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Opinion

Wednesday, June 22, 2005

Any decision city makes will encompass what's best for all

KEN HECTOR

June 22

This letter is in response to the opinion piece submitted to the Appeal Tribune by Dean Oster regarding a recent City Council decision related to systems development charges. Before we respond to Mr. Oster's assertions, it is important to provide the reader with some factual information on SDCs.

SDCs (or development impact fees) are a one-time fee levied against new development to help fund capital improvements. SDCs are used to fund growth-related, capacity increasing projects.

The city of Silverton collects SDCs to help fund improvements to our sewer, water, transportation, parks and storm water facilities. A vast majority of Oregon's cities and counties collect SDCs to help fund their capital improvement plans. In a community that does not collect SDCs, residents pay for capacity increasing projects through rate increases and bonded indebtedness.

The City Council is closely monitoring growth in Silverton. Studies have consistently demonstrated that growth does not support itself. While it does provide an increase in the tax base, not only does it not cover the full cost of new infrastructure, growth accelerates the degradation of existing infrastructure through increased usage. The resulting maintenance and repair costs are born by ratepayers. The reality is that there is potential for a significant amount of residential growth in the Silverton over the next few years.

We know that Silverton residents are concerned about growth, because a majority of you stated your concerns in the most recent community survey, which was conducted in November of 2004. Many of you stated that you feel the Council should do everything in its power to ensure that growth pays its way.

In February, the City Council commissioned a study on Silverton's SDCs by an independent, third-party consultant. Although the final numbers are not in, we are reasonably certain that the

final recommendation from the consultant will be to increase Silverton's SDCs on residential development by approximately \$5,000 per dwelling unit. If ultimately adopted by Council on Aug. 1, this would represent a significant increase in the city's current residential SDCs.

Based on what we know about growth potential in Silverton, the views and opinions of our residents about growth paying its way, and the pending recommendation by the consultant to increase SDCs on residential development, the council took action on June 6 to attempt to preclude a "run on the bank" by developers.

The development community is well aware that the city is considering increases

to our SDCs, as they were well represented in the committee process. Developers also know that they can lock in the old rate by simply submitting a permit before Council takes final action on Aug. 1. In fact, the Silverton Building Department has seen a flood of permit requests for single-family residential based on the proposed increases, which, again, are no secret to the development community.

The council was faced with a decision. Should we attempt to do something to stem the loss of revenue, or do nothing and potentially lose upwards of \$190,000 in revenue that could help fund sewer, water and transportation projects over the next 20 years? We chose to act in a way that was most responsive to the majority of the people we serve.

We knew that the action would not make us popular within the development community. We also knew that there was a high likelihood that the development community would take legal recourse.

Since there was a potential for litigation, the council's decision required discretion. We consulted with the city attorney and the decision was made to attempt to prevent the loss of revenue by putting builders and developers on notice that the city intended to not allow them to submit permits

today, to attempt to avoid a council action in the near future.

Between that time and now, the council has determined that such action may have unfavorable legal ramifications for the city. For that reason, the decision has been rescinded.

We want to be clear, however, that on any decision that we make we will always attempt to do what is right by the majority of our citizens, and not one small interest group. We also want to make it clear that we are not opposed to growth. In fact some growth is vital to our future. One of our goals is to maintain Silverton's livability, upon which you have clearly placed a very high priority. Modest growth will allow for that; runaway growth, or growth that does not pay for itself will not.

Unlike Mr. Oster, we will not personalize this issue. However, a response to his comment that SDCs will result in property tax increases is in order. Silverton's property tax rate is capped by law (Measures 47 and 50). Since SDCs only apply to new construction, their tax impact can only apply to new homes, not those already existing.

We appreciate that those associated with the homebuilding and real estate industries, whether local or from outside Silverton, have a job to do, and that minimizing expense is a legitimate business issue. We would ask them to remember that we also have a job to do, and that sometimes our interests may conflict. However, our charge as your City Council is to represent all residents of Silverton, not special interests, because long after developers have left town, the product of their profits will remain in the form of under funded traffic, sewer, water, park and quality of life issues unless we act responsibly today.

Regardless of the issue, we should always be civil in our discourse or disagreements however, because no one wins when issues get personalized.

Ken Hector

Silverton Mayor

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