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City board agrees on final SDC

By William Lundquist
Argus Observer

Ontario - The Ontario Public Works Committee voted Thursday on one last element of its system development charges (SDC) recommendation for the City Council and may have a draft SDC ordinance ready to discuss as early as its next meeting at 3 p.m. Thursday.

Members, however, nearly backtracked to discuss charging different SDC rates in different sectors of the city, which would have delayed the ordinance another four to five weeks.

Mayor Joe Dominick, while praising the work of the committee, strongly urged members to get their recommendations to the City Council as soon as possible and work on the peripheral issues later.

"As mayor, I'm saying, 'Let's not slow this down any longer,'" he said. "You're almost done. Finish it to the council."

Dominick's plea did not fall on deaf ears, and the committee members voted unanimously to set the transportation portion of SDCs for industrial users at 50 percent of the amount necessary to cover fire street and transportation infrastructure needs according to the Feb. 4 version of the city's SDC Review Methodologies Report and Rate Study produced by Don Ganer and Associates.

The committee voted last week to recommend an SDC rate of only 10 percent of what Ganer said was necessary for the transportation portion of commercial SDCs, and many members favored a similar rate for industrial SDCs.

Chairman Riley Hill, however, argued some industrial users, like an unnamed company looking into a 500,000-square foot distribution center in Ontario, could indeed place a heavy load on the city's roads and transportation infrastructure. He also said by setting the transportation SDC higher for industrial users it would give the City Council the ability to discount that rate and use the discount as the city's match for state funding of transportation projects.

Vice Chairman Tom Frazier said taking Ganer's numbers at full value would result in a transportation charge of almost \$1.5 million for that distribution center if it was classified as a truck terminal and half that if classified as a warehouse.

"If they're not putting a terrible load on the system, and you want jobs for your grandchildren, you're going to hit them that hard," Hill said. He favored charging half of Ganer's numbers if, and only if, the City Council made it clear to all businesses looking at situating in Ontario that the transportation SDCs were negotiable. Members said it was important for city staff, as the first contact with those businesses, to get the message across.

Interim City Manager Mike Kee and Planning and Zoning Administrator Evan MacKenzie, however, said they should never be put in a position of negotiating SDCs down. They felt that was the responsibility of the City Council.

leaders.

"None of us would be comfortable with reducing fees without the direction of the council," Kee said.

With the last major element of the SDC rates decided, the committee is now ready to prepare a draft ordinance and present it in March to the City Council for discussion and adoption.

Because of public hearing and notice requirements, however, it would take another 120 days beyond before the ordinance was operational. Hill proposed an interim measure in case development took place during that time frame.

"Perhaps the city could consider a traffic impact fee and sunset it when these (SDCs) come in," he said.

Kee said just such a fee has been discussed for the new truck stop to be built at the north interchange. Hill said the truck stop will be required to do a traffic impact study.

As the committee prepares to make its final SDC recommendations to the City Council, Hill said there has been some confusion over who will pay the other 75 percent to 90 percent of the cost of future water and sewer, parks and transportation costs caused by development if the City Council adopts the committee's recommendations for steep discounts on the SDC rates Ganer's study came up with.

Since Ontario's population growth during the past seven years has been only about 15 percent of what studies projected, Hill said, the development projected in the city's master plan is not happening, and costs are not occurring, making Ganer's study and recommended SDC rates irrelevant.

Kee said, "But eventually we will have to do the new projects (outlined in the master plan). When we get there, won't we have collected 10 percent of what those projects require?"

Hill said it was a balancing act.

"Do you think someone will pay \$600,000 for a grocery store (SDC)?" he asked Kee. "That's not to say the fee schedule can't be adjusted every year."

To arrive at what committee members believe are realistic SDC rates for Ontario, they worked the past few months to reduce the number and costs of projected future water, sewer and transportation projects that would need to be funded by SDCs. Members also chose to not impose any reimbursement fee SDCs. SDCs may be charged for the costs of existing capital facilities if excess capacity is available to accommodate growth.

Finally, they voted again Thursday to recommend the city continue to charge a 17 percent Utility Capitalization Fee (UCF) on water bills to fund future residential water and sewer projects. Members voted to recommend steep "discounts" from the SDC rates Ganer's study showed would be necessary for future projects.

Using the projected needed rates from Ganer's study as a reference point, however, committee members will recommend the City Council adopt those rates at 100 percent for water and sewer SDCs for commercial and industrial users, but use UCF fees instead of SDCs for residential water and sewer projects.

For transportation projects, the committee voted to recommend the City Council adopt SDCs of half of Ganer's projected rate for residential and industrial SDCs, and 10 percent of Ganer's rate for commercial SDCs. The committee's next topic of discussion will be whether or not those rates should be consistent throughout all of the city's zones and areas. Frazier said the city could encourage development in certain areas by offering lower SDCs in those places.

Mackenzie said, "Fees can certainly be used to direct growth. That's certainly valid."