDC Calculations

The water SDC categories are intended to broadly capture the types of development projects in Bend. However, there will likely be instances where a development does not fit an established category, even with the broad definitions included in Appendix B. In those cases, the City will either determine the most applicable category for the use or a developer may elect to submit a water use analysis consistent with the parameters outlined in the Bend Municipal Code. The option to perform a separate water analysis only applies if the development does not fit the broad definition of an established category on the adopted SDC schedule.

Future Project List and Inflationary Adjustments

As allowed by SDC Statutes, the City may annually update the SDCs adopted by resolution based on application of an independent cost index and may apply the independent cost index to capture increased costs between the date of the last inflationary adjustment of this methodology. The City will use information published by the Engineering News Record (ENR) Construction Cost index for Seattle to determine the annual inflationary adjustment, or other index identified in the Bend Municipal Code.

Furthermore, as provided in ORS 223.309, the City may modify the project list shown in Table A-1 (also adopted by resolution) at any time. If a change in the project list will result in an increase to the SDCs, the City must also provide notification and review opportunities for the updated SDC schedule and project list.

Future inflationary adjustments, and updates to the SDC project list that do not result in an increase to the SDC schedule, do not require revision to this methodology report.

²⁵ Integrated Water System Master Plan, 6-17.



Appendix A – Water SDC Project List

Table A-1. Water SDC Project List

Project Number	Timing	Description	Estimated Project Cost	SDC %	SDC-Eligible Cost
Supply Source					
O-1	2021-2030	Outback Facility Plan	\$611,277	38%	\$230,954
O-11	2021-2030	Townsite Act Land Acquisition	6,112,766	38%	2,309,538
TR-1	2021-2030	Pretreatment (Water Filtration Facility)	19,560,852	38%	7,390,521
W-15	2031-2040	New Bear Creek Zone 4 Well	4,950,118	100%	4,950,118
W-23	2031-2040	New Wilson Zone 4 Well #1	5,327,887	100%	5,327,887
W-24	2031-2040	New Wilson Zone 4 Well #2	5,327,887	100%	5,327,887
W-12	2031-2040	New Overturf Zone 5 Well	4,139,565	100%	4,139,565
W-26	2031-2040	New Purcell Paula Zone 5 Well #1	5,282,653	100%	5,282,653
W-27	2031-2040	New Purcell Paula Zone 5 Well #2	5,282,653	100%	5,282,653
W-8	2031-2040	New Outback Well	3,314,342	100%	3,314,342
Supply Source Subtotal			\$59,910,001		\$43,556,118
Storage Reservoirs					
T-9	2031-2040	New Overturf Zone 4 Reservoir	\$13,715,825	64.0%	\$8,778,128
T-11	2031-2040	New Overturf Zone 5 Reservoir	11,013,982	100%	11,013,982
T-2	2031-2040	Replacement Outback Reservoir #2 (Zone 3)	21,842,137	57.1%	12,481,221
New		Storage Subtotal	\$46,571,945		\$32,273,332
PRVs					

Project Number	Timing	Description	Estimated Project Cost	SDC %	SDC-Eligible Cost
V-2	2031-2040	New Zone 4B to 5 PRV	189,496	38%	71,596
V-3	2031-2040	New Zone 4F to 5D PRV	189,496	38%	71,596
PRV Subtotal			\$378,992		\$143,191
Distribution Mains					
P-15	2021-2030	Newport Avenue Replacement	\$4,870,652	43%	\$2,094,380
P-17	2021-2030	Revere Division and Thurston Upsize Part 1	2,539,243	55%	1,396,584
P-17	2031-2040	Revere Division and Thurston Upsize Part 2	2,539,243	55%	1,396,584
P-27	2031-2040	Upsize 6-inch pipe on Purcell Boulevard	226,172	75%	169,629
P-11	2031-2040	Zone 4F and Zone 4A Distribution Connection	314,196	100%	314,196
P-12	2031-2040	15th Street Upsize	234,730	56%	130,406
P-16	2031-2040	Roanoke Avenue Looping	415,668	44%	181,855
P-18	2031-2040	4th Street Upsize	363,098	100%	363,098
P-21	2031-2040	Metolius Drive Upsize	23,229	56%	13,008
P-26	2031-2040	Bear Creek Road Connections	960,927	38%	365,152
P-6	2031-2040	Niagara Court Upsize	583,158	100%	583,158
P-9	2031-2040	Skyliners Road and Flagline Drive Upsize	470,683	100%	470,683
Distribution Subtotal			\$13,541,000		\$7,478,733
Transmission					
P-13	2021-2030	New Awbrey Transmission	12,606,969	36%	4,538,509
P-19	2021-2030	6th Street Upsize	4,431,756	78%	3,461,175
P-20	2031-2040	8th Street Upsize and Parallel Transmission	7,316,981	86%	6,288,031
P-1	2031-2040	Outback Site Transmission	996,381	100%	996,381
P-10	2031-2040	New Zone 5 Overturf Reservoir & Well Trans	1,912,073	100%	1,912,073

Project Number	Timing	Description	Estimated Project Cost	SDC %	SDC-Eligible Cost
P-2	2031-2040	Outback North Transmission Replacement	4,800,967	38%	1,813,911
P-22	2031-2040	Pilot Butte Parallel Transmission on Lafayette Ave.	1,643,112	100%	1,643,112
P-24	2031-2040	New and Upsize Bear Creek Well Trans	1,092,963	100%	1,092,963
P-25	2031-2040	Bear Creek Road Upsize 15th St to McCartney Dr	700,523	100%	700,523
P-4	2031-2040	Zn 3 to 4A Mt. Washington Dr. & Rivers Edge PRV Pipe Upsize	300,748	100%	300,748
P-5	2031-2040	Skyline Ranch Road Parallel	7,241,183	100%	7,241,183
P-7	2031-2040	Archie Briggs and Falcon Ridge Upsize	114,920	75%	86,190
Transmission Subtotal			\$43,632,636		\$30,074,798
Total Project List			\$163,560,513		\$113,526,173



Appendix B – Reimbursement Projects

Table B-1. Reimbursement Fee Cost Basis

Category/Improvement	Prior Acquisition \$	Exclusions/ Contributions	Net Acquis. Cost	Growth Share	
				%	\$
Source Supply - Surface Water					
Intake and WFF	\$77,135,800		\$77,135,800	37.8%	\$29,143,606
Intake and WFF	\$61,631		\$61,631	37.8%	\$23,286
Watershed	\$129,942		\$129,942	37.8%	\$49,095
Subtotal	\$77,327,373	\$0	\$77,327,373		\$29,215,986
Source Supply - Groundwater					
Groundwater Permit	\$472,896		\$472,896	7.5%	\$35,551
Outback Well 1	\$308,488		\$308,488	7.5%	\$23,191
Outback Well 2	\$966,847		\$966,847	7.5%	\$72,685
Outback Well 3	\$453,386		\$453,386	7.5%	\$34,085
Outback Well 4	\$8,666		\$8,666	7.5%	\$651
Outback Well 5	\$989,763		\$989,763	7.5%	\$74,408
Outback Well 6	\$1,413,540		\$1,413,540	7.5%	\$106,267
Outback Well 7	\$556,494		\$556,494	7.5%	\$41,836
Pilot Butte Well 1	\$275,692		\$275,692	7.5%	\$20,726
Pilot Butte Well 2	\$746,311		\$746,311	7.5%	\$56,106
Pilot Butte Well 3	\$806,546		\$806,546	7.5%	\$60,634
Pilot Butte Well 4	\$2,208,893		\$2,208,893	7.5%	\$166,060
Bear Creek Well 1	\$711,552		\$711,552	7.5%	\$53,493
Bear Creek Well 2	\$613,272		\$613,272	7.5%	\$46,104
Rock Bluff Well 1	\$340,478		\$340,478	7.5%	\$25,596
Rock Bluff Well 2	\$79,957		\$79,957	7.5%	\$6,011
Rock Bluff Well 3	\$318,955		\$318,955	7.5%	\$23,978
Shilo Well 3	\$1,093,758		\$1,093,758	7.5%	\$82,226
Airport Wells	\$914,657	\$914,657	\$0	0.0%	\$0
Unspecified	\$63,473	\$63,473	\$0	0.0%	\$0
Subtotal	\$13,343,624	\$978,130	\$12,365,494		\$929,611
Storage					
Tower Rock	\$56,000		\$56,000	12.0%	\$6,702
College 1	\$100,056		\$100,056	11.4%	\$11,381
CT Basin	\$989,962	\$989,962	\$0	0.0%	\$0
Outback 1	\$30,198		\$30,198	37.8%	\$11,409
Outback 2	\$2,067,091	\$2,067,091	\$2,067,091	0.0%	\$0
Outback 3	\$2,313,042		\$2,313,042	25.0%	\$578,261
Outback 4	\$498,767		\$498,767	0.0%	\$0
Overturf	\$1,449,387	\$1,449,387	\$0	0.0%	\$0
Rock Bluff	\$163,900		\$163,900	30.0%	\$49,170
Awbrey	\$357,746		\$357,746	28.1%	\$100,527
Pilot Butte 3	\$4,315,495		\$4,315,495	28.1%	\$1,212,654
Subtotal	\$12,341,644	\$2,439,349	\$9,902,295		\$1,970,105
Pumping					
Awbrey	\$1,049,300		\$1,049,300	15.8%	\$165,789
College 1	\$137,000		\$137,000	15.4%	\$21,098

Category/Improvement	Prior Acquisition \$	Exclusions/ Contributions	Net Acquis. Cost	Growth Share	
				%	\$
College 2	\$115,000		\$115,000	15.4%	\$17,710
Murphy	\$832,197		\$832,197	79.3%	\$659,932
Scott	\$137,723		\$137,723	42.5%	\$58,557
Tetherow	\$0		\$0	28.7%	\$0
Fire Pump	\$592,431	\$592,431	\$0	0.0%	\$0
Subtotal	\$2,863,651	\$592,431	\$2,271,220		\$923,087
Transmission & Distribution					
27th Street Transmission	\$219,751		\$219,751	37.8%	\$83,027
Avion Tie-In	\$182,128	\$182,128	\$0	0.0%	\$0
Awbrey Transmission	\$1,365,617		\$1,365,617	37.8%	\$515,960
Boyd Acres Transmission	\$379,614		\$379,614	37.8%	\$143,426
Bridge Creek Pipeline	\$20,146		\$20,146	37.8%	\$7,612
Canal	\$804,525	\$804,525	\$0	0.0%	\$0
Empire Transmission	\$120,296		\$120,296	37.8%	\$45,450
Mt. WA Transmission	\$1,517,811		\$1,517,811	37.8%	\$573,462
Outback Transmission	\$1,873,117		\$1,873,117	37.8%	\$707,705
Skyliner Transmission	\$678,017		\$678,017	37.8%	\$256,170
Transmission	\$4,493,425		\$4,493,425	37.8%	\$1,697,715
PRVs	\$89,323		\$89,323	37.8%	\$33,748
Valves	\$65,815		\$65,815	37.8%	\$24,866
Distribution	\$6,138,840		\$6,138,840	37.8%	\$2,319,389
Water Main	\$92,012		\$92,012	37.8%	\$34,764
Water Mains	\$29,307,069		\$29,307,069	37.8%	\$11,072,857
Water Mains - 12 "	\$733,675		\$733,675	37.8%	\$277,199
Water Mains - 16"	\$435,485		\$435,485	37.8%	\$164,536
Water mains - 30"	\$781,097		\$781,097	37.8%	\$295,116
Water Mains - 8"	\$49,552		\$49,552	37.8%	\$18,722
Intertie - Broster/97	\$473,165	\$473,165	\$0	0.0%	\$0
Subtotal	\$49,820,478	\$1,459,818	\$48,360,660		\$18,271,724
DCI/Developer					
DCI	\$32,224,241	\$32,224,241	\$0		\$0
Developer	\$36,423,838	\$36,423,838	\$0		\$0
Subtotal	\$68,648,079	\$68,648,079	\$0		\$0
General					
SCADA	\$1,602,628		\$1,602,628	37.8%	\$605,508
General	\$1,427,104		\$1,427,104	37.8%	\$539,191
Meters	\$10,921,707	\$10,921,707	\$0	0.0%	\$0
Subtotal	\$13,951,439	\$10,921,707	\$3,029,732		\$1,144,699
Total	\$238,296,288	\$85,039,513	\$153,256,775		\$52,455,212

Source: City of Bend Fixed Assets and Work in Progress (2021-22)



Appendix C – Water SDC Schedule

Table C-1. SDC Schedule

Categories	Unit of Measure	SDC \$/Unit
Additional irrigation SDCs apply for irrigation only meters or when irrigated area >1/4 acre (for all uses).		
Residential Categories		
Single Unit & Middle Housing		
Average		\$7,075
Tier 1 <600 SQ FT	Dwelling Unit	\$2,538
Tier 2 (601-1200 SQ FT)	Dwelling Unit	\$4,288
Tier 3 (1201-1600 SQ FT)	Dwelling Unit	\$5,651
Tier 4 (1601-2200 SQ FT)	Dwelling Unit	\$6,373
Tier 5 (2201-3000 SQ FT)	Dwelling Unit	\$8,453
Tier 6 (>3001 SQ FT)	Dwelling Unit	\$13,581
Multi-Unit Housing		
Housing >4 units	Dwelling Unit	\$1,939
Manufactured Dwelling Park, per pad	Dwelling Unit/Pad	\$3,494
Micro-Units/Single Occupancy	Dwelling Unit	\$1,184
Dormitories	Room	\$1,184
Attached Sr. Housing (55+ restricted, no care)	Dwelling Unit	\$1,577
Other Housing		
Continuing Care Facility	Units	\$1,772
Accessory Dwelling Unit	Dwelling Unit	na
Nonresidential Categories		
Standard Categories		
Industrial/Manufacturing ^{a b}	1,000 SQ FT	\$1,129
Warehouse/ Storage/ Dist. Center	1,000 SQ FT	\$779
Movie Theater	1,000 SQ FT	\$2,327
Indoor Fitness & Recreation	1,000 SQ FT	\$4,984
Church/Religious Organization	1,000 SQ FT	\$1,428
Hospital	1,000 SQ FT	\$4,125
Medical - Dental - Vet Office	1,000 SQ FT	\$3,196
General Office	1,000 SQ FT	\$2,107
Stand-Alone Retail/Services with >50% Floor Area		\$789
Warehouse/Storage ^c	1,000 SQ FT	
Stand-Alone Retail/Services	1,000 SQ FT	\$1,638
Integrated Retail/Services ^d	1,000 SQ FT	\$2,497
Super Store (with or w/out membership & discount) ^b	1,000 SQ FT	\$1,798
Car Sales ^b	1,000 SQ FT	\$1,392
Supermarket ^b	1,000 SQ FT	\$2,587

Categories	Unit of Measure	SDC \$/Unit
Convenience Store	1,000 SQ FT	\$1,828
Furniture Store	1,000 SQ FT	\$789
Bank/Financial Institution	1,000 SQ FT	\$1,808
Restaurant (Table Service)	1,000 SQ FT	\$7,770
Quick Service Restaurant ^b	1,000 SQ FT	\$7,770
Special Unit Categories		
Public Parks, Private/Public Golf Course, Common Areas ^b		
Community space	1,000 SQ FT	\$1,428
Golf Course Club House	1,000 SQ FT	\$1,997
Restroom	Each	\$5,074
Outdoor pool	1,000 SQ FT Surface Area	\$2,986
Childcare (presently exempted in methodologies)	Child	\$60
Schools K-12	Student	\$110
College/University	Student	\$180
Gas Sales/Service Station ^b	Fuel or Service Position or Site	\$4,754
Manual Car Wash ^b	Bay	\$3,166
Automated Car Wash ^b	Bay	\$39,100
Hotel/Motel/RV Park ^b	Room or Space	\$1,608
RV Dump Station (for Park)	Unserved Space	na
RV Dump Station (for Public)	Each	na

na=not applicable

NOTE: See accompanying category definitions; controlling definitions are found in the City's adopted fee resolution.

^a"Wet" industries required to prepare individual water and sewer analysis.

^b Individual category rate applies even if part of an Integrated Retail/Services development. Only Quick Service Restaurants with a drive-thru will be charged individual category rates, even if included in an integrated development.

^c If stored products require water for growing, cleaning, etc., Stand-Alone Retail/Services category applies for water and sewer.

^d Integrated development is defined as a development that is planned or developed as a unit with features such as shared parking or access. See Appendix C for full definition.

Irrigation SDC Schedule (Stand-Alone or when irrigated area >1/4 acre)

Meter Size (Inches)	Units	Water \$/Unit
1	Meter	\$17,293
1.5	Meter	38,692
2	Meter	63,804
3 and Larger	GDP water use	\$9.99

"Wet" Industrial User SDC Schedule

	Units	Water \$/Unit
Industrial/Manufacturing	GPD water use	\$9.99

SDC Category Definitions and Examples

Table C-2. SDC Category Definitions and Examples

Category^a	Definition/Example Development Types^a
<i>Residential Categories</i>	
Single Unit & Middle Housing	Single unit housing with up to 4 units on one lot or parcel. Includes middle housing (duplexes, triplexes, quadplexes, cottage developments up to 4 units on one lot or parcel, and townhouses) and up to three (3) manufactured homes on a single lot. Units can be attached or detached. Applies to residential units in a mixed-use development with up to 4 units.
Multi-Unit Housing	Includes multi-unit housing that is part of a mixed-use development.
Housing >4 units	Five or more dwellings on an individual lot or parcel (e.g., multi-plexes, apartments, condominiums, etc.). Units can be attached or detached.
Manufactured Dwelling Park	Manufactured dwelling park as defined in Bend Development Code (four or more pads for manufactured dwellings located on a lot, tract, or parcel of land under the same ownership). Manufactured dwelling means a residential trailer, mobile home, or manufactured home; see BDC definition.
Micro-Units/Single Occupancy	Generally, consists of one room used for living and sleeping purposes and includes permanent provisions for sanitation but does not include a kitchen. See BDC definitions.
Dormitories	On-campus housing for students.
Sr. Housing	Age-restricted (55+) attached housing without on-site care facilities.
Other Housing	
Continuing Care Facility	Nursing home, residential care facility, adult family housing, hospice care, assisted living, rest home, convalescent home, sobering center with overnight beds, congregate or continuing care facility.
Accessory Dwelling Unit	A small, secondary dwelling unit on a lot or parcel with a single-unit dwelling unit as a primary use.

Category^a	Definition/Example Development Types^a
Nonresidential Category	
Standard Categories	
Industrial / Manufacturing	May include a mix of manufacturing, service, office, research, lab, and warehouse functions. Many produce goods by assembling other products, such as assembly of computers or other electronics. May be used for research and development projects that are a combination office and lab, where lab is the predominant (>50%) square footage of the combined development area. For purpose of water and sewer SDCs, excludes 'Wet' Industries that use water in the production process (see separate SDC category and definition).
"Wet" Industrial	Users in this category use water during the production process for either creating their products or cooling equipment. Industrial water may also be used for fabricating, processing, washing, diluting, cooling, or transporting a product. Water is also used by industries producing chemicals, food, and beverage products. Breweries, distilleries, and data centers are examples of these types of customers. Water and sewer use and applicable SDC shall be determined through a water and sewer analysis, as defined in the City Code.
Warehouse / Storage / Dist. Center	Warehouse, storage, and high cube fulfillment centers. Self or mini storage. Stand-Alone Retail/Services water and sewer rates apply if stored products require water for growing, cleaning, etc.
Movie Theater	Audience seating, with one or more screens, and a lobby and refreshment stand.
Indoor Fitness & Recreation	Public or privately owned fitness or recreation facilities that may include indoor/outdoor pools, saunas, gyms, classes, courts or specialized passive or active recreation facilities. Features space for exercise, sports, and recreation, as well as a broader range of services such as eating/drinking, preschools/day care and meeting rooms.
Church, Religious Organization	Worship facilities may include assembly hall or sanctuary, meeting rooms, classrooms, and occasionally dining facilities.
Hospital	Buildings on a shared campus with medical, surgical diagnosis, treatment, imaging, labs, and other services, and provide overnight beds for persons under the care of doctors and nurses.
Medical - Dental - Vet Office	A facility that provides diagnoses and outpatient care on a routine basis but does not provide prolonged in-house medical/surgical care. May be operated by either a single private physician/dentist/practitioner or a group. Includes vet offices as well as chiropractic and other treatment modalities, mental health professionals, etc. May be connected to other uses (except hospitals) or stand-alone. If this use is part of an Integrated Retail/Services development, this individual land use rate only applies if medical/dental/vet office is the principal use. If located within a hospital campus, the Hospital Rate for transportation applies. If located in the Medical Overlay District, as defined in BDC Chapter 2.7 Article IV, Medical Overlay District SDC is reduced by 24% based on ITE 720 w/in or near hospital campus rate for transportation.

Category ^a	Definition/Example Development Types ^a
General Office	An administrative office building houses one or more tenants and is the location where affairs of a business, commercial or industrial organization, professional person or firm are conducted. The building or buildings may be limited to one tenant, either the owner or lessee, or contain a mixture of tenants including professional services, insurance companies, investment brokers, and company headquarters. May include onsite daycare or food service facilities provided for tenants. Also includes libraries and research & development projects that may be a combination of office and research lab facilities, when the lab is secondary use (i.e., <50% of building square feet). If part of Integrated Retail/Services development, individual land use rate only applies if the primary use.
Medical Overlay District	The Medical Overlay District as defined in BDC Chapter 2.7 Article IV. Transportation SDCs in this District charged based on ITE 720 w/in or near hospital campus rate.
Medical Dental Office w/in Hospital Campus	Hospital transportation rate applies for Medical-Dental office located within a hospital campus.
Stand-Alone Retail/Services with >50% Floor Area Warehouse/Storage	Stand-Alone retail uses with floor area greater than 50% for warehouse/storage. If stored products require water for growing, cleaning, etc., Stand-Alone Retail/Services rates for water and sewer apply.
Stand-Alone Retail/Services	Includes general merchandise and services categories not otherwise listed in the SDC schedule. Transportation rate is based on size of development as listed in the SDC Schedule. Stand-alone rate for sewer and water applies to Stand-alone Retail/Services that are not integrated (see "integrated" definition below).
Integrated Retail/Services	An integrated development is planned or developed as a unit with features such as shared parking or access, like single development with multiple storefronts or office spaces, strip mall, mixed use building with residential and commercial spaces, etc. Integrated developments are charged the Integrated rate for water and sewer, except as described in the following sentences. Transportation rate is based on the square footage of the development, using the Retail/Services rate. The following uses will be charged transportation, water, and sewer rates based on their individual category rates even if included in an integrated development: Hotels, Parks, Super Store, Supermarket, Quick-Service Restaurants w/drive-thru, Car Washes, Gas Sales/Service Station, Industrial/Manufacturing, 'Wet' Industrial, and Car Sales. Where an integrated development has a principal use (as defined in the BDC), the water, sewer & transportation rate of the category for that use will apply to the square footage of the principal use, and the integrated rate for water and sewer will apply to the square footage of all uses other than the primary use; transportation rate will be based on the square footage of all uses other than the primary use. For building that is mixed commercial and residential uses, integrated rate applies to the commercial square footage and applicable residential rate based on number of units applies to residential space.
Super Store (with or w/out membership & discount)	Store includes a variety of services or departments including a full-service grocery department; has centralized cashiers and may have garden center or pharmacy. May or may not be part of shopping center or require membership. Examples include Costco, Walmart, Fred Meyer, etc. Additional retail pads within the development will be charged at the Integrated Retail/Services rate. When a development includes a super store and a gas station and/or service station, the super store and gas station/service station will be charged as separate uses, with the latter charged the gas sales/service station rate.

Category^a	Definition/Example Development Types^a
Supermarket	A store that sells an assortment of food, beverage, household products and other related items. Some include limited banks, bakeries, dry cleaning, and floral services. This category also includes discount grocery stores, but not “super” stores. When a development includes a supermarket and a gas station and/or service station, the supermarket and gas station/service station will be charged as separate uses, with the latter charged the gas sales/service station rate.
Convenience Store	A small retail store that sells limited grocery, beverages, coffee, pre-made and some made to order foods, snacks, alcohol, over the counter drugs and toiletries. Some have limited seating.
Furniture Store	A store that sells primarily pre-assembled furniture and carpeting. Some have large showrooms and most of the goods must be ordered for delivery.
Car Sales	New and used automobile dealerships may include auto services and parts sales, includes vehicles for sale or lease.
Bank/Financial Institution	A building, with or without a drive-up window, for the custody or exchange of money, and for facilitating the transmission of funds. Walk in and drive through. If part of integrated retail/services development, individual land use rate only applies if the principal use.
Restaurant (Table Service)	An eating and/or drinking establishment (including brewery taproom or winetasting room) that prepares food or beverages on-site and offers accommodation for consuming the food or beverage on the premises. Usually serves breakfast, lunch, and/or dinner; generally, does not have a drive-up window. Fees apply to restaurants that are not incidental to shopping centers or hotels. This category does not apply to a bottle shop that primarily sells closed bottles and is not connected to a brewery or winery unless service includes a kitchen and table service for prepared food.
Quick (Counter) Service Restaurant	Quick food service and a limited menu of items. Food is generally served in disposable wrappings or containers and may be consumed inside or outside the restaurant building or food truck. Restaurants in this category may or may not have a drive-up window. Fees apply to restaurants/food trucks that have drive-thru lanes or are not incidental to shopping centers or hotels.
Special Categories	
Public Parks, Private/Public Golf Course, Common Areas	Developed parks owned and operated by public agencies, public and private golf courses. Common area examples include restrooms, picnic table areas and other gathering spaces. Sites may include a variety of recreation amenities, including boating or outdoor swimming facilities, splash pads, sport fields, playgrounds, and picnic facilities. A developed park includes at least one built amenity that provides a park experience beyond open space. Land preserved for natural areas, trails and trailheads are not considered developed parks for SDC purposes and will be excluded from acreage measurements used as the basis for transportation SDCs; irrigation rate may apply to developed or natural areas if irrigated. When a park includes a recreation center, the park and recreation center will be charged as separate uses, with the latter charged the Indoor Fitness & Recreation rate. Water and sewer SDCs for parks will be charged according to the irrigation and park facility categories (e.g., Stand-Alone Restroom and Outdoor Pool).

Category^a	Definition/Example Development Types^a
Community space	Structures for gathering with a Homeowner's Association or access limited to neighborhood residents. Applies to water and sewer SDCs only.
Golf Course Club House	Golf course pro shop or club house. Applies to water and sewer SDCs only.
Restroom (Stand-Alone)	Stand-alone public restroom facilities. Applies to water and sewer SDCs only. Separate water SDC does not apply if served by a meter used for irrigation and restroom is incidental to irrigation use.
Outdoor Pool (Public)	Outdoor public pools that are not part of an recreation or fitness center. Applies to water and sewer SDCs only.
Separate Irrigation Space >1/4 acre	Irrigation uses that exceed ¼ acre and that are served by a meter that serves both the irrigation use and other (e.g., indoor) water uses. When other water uses serve buildings that are more than an incidental use (e.g., school or office buildings), the irrigation portion of the SDC will be determined based on the meter size that would be required if the irrigation space were served by a stand-alone meter. Applies to water SDCs only.
Stand-Alone Irrigation	A water meter installed with irrigation as the primary use. May also serve a restroom or other incidental use if irrigation is the principal use. Applies to water SDCs only.
Childcare	Daycare and childcare facilities. Childcare facilities that are incidental to other categories (e.g., Indoor Fitness and Recreation, General Office, etc.) or are within Integrated Retail/Services developments and not the primary use will be charged those other category rates.
Schools K-12	Includes public and private primary and secondary schools (e.g., elementary, junior high, middle school and high school) instructional classrooms, offices, cafeterias, and gymnasiums. For water SDCs, a separate irrigation SDC based on meter size applies for outdoor sports fields and irrigation uses greater than ¼ acre or served by a stand-alone meter.
College/University	Facilities of higher education include two-year, technical, four-year, and graduate-level institutions. Category includes instructional classrooms, offices, cafeterias, and gymnasiums. For water SDCs, a separate irrigation SDC based on meter size applies for outdoor sports fields and irrigation uses greater than ¼ acre or served by a stand-alone meter.
Gas Sales/Service Station	A facility used for the sale of gasoline or service station that provides short duration, high-turnover auto services such as oil changes, etc. May include areas for servicing or repairing vehicles. May include minimart and/or carwash. Minimarts without fueling/service positions fall under the Convenience Store rate. Other auto repair falls under Integrated and Stand-Alone Retail/Services. Water and sewer SDCs assessed per site; transportation SDCs are assessed per fueling/service positions (per ITE definitions) Car washes on the site will be assessed additional water and sewer SDCs based on the type of car wash (see SDC schedule).
Car Wash	Manual operations where the driver parks and washes the vehicle in a stall, or an automated facility for the same purpose will be charged the same for transportation SDCs. Refer to SDC schedule for water and sewer rates for manual vs. automated car washes.

Category ^a	Definition/Example Development Types ^a
Hotel/Motel/RV Park	Includes hotel/motel and other overnight facilities primarily intended for transient stays. May include on-site restaurants (or food truck pads), drinking place/bar, meeting and banquet rooms or convention facilities as well as swimming pools and fitness. For water and sewer SDCs, applies to RV park spaces with individual water and sewer service connections. If individual spaces do not have sewer hookups, then use RV dump station rate for sewer portion.
RV Dump Station (For Park)	Facilities for disposal of black water and gray water from RV holding tanks at RV parks and campgrounds not served by individual services at each space. Applies to sewer SDCs only. Will be assessed based on number of spaces without individual connections.
Sewage Dump Station (Open to Public)	Facilities for disposal of black water and gray water from RV holding tanks at gas stations or other sites. Applies to sewer SDCs only.
Urban Rate	30% reduction in applicable transportation SDC for uses in areas identified on the Urban Rate Area map adopted by City Council in the Fee Resolution. To qualify, the development must be in one of these areas, at least three stories high, the first floor must be “commercial ready” as defined in BDC Section 2.7.3245.A. 1., 2., and 3. Rate is not available for development that includes any auto-dependent or auto-oriented uses (as defined in the BDC) or for single-unit or middle housing residential uses. Multi-unit residential does qualify if it meets the other criteria.

^a Where there is a conflict between definitions, definitions in Bend Development Code control.



Appendix D – Exemptions for Certain Developments

Beyond methodological incentives, the City is considering policy-based incentives that reduce or exempt SDCs for certain development types. As policy-based incentives are outside of the methodology and no level of development of any particular use is guaranteed or known, any potential fee reductions are not offset by increases in SDCs for other development. However, the Bend Municipal Code specifies when credit for existing exempt uses will and will not be available. By not giving credit for exempted SDCs for existing or prior uses, revenue will be received on some redevelopment to non-exempt uses.

Policy-based incentives are generally reserved for development that may not be feasible in sufficient quantity to meet City goals, without more significant measures to reduce development costs.

History

Beginning in 2015, the City has exempted certain affordable housing developments from payment of sewer, water, and transportation SDCs.

Ordinance NS-2247 (2015): adopted affordable housing exemption for up to \$1 million in exemptions for projects reviewed and recommended by the City's Affordable Housing Advisory Committee, requiring repayment if affordable housing use ceased within 5 years from project completion.

Ordinance NS 2298 (2017): established sunset and automatic repeal of affordable housing exemption January 1, 2023; removed \$1 million cap.

Ordinance NS-2457 (2022): extended sunset to December 31, 2024, to allow time for SDC methodology development, and added requirement for repayment if affordable housing use ceased within 20 years from project completion.

SDC exemptions have been available for the following types of development:

1. Rental housing that is affordable for households with an income at or below 80 percent of the area median income ("AMI") as determined by the State Housing Council based on information from the United States Department of Housing and Urban Development.
2. Owner-occupied or lease-to-purchase housing for households with an income at or below 80 percent of the AMI as determined by the State Housing Council based on information from the United States Department of Housing and Urban Development.
3. Homeless shelter developments.

Following the changes in 2022 that required a 20-year deed restriction, the State of Oregon adopted so-called "super-siting" authority allowing a greater number and type of homeless shelter developments to develop and operate throughout the state, including in Bend. This resulted in shelters opening that are operating on short-term leases and are unable to record a

20-year deed restriction. Some of these shelter operations were determined by the City not to increase demand on certain systems, and thus did not justify charging certain SDCs.

Additionally, beginning in 2018, the City exempted childcare facilities from transportation SDCs.

Ordinance NS-2322 (2018): 70% exemption for transportation SDCs, sunset and automatic repeal on December 31, 2020

Ordinance NS-2393 (2020): Increased to exemption of 100% of transportation SDCs, extended sunset to December 31, 2022

Ordinance NS-2457 (2022): extended sunset to December 31, 2024, to allow time for SDC methodology development.

Because ORS 223.297 establishes that the purpose of SDCs, “ORS 223.297 to 223.316, is to provide a uniform framework for the imposition of system development charges by local governments,” the City now wishes to include these exemptions from SDC charges for certain development types in the methodology, to provide consistency and uniformity in application of the methodology. Future changes to the uses that are exempt will require a change to this methodology appendix and required publication before the first hearing on the change.

Exempt Uses

The following development types are exempt from payment of 100% of SDCs, subject to recording of deed restrictions and repayment as provided in the Bend Municipal Code:

1. Rental housing that is affordable for households with an income at or below 80 percent of the area median income (“AMI”) as determined by the State Housing Council based on information from the United States Department of Housing and Urban Development.
2. Owner-occupied or lease-to-purchase housing for households with an income at or below 80 percent of the AMI as determined by the State Housing Council based on information from the United States Department of Housing and Urban Development.
3. Homeless shelters, providing shelter on a temporary basis, and other accessory services, for individuals and families who lack permanent housing.
4. Childcare facilities, as defined in the Bend Development Code

SDCs may be payable on conversion or redevelopment of an exempt use to a non-exempt use, as provided in the Bend Municipal Code and depending on the type of deed restriction recorded for the exempt use.



Appendix E – Benchmark Data

Table E-1. Nonresidential Water and Sewer Service Requirements per Unit (GPD)

SDC Category	Avg. Summer GPD/ Unit ¹	Est. MDD GPD/ Unit ²	Est. GPD ADWF ³	MWMC (OR) ⁴	Ventura (CA) ⁵	WES (OR) ⁶	LA County Sanitation District (CA) ⁷	Miami Dade County (FL) ⁸	Monterey (CA) ⁹	AWWA ¹⁰	WRF ¹¹	State Agency ¹²
Based on 1,000 SQ FT												
Industrial/Manufacturing	95	113	70	68-137	60	--	--	--	--	134	--	--
Warehouse/ Storage/ Dist. Center	65	78	38	41-68	--	17	25	15-20	62	140	--	30
Movie Theater	196	233	111	160	--	66	125	--	--	--	--	--
Indoor Fitness & Recreation	419	499	236	219	213	131	300-600	100-200	--	--	--	500
Church/Religious Org.	120	143	62	68	92	33	50	100	62	75	42	--
Hospital	346	413	250	205	--	--	300	--	--	--	218	--
Medical - Dental - Vet Office	268	320	154	239	168	--	300	200	--	143	169	--
General Office	177	211	92	137	38	66	200	50	250	176	69	90
Stand-Alone Retail/Services	138	164	81	55-137	105	66	100	25-100	--	--	125	130-180
Integrated Retail/Services	210	250	129	137	155	--	150-325	100	--	--	143	--
Super store (with or w/out membership and discount)	151	180	90	--	--	--	--	--	--	--	--	--
Car Sales	117	139	76	68	105	66	100	100	--	--	203	--
Supermarket	217	259	169	246	156	--	150	--	--	--	161	--
Convenience Store	153	183	110	246	--	--	100	--	--	--	--	--
Furniture Store	66	79	39	41	--	--	--	--	--	--	--	--
Bank/Financial Institution	152	181	89	150	105	66	100	100	62	461	99	--
Restaurant (Table Service)	653	778	441	683	673	554	1,000	1,000	--	677	494	--

SDC Category	Avg. Summer GPD/ Unit ¹	Est. MDD GPD/ Unit ²	Est. GPD ADWF ³	MWMC (OR) ⁴	Ventura (CA) ⁵	WES (OR) ⁶	LA County Sanitation District (CA) ⁷	Miami Dade County (FL) ⁸	Monterey (CA) ⁹	AWWA ¹⁰	WRF ¹¹	State Agency ¹²
Quick Service Restaurant	653	778	441	410	870	554	1,000	650	--	707	415	--
Community space	120	143	62	68	92	33	50	100	--	75	42	--
Club House	167	200	113	--	--	--	100	200	--	--	--	--
Pool (1,000 SQ FT surface area)	251	299	139	--	--	--	--	--	179	--	--	100
Units of Measure Vary												
Park Restroom (per facility)	451	508	250	--	--	250	--	--	--	--	--	250(i)
Day Care (Per Child)	5	6	5	--	--	4	--	--	--	--	8(ii)	5-10
Schools K-12 (per Student)	9	11	9	--	20	9	--	--	--	--	9-11(i)	3-15(iii)
Colleges/Universities (Per Student)	15	18	15	--	--	9	--	--	--	--	--	10-25
Gas Sales (per Site)	450	476	450	--	--	--	--	450	--	--	500	500
Manual Car Wash (Per Bay)	300	317	300	--	--	299	700	350	--	--	1,200	1,200
Automated Car Wash (Per Bay)	3,700	3,915	3,700	--	--	3,989	3,700	1300-5500	--	--	1,200	1,200
Hotel/Motel/RV Park (per Room/Space)	135	161	91	--	134-172	125	125	115	--	109	109	100-175
RV Park Dump Station (per Unserved Space)	--	--	50	--	--	--	--	--	57	--	--	50
Public RV Dump Station (Per Station)	--	--	500	--	--	--	--	--	--	--	--	--
Continuing Care (per Bed)	--	--	131	--	91	125	--	100	92	--	97-109	120-125

na = not available for specific category or units of measure, GPD = Gallons Per Day

¹For categories estimated based on billing data, reflects average water use during peak two months summer.

²Adjusted for water losses and peak day to peak month factor.

³Based on sample of existing City of Bend utility customers for available categories. Represents average water use during winter quarter months (Dec – Feb).

⁴Metropolitan Wastewater Management Commission (Eugene/Springfield) System Development Charge Methodology (June 2009)

⁵Gustorf, Kevin J., *Ventura Water Final Water Demand Factor Study*, April 2020

⁶Water Environment Services, “Rules and Regulations”, April 2023

⁷Los Angeles County Sanitation District NO. 1, “Service Charge Report for Fiscal Year 2023-24”

⁸Miami-Dade County Code 24-43.1 Liquid waste disposal and potable water supply systems.

⁹Monterey Peninsula Water Management District, Rule 24 “Calculation of Water Use Capacity and Capacity Fees”

¹⁰Morales, M, Heaney, J., Friedman, R., Martin, J. “Estimating Commercial, Industrial, and Institutional Water Use on the basis of Heated Building Area”, Journal AWWA, June 2011

¹¹Water Research Foundation (WRF) Publications:

i) Fedak, R., Hannon, D., Taylor, Z., Volckens, A, *Developing Water Use Metrics for Commercial and Institutional Sector*, Water Research Foundation, Project 4619A, 2019
Note: based on indoor water use only (excludes cooling and irrigation).

ii) Kiefer, Jack C., and Krentz, Lisa R., *Methodology for Evaluating Water Use in Commercial, Institutional, and Industrial Sectors*, Water Research Foundation, Austin Water Utility, and US Environmental Protection Agency.

iii) Dzieglewski, Benedykt., Kiefer, Jack C., Opitz, Eva M., Porter, Gregory A., Lantz, Glen L., *Commercial and Institutional End Uses of Water*, AWW Research Foundation and the American Water Works Association, 2000. Note: Efficiency benchmark indoor use basis (no cooling or irrigation). University excludes residential use.

¹²Agency sources:

North Carolina Admin. Code 02T .0114 – “Wastewater Design Flow Rates”, effective 2018 (Fitness Centers, Retail/Services, Hotel/Motel, RV Park Dump Station, Continuing Care, Park Restrooms)

i) “Design Guidelines for Wastewater Facilities”, Maryland Department of the Environment, 2013 (Retail/Services, General Office)

ii) “Washington Department of Health Water System Design Manual, Maximum Day Demand”, June 2020 (used for outdoor pool)

iii) California Revenue Program Guidelines: Gas Sales and wastewater flows from daycare (5-10 gpd water use based on student +staff basis).

**Accommodation Information for People with Disabilities**

To obtain this information in an alternate format such as Braille, large print, electronic formats, etc., please contact accessibility@bendoregon.gov or 541-693-2198. Relay Users Dial 7-1-1.