

Chapter 6 – System Development Charges

System development charges are a one-time charge, paid at the time a user makes a connection to the water system. It is frequently called a general facility charge, a connection charge or a system development charge. In essence, the system development charge is for the right to use capacity in the major facilities of the system. Municipalities charge this fee as a way for a new property to pay an equitable share in the cost of existing as well as new facilities. The basis of the charge may be upon the historical value of the existing facilities, the replacement value of existing facilities, the projected new facilities required to meet projected growth, or combinations thereof.

For Battle Ground, system development charges are calculated based on capital requirements for the entire system. Some new main extensions are financed through developer contributions.

Cost estimates have been made for the improvements scheduled for completion within the next 6 years. These estimates are intended to provide values useful for planning system finances. The projected capital improvements program (CIP) for additions, repair and replacements for the Water System for the 2009 to 2014 period will result in requirements totaling approximately \$5.93M. As shown in Table 6.1, the projections for capital improvements provide for provision of upgrades and improvements to the system to assure continual supply of water to areas of growth. Funding sources for these capital improvements include rates, funds provided through charges for water service, system development charges (SDC), grants and loans, when available, contribution in aid of construction, and bond proceeds.

Table 6.1
Battle Ground Water System Capital Improvement Plan Summary 2009 – 2014

Year	Telemetry	Storage & Boosters	Mains	Source	Treatment	Total
2009	-	-	-	1,600,000	-	1,600,000
2010	-	500,000	-	800,000	-	1,300,000
2011	-	3,031,000	-	-	-	3,031,000
2012	-	-	-	-	-	-
2013	-	-	-	-	-	-
2014	-	-	-	-	-	-
Total	-	3,531,000	-	2,400,000	-	\$5,931,000

Note: all costs in 2008 dollars

SDC Analysis

System Development Charges (SDC) are used to fund projects that expand the water system capacity. Most of the projects in the CIP expand system capacity and all of the projects in the 6-year CIP expand capacity. The appropriate SDC was determined by dividing the total 6-Year CIP by the projected EDU growth from 2009 to 2014. The chargeable CIP cost over the six year planning period is \$5,931,000. The growth in EDUs is projected at 2,245 EDUs over the 6 year

period. This gives an SDC of \$2,445/EDU. Currently the SDC is determined by meter size and not EDUs with a minimum SDC of \$2,200 for a 5/8" meter.

The city should establish SDC's on the 6 year planning period. The City of Battle Ground should assign a number of EDUs for each meter size and base SDC's on a SDC of \$2,445 per EDU. Table 6.2 below lists proposed SDC's for different meter sizes.

Table 6.2
Recommended System Development Charges by Meter Size

Meter Size (inches)	EDU Ratio	Proposed SDC's (\$)
5/8"	1	\$2,445
3/4"	1.5	\$3,668
1"	2.5	\$6,113
1 – 1/2"	6	\$14,670
2"	10	\$24,450
3"	23	\$56,235
4"	41	\$100,245

* Based on ratio of piping area with 5/8" piping area.