



CITY OF OREGON CITY CITY COMMISSION WORK SESSION AGENDA

Hanlon Commission Chambers, Libke Public Safety Facility, 1234 Linn Ave, Oregon City
Tuesday, April 7, 2026 at 6:00 PM

Typically there are no public comments at work sessions, but written comments are accepted by:

- Email recorderteam@orc.org (deadline to submit written testimony via email is 3:00 PM on the day of the meeting)
- Mail to City of Oregon City, Attn: City Recorder, P.O. Box 3040, Oregon City, OR 97045
- You may also attend this meeting by watching the livestream on the City's YouTube Channel:

<https://www.youtube.com/user/CityofOregonCity>

1. CONVENE MEETING AND ROLL CALL

2. GENERAL BUSINESS

- a. System Development Charges Code Amendments Discussion
- b. System Development Charges Tiering for Transportation, Sanitary Sewer, Stormwater, and Water

3. FUTURE AGENDA ITEMS

- a. Future Agenda Items

4. CITY MANAGER'S REPORT

- a. Update on City Projects

COMMITTEE REPORTS

a. Commissioner Wilson

- Citizen Involvement Committee Liaison
- Homeless Solutions Coalition

b. Commissioner Smith

- Clackamas Heritage Partners
- Destination Management Marketing Organization
- South Fork Water Board

c. Commissioner Marl

- Citizen Involvement Committee Liaison
- Clackamas County Coordinating Committee (C4)
- Clackamas County Coordinating Committee (C4) – Metro Subcommittee (alternate)
- Metro Policy Advisory Committee (MPAC) (alternate)
- Youth Advisory Commission

d. Commissioner Mitchell

- Clackamas County Coordinating Committee (C4) (alternate)
- Clackamas County Coordinating Committee (C4) – Metro Subcommittee
- Downtown Oregon City Association Board (alternate)
- South Fork Water Board

e. Mayor McGriff

- Clackamas Heritage Partners (alternate)
- Clackamas Water Environment Services Policy Committee
- Destination Management Marketing Organization (alternate)
- Downtown Oregon City Association Board
- Metro Policy Advisory Committee (MPAC)
- South Fork Water Board

- Willamette Falls and Landings Heritage Area
- Willamette Falls Locks Authority

6. ADJOURNMENT

ADA NOTICE

The location is ADA accessible. Hearing devices may be requested from the City Recorder prior to the meeting. Individuals requiring other assistance must make their request known 48 hours preceding the meeting by contacting the City Recorder's Office at 503-657-0891.

Agenda Posted at City Hall, Pioneer Community Center, Library, City Website.

Video Streaming & Broadcasts: The meeting is streamed live on the [Oregon City's website](#) and available on demand following the meeting. The meeting can be viewed on Willamette Falls Television channel 28 for Oregon City area residents as a rebroadcast. Please contact WFMC at 503-650-0275 for a programming schedule.



CITY OF OREGON CITY

625 Center Street
Oregon City, OR
97045
503-657-0891

Staff Report

To: City Commission **Agenda Date:** April 7, 2026
From: Dayna Webb, Public Works Director

SUBJECT:

System Development Charges Code Amendments Discussion

STAFF RECOMMENDATION:

Commission reviews the proposed amendments to Oregon City Municipal Code 13.20 System Development Charge for Capital Improvements, and provides any direction prior to initiation of the code amendment process.

EXECUTIVE SUMMARY:

System Development Charges (SDCs) are one-time fees, authorized by Oregon Revised Statute (ORS) 223, that fund the capital infrastructure needed to support new development. Oregon City has been collecting SDCs since 1997 for Transportation, Sanitary Sewer, Stormwater, Water, and Parks. Consistent with the City Commission's 2025–2027 goal to increase housing opportunities, this work session seeks direction on proposed code amendments to Oregon City Municipal Code 13.20 System Development Charge for Capital Improvements.

BACKGROUND:

The State of Oregon established a statutory framework for System Development Charges (SDCs) in 1989 via ORS 223.297. This framework supports the concept, “growth pays for growth” and is intended to equitably assign fees on new development, redevelopment, and land use changes that increase demands on any public infrastructure impacted as a result of those changes. These one-time fees are assessed by local governments, to ensure that growth contributes a proportionate share of the costs for capital improvements needed to serve that growth.

In 1997, the City established and codified SDCs through Ordinance No. 97-1032, in Oregon City Municipal Code (OCMC) Chapter 13.20. Under this code, fees shall be charged for five systems: Transportation, Sanitary Sewer Collection, Stormwater, Water Distribution, and Parks.

The 2025–2027 City Commission Goals include a goal to *Increase Housing Opportunities*. The proposed code amendments are intended to support this goal by providing additional flexibility for development while maintaining the integrity of the City's SDC program.

At the January 13, 2026 work session, the City's consultant, FCS Group, presented an

overview of SDC methodologies, including payment timing options such as deferrals and other approaches used by jurisdictions across Oregon. Commission discussion included interest in providing additional flexibility in how and when SDCs are paid.

Short-Term Delayed SDC Payment Allowed

Currently, the City assesses SDCs at the time of building permit application and collects payment at permit issuance, consistent with OCMC 13.20.030(B). The code also allows for deferred payment through Bancroft Bond financing (OCMC 13.20.080).

Based on Commission feedback, staff propose adding a new section to the code: OCMC 13.20.075, “Short-Term Delayed SDC Payment Allowed.” This option would allow applicants to delay payment of SDCs on a short-term basis through an agreement with the City. Under the proposed code, SDCs must be paid in full prior to scheduling final trade inspections required for occupancy, unless the applicant enters into a longer-term deferral agreement.

The proposed amendment requires applicants to enter into an agreement that may include administrative requirements such as fees, security, or a lien on the property to ensure payment. Temporary or final occupancy would not be granted until SDCs are paid in full or a deferral agreement is executed. The City would maintain a lien on the property for any unpaid balance, enforceable consistent with state law.

This approach is similar to a prior “short-term deferral” provision that existed in code before being removed in 2014. The proposed amendment would reintroduce a comparable tool to provide flexibility for developers while maintaining financial protections for the City.

Applicants utilizing this option would still be eligible to enter into a longer-term deferred payment agreement if needed.

Question: Does the Commission support the proposed Short-Term Delayed SDC Payment Allowed code?

SDC Reduction Lookback

The Commission requested discussion on the SDC Reduction “lookback” methodology. Currently, OCMC 13.20.050 provides reductions for redevelopment based on the “most recent structure or use,” as defined in OCMC 13.20.020.

The current definition relies on documented development since 1994 for residential uses, based on the City’s historic aerial photography, and legally approved uses since January 1, 2000 for non-residential development. Properties that do not meet these thresholds are not eligible for an SDC reduction.

The City previously utilized a “most intensive use” standard for SDC reductions. Prior to 2014, the code defined this as the most intensive use within a recent timeframe (approximately 18 months). In 2014, the City amended the code to move away from this approach and instead focus on a “most recent structure or use” standard. This was further refined in 2017–2018, when the City replaced a rolling lookback period (e.g., eight years) with fixed reference dates (1994 for residential and 2000 for non-residential), establishing

the framework that exists today.

Since 2014, the City's code has consistently relied on the "most recent use" standard rather than "most intensive use." While the specific rationale for these changes is not explicitly documented, the shift reflects a move toward a more objective and administratively consistent approach, particularly in cases where verifying historical uses can be difficult.

While a "most intensive use" approach could allow for greater SDC reductions in some cases, it would also introduce challenges related to documentation, verification, and consistent application. In many cases, sufficient records, such as building plans, square footage, occupancy data, or approved use documentation, may not exist to support accurate fee calculations.

Staff have not encountered recent cases where multiple changes in use would significantly impact the current policy. However, past examples illustrate the difficulty of applying reductions when historical documentation is limited. For example, a downtown building had evidence of restaurant use in 1988; however, because that use did not occur after 2000, it was not eligible for a reduction under the current standard. Even if older uses were considered, applying a "most intensive use" approach would be challenging without sufficient documentation, such as approved seating plans or building square footage.

Question: Does the Commission support retaining the current "most recent structure or use" standard for SDC reductions, or directing staff to explore a "most intensive use" approach?

OPTIONS:

Chapter 13.20 SYSTEM DEVELOPMENT CHARGE FOR CAPITAL IMPROVEMENTS¹

13.20.010 Purpose and applicability.

The purpose of this chapter is to create a system development charge (SDC) to be assessed on development including a new connection or increased size connection to an already existing structure or use that increases the usage or demand on the city's sewer, water, stormwater drainage, parks and transportation systems. SDCs are intended to pay for the cost of constructing or providing capacity in these city systems sufficient to accommodate new development. SDCs are imposed in addition to any assessments, exactions, dedications, charges, fees and any other conditions of development approval application and shall be due and payable at the time of issuance of a building permit. Building permits include new connection or increased size water and sanitary sewer connection permits for an already existing structure or use. SDCs assessed pursuant to this chapter are not within the limits imposed under the Oregon Constitution, Article XI, Section 11b.

(Ord. 04-1000 (part), 2004; Ord. 97-1032 § 1 (part), 1997)

(Ord. No. 14-1011, § 1, 9-17-2014)

13.20.020 Definitions.

For purposes of this chapter, the following definitions shall control:

"Applicant" means the party who applies for a building permit that is subject to a system development charge under this chapter.

"Capital improvement" means facilities or assets used for the following systems, but does not include the costs of operation or routine maintenance:

1. Water supply, treatment or distribution;
2. Waste water collection, transmission, treatment and disposal;
3. Drainage and flood control;
4. Transportation; or
5. Parks and recreation.

"Capital improvement plan" and "facility master plan" mean any plan adopted by the city pursuant to ORS 223.309.

"Condition of development approval" means any requirement imposed by the planning manager, planning commission, city commission or any other city decision-maker on a development.

"Connection" means making a new connection or increased size connection to an existing structure or use for city water, sanitary sewer, or stormwater.

¹Editor's note(s)—Ord. No. 14-1011, § 1, adopted Sept. 17, 2014, amended Ch. 13.20 in its entirety to read as herein set out, repealing entirely § 13.20.090 pertaining to undercharged transportation system development charge repayment program, derived from Ord. No. 13-1004, § 1, adopted Feb. 6, 2013. Prior legislative history has been retained in history notes following sections.

"Developer" means the successful applicant for any land use, limited land use, expedited land division, planned unit development or permit approved pursuant to Title 16 or 17 of this code. It also means the successful applicant of any building permit that will result in increased usage of a capital improvement.

"Development" means any land use, limited land use, expedited land division, planned unit development or permit approved pursuant to Title 16 or 17 of this code. It also means any building permit resulting in increased usage of capital improvements and any new connection or increased size connection for a capital improvement. For purposes of this section, capital improvements include the city's transportation system, water system, sanitary sewer system, parks system, or stormwater drainage system.

"Director" means the director of public works or that person's designee.

"Improvement fee" means a fee for costs associated with capital improvements yet to be constructed.

"Most recent structure or use" for residential structures means any residential structure documented to exist using the city's record of historic aerial photos for year 1994 and after; for non-residential structures means the most recent legally approved use conducted on the subject property after January 1, 2000. A property upon which there has been no residential development since the 1994 aerial photo or upon which there has been no non-residential development after January 1, 2000 does not have a most recent structure or use.

"Permit application" means an application for a building permit.

"Qualified public improvement" means a capital improvement that is required by the city as a condition of the development approval, is identified in a capital improvement plan or facility master plan adopted pursuant to ORS 223.309 and either:

1. Is not located on or contiguous to the property that is the subject of development approval; or
2. Is located in whole or in part on or contiguous to the property that is the subject of development approval and, in the opinion of the director, is required to be built larger or with greater capacity than is necessary for the development. There is a rebuttable presumption that improvements built to the city's minimum adopted standards are required to serve the applicant's development and to mitigate for system impacts attributable to the applicant's development.

"Reimbursement fee" means a fee for costs associated with capital improvements already constructed or under construction when the fee is established, for which the city determines that capacity exists.

"Standard legal rate" means the rate of interest specified in ORS 82.010(1).

"System development charge" or "SDC" means a reimbursement fee, an improvement fee or a combination thereof assessed or collected at the time of issuance of a building permit. System development charge includes that portion of a sewer or water system connection charge that is greater than the amount necessary to reimburse the city for its average cost of inspecting and installing connections with water and sewer facilities. System development charge does not include any fees assessed or collected as part of a local improvement district or a charge in lieu of a local improvement district assessment, or the cost of complying with requirements or conditions imposed upon a land use decision, expedited land division or limited land use decision.

(Ord. 06-1013, 2006; Ord. 04-1000 (part), 2004; Ord. 97-1032 § 1(part), 1997)

(Ord. No. 14-1011, § 1, 9-17-2014; Ord. No. 17-1013, § 1, 12-20-2017)

13.20.030 Charge imposed.

- A. The city commission may establish and modify SDCs from time to time by resolution.
- B. When an SDC has been established, unless otherwise exempted by the provisions of this chapter or other applicable law, it shall be imposed upon all development within the city, and upon all development outside

the boundary of the city that connects to or otherwise uses the capital improvements of the city. The SDC shall be calculated and assessed at the time the city receives a complete building permit application or, if a building permit is not required, at the time of connection to the city's systems. The SDC shall be due and payable at the time the city issues a building permit or, if a building permit is not required, at the time of actual connection to the city's systems. Building permits shall not be issued nor shall connection to the city systems be allowed until the required SDCs are paid in full or a binding payment **agreement is** entered into pursuant to Section **13.20.075** or 13.20.080.

- C. Any resolution establishing or modifying a reimbursement fee shall contain a methodology which considers the cost of existing facilities, prior contributions by existing users, the value of unused capacity, rate-making principles employed to relevant by the city commission. The methodology shall promote the objective that future system users shall contribute no more than an equitable share of the costs of existing facilities. The city's adoption or modification of an SDC shall comply with the procedural requirements of ORS 223.304(5), and any such decision shall not be a land use or limited land use decision.
- D. Any resolution establishing or modifying an improvement fee shall contain a methodology which considers the cost of projected capital improvements needed to increase the capacity of the systems to which the fee is related in order to accommodate new development. The city's adoption or modification of an SDC shall comply with the procedural requirements of ORS 223.304(5), and any such decision shall not be a land use or limited land use decision.

(Ord. 97-1032 §1(part), 1997)

(Ord. No. 14-1011, § 1, 9-17-2014)

13.20.040 SDC credit.

The city shall grant to an applicant a credit against any improvement fee assessed when the applicant, or the developer from whom the applicant purchased a lot, constructs or dedicates a qualified public improvement as part of a development. The initial determination on all credit requests shall be a decision by the director, and the applicant bears the burden of evidence and persuasion in establishing entitlement to an SDC credit and the amount of SDC credit in accordance with the requirements of this chapter.

- A. To obtain an SDC credit, the applicant must make the request in writing prior to the city's issuance of the first building permit for the development in question. In the request, the applicant must identify the improvement for which credit is sought, explain how the improvement is a qualified public improvement, and document, with credible evidence, the value of the improvement for which credit is sought. If, in the opinion of the director, the improvement is a qualified public improvement, the city shall allow an SDC credit to the applicant against the SDC to which the improvement is related in an amount equal to the fair market value of the improvement. Fair market value shall be determined by the director based on credible evidence of the following:
 - 1. For dedicated lands, value shall be based upon a written appraisal of fair market value by a qualified, professional appraiser based upon comparable sales of similar property between unrelated parties in an arms-length transaction;
 - 2. For a qualified public improvement, value shall be approved by director, based upon a detailed cost estimate for anticipated cost of construction including supporting cost documentation. Any such cost estimates shall be based on industry standard and prepared and certified by a professional engineer with supporting cost documentation based on a fixed detailed price bid from a contractor ready and able to construct the improvement(s) for which SDC credit is sought or current prices from at least two contractors' detailed price bid for similar public improvements;

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3. For a qualified public improvement located on, or contiguous to, the site of the development, only the over-capacity portion as described in the definition of qualified public improvement is eligible for SDC credit. There is a rebuttable presumption that the over-capacity portion of such a qualified public improvement is limited to the portion constructed larger, or of greater capacity, than the city's minimum standard facility capacity or size needed to serve the particular development.
- B. Form of Credit and Limitation on Use. When given, SDC credits shall be for a particular dollar value as a credit against an SDC assessed on a development. Credits may only be used to defray or pay the SDC for the particular capital improvement system to which the qualified public improvement related, e.g., credit from a qualified public improvement for sewer may only be used to pay or defray a sewer SDC.
 - C. Credit Carry-Forward. Where the amount of an SDC credit approved under this section exceeds the amount of an SDC assessed on a development for a particular capital improvement system, the excess credit may be carried forward pursuant to the following rules:
 1. An SDC credit carry-forward shall be issued by the director for a particular dollar value to the developer who earned the SDC credit and may be used by the developer to satisfy SDC requirements for any other development applied for by the developer within the city. SDC credit carry-forwards are not negotiable or transferable to any party other than the one to whom they are issued.
 2. The city shall accept an SDC credit carry-forward presented by a developer as full or partial payment for the SDC due on any of the developer's developments.
 3. SDC credit carry-forwards are void and of no value if not redeemed with the city for payment of an SDC of the same type of capital improvement system for which the credit was issued within ten years of the date of issuance.

(Ord. 00-1003 §4, 2000; Ord. 97-1032 §1 (part), 1997)

(Ord. No. 14-1011, § 1, 9-17-2014; Ord. No. 17-1013, § 1, 12-20-2017)

13.20.050 SDC reduction or reimbursement.

In the event an applicant's development involves the redevelopment of property, the applicant may be eligible for a reduced SDC. In that event, the amount of the SDC assessed upon the development shall be calculated by the director as follows:

- A. The SDC required under the current methodology minus the SDC that would be attributable to the most recent structure or use (if one exists) for all adopted SDC types.

If the SDC attributable to the most recent structure or use exceeds the SDC assessed upon the applicant's development, then no SDC shall be owed and no refund or reimbursement shall be granted.

(Ord. 97-1032 §1 (part), 1997)

(Ord. No. 14-1011, § 1, 9-17-2014; Ord. No. 17-1013, § 1, 12-20-2017)

13.20.060 Authorized expenditures.

- A. General. SDC proceeds may only be expended on capital improvements included on a list of capital improvements that the city intends to fund, in whole or in part, with SDC revenues, including the cost of compliance with this chapter, development of capital improvement plans or facility master plans,

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development of methodologies, annual accounting of SDC expenditures, debt repayment, engineering, design and construction and related expenses.

- B. Reimbursement Fee. Proceeds from reimbursement fees shall be spent only on capital improvements associated with the systems for which the fees are assessed.
- C. Improvement Fee. Proceeds from improvement fees shall be spent only on capacity increasing capital improvements. An increase in system capacity is presumed to exist if a capital improvement increases the capacity or level of performance or service provided by the existing facilities or provides new facilities to meet increased demand. The portion of the capital improvements funded by improvement fees must be related to the need for increased capacity to provide service for future users.
- D. Limitations. SDC proceeds shall not be used to pay the costs of, or associated with, the construction of administrative office facilities that are more than an incidental part of other capital improvements nor for operation or routine maintenance of capital improvements.

(Ord. 97-1032 §1 (part), 1997)

(Ord. No. 14-1011, § 1, 9-17-2014)

13.20.070 Appeals.

Any party aggrieved by a decision rendered by the city pursuant to this chapter may appeal that decision according to this section. An appeal under this section is a mandatory administrative step required before any aggrieved party may seek redress through the court system.

- A. SDC Assessment, Reduction and Reimbursement Appeals. An applicant may appeal the director's decision as to the amount of an SDC or the amount of an SDC reduction or reimbursement to the city commission by filing with the city recorder a notice of appeal within fourteen days of the date of the director's decision. The notice of appeal shall explain how the applicant is aggrieved and shall set forth with particularity the basis for the appeal. In response to a timely-filed appeal, the city commission shall hold an evidentiary hearing during which the applicant may substantiate with additional evidence its claim for a different SDC assessment, reduction or reimbursement. The city commission shall make a de novo review of the director's decision and issue its own decision in writing, which shall be final when signed by the mayor. The city shall withhold the issuance of building and other permits relating to the property for which an appeal has been filed until all such appeals are conclusively resolved.
- B. Credit Appeals. An applicant may appeal the director's decision on an SDC credit request to the city commission by filing with the city recorder a notice of appeal within fourteen days of when the director's decision is signed. The notice of appeal shall explain how the applicant is aggrieved and shall set forth with particularity the basis for the appeal. In response to a timely-filed SDC credit appeal, the city commission shall hold an evidentiary hearing during which the applicant may substantiate with additional evidence its claim for the credit request and the amount of that claim. The city commission shall make a de novo review of the director's decision and issue its own decision in writing, which shall be final when signed by the mayor. The city shall withhold the issuance of building and other permits relating to the property for which an appeal has been filed until all such appeals are conclusively resolved.
- C. Expenditure Appeals. Any aggrieved party may appeal an expenditure of SDC funds by filing with the city recorder a notice of appeal within two years of the date of the challenged expenditure. In response to a timely-filed SDC expenditure appeal, the city commission shall hold an evidentiary hearing to determine whether the challenged expenditure was in accordance with ORS 223.297 to 223.314 and the requirements of this chapter. If the city commission determines there was an improper

expenditure of SDC funds, the city commission shall direct that a sum equal to the misspent amount be deposited within one year to the credit of the account of the fund from which it was spent.

(Ord. 97-1032 §1 (part), 1997)

(Ord. No. 14-1011, § 1, 9-17-2014)

13.20.075 Short-Term Delayed SDC payment allowed.

- A. SDCs must either be paid in full upon issuance of building permits or payment may be delayed on a short-term basis, or they may be deferred pursuant to OCMC 13.20.080.
 - 1. Delaying an SDC payment requires the applicant to enter into a deferral agreement that allows for issuance of building permits so long as payment in full is made prior to the scheduling of trade permit finals, which is the final inspection preceding temporary or final occupancy.
 - 2. Temporary or final occupancy will not be given without paid SDCs or the execution of a deferral agreement.
- B. The city finance director shall provide the applicant with the appropriate forms, which may include an administrative fee, a requirement for security acceptable to the city for the unpaid balance and interest, or a lien on the affected property ensuring payment of the SDC, a waiver of all rights to contest the validity of the lien, and the classification of the charge as not within the limits imposed under Oregon Constitution, Article XI, Section 11b.
- C. The city finance director shall provide to the city commission annually an accounting of the total delayed SDCs that are outstanding.
- D. The city finance director shall docket any lien in the lien docket. From that time, the city shall have a lien upon the described parcel for the amount of the unpaid SDC and any actual costs incurred as a result of the delay. The lien shall be enforceable in the manner provided in ORS Chapter 223 and shall have priority over all other liens to the extent allowed by applicable law.

13.20.080 Deferred SDC payment allowed.

- A. SDCs must either be paid in full upon issuance of building permits or payment may be deferred. **Deferring an SDC requires the applicant to enter into an agreement to pay the SDCs using an installment plan over a period of time including interest.**
- B. The city finance director shall provide the applicant with the appropriate forms, which may include an **administrative fee**, a requirement for security acceptable to the city for the unpaid balance and interest, or a valid ~~consent to~~ lien **on** the affected property **ensuring payment the of SDC**, a waiver of all rights to contest the validity of the lien, and the classification of the charge as not within the limits imposed under Oregon Constitution, Article XI, Section 11b.
- C. The city finance director shall provide to the city commission annually an accounting of the total deferred SDCs that are outstanding.
- D. The city finance director shall docket any lien in the lien docket. From that time, the city shall have a lien upon the described parcel for the amount of the unpaid SDC, together with both interest on the unpaid balance at the standard legal rate and any actual costs incurred as a result of the deferral. The lien shall be enforceable in the manner provided in ORS Chapter 223, and shall have priority over all other liens to the extent allowed by applicable law.

(Ord. 97-1032 §1 (part), 1997)

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(Ord. No. 14-1011, § 1, 9-17-2014)

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(Supp. No. 49)



CITY OF OREGON CITY

625 Center Street
Oregon City, OR
97045
503-657-0891

Staff Report

To: City Commission **Agenda Date:** April 7, 2026
From: Dayna Webb, Public Works Director

SUBJECT:

System Development Charges Tiering for Transportation, Sanitary Sewer, Stormwater, and Water

STAFF RECOMMENDATION:

The Commission considers System Development Charges tiering recommendations for Transportation, Sanitary Sewer, Stormwater and Water SDCs and provides direction to staff prior to initiation of the formal adoption process.

EXECUTIVE SUMMARY:

System Development Charges (SDCs) are one-time fees, authorized by Oregon Revised Statute (ORS) 223, that fund the capital infrastructure needed to support new development. Oregon City has been collecting SDCs since 1997 for Transportation, Sanitary Sewer, Stormwater, Water, and Parks. Consistent with the City Commission’s 2025–2027 goal to increase housing opportunities, this work session seeks direction on the implementation of tiered SDCs for Sanitary Sewer, Stormwater, Transportation and Water.

BACKGROUND:

The State of Oregon established a statutory framework for System Development Charges (SDCs) in 1989 via ORS 223.297. This framework supports the concept, “growth pays for growth” and is intended to equitably assign fees on new development, redevelopment, and land use changes that increase demands on any public infrastructure impacted as a result of those changes. These one-time fees are assessed by local governments, to ensure that growth contributes a proportionate share of the costs for capital improvements needed to serve that growth.

ORS 223 requires that SDCs be supported by an adopted methodology, demonstrating a proportionate relationship between the charge and the impact of development; and that revenues be accounted for and expended in a transparent and system-specific manner. Additionally, SDC revenues may only be used to fund eligible capital improvements that increase or provide capacity for growth. This includes planning, design, construction, land acquisition, and reimbursement for existing capacity that benefits new development. SDC funds may not be used for operations or maintenance.

In 1997, the City established and codified SDCs through Ordinance No. 97-1032, in Oregon City Municipal Code (OCMC) Chapter 13.20. Under this code, fees shall be charged for five

systems: Transportation, Sanitary Sewer Collection, Stormwater, Water Distribution, and Parks with periodic updates allowed, following prescribed methodology.

The 2025–2027 City Commission Goals include a goal to *Increase Housing Opportunities*. A priority action within this goal is to implement tiered System Development Charges that reduce charges on workforce housing and smaller housing units while remaining revenue neutral.

Based on feedback from the January 13, 2026 work session, staff are proposing the following:

- Sanitary Sewer: Tiered structure similar to Parks. All residential properties except for multi-family apartments will follow the 5 tiers based on total living area. Multi-family properties will be based on number of bedrooms. ADU's will follow total living area which is the same as the Parks methodology adoption. Non-residential properties would remain based on the currently adopted methodology.
- Stormwater: Tiering is proposed based on impervious square footage. This would apply to residential properties only. Non-residential would remain based on an assumed imperviousness per zone.
- Transportation: Tiered structure similar to Parks. All residential properties except for multi-family apartments will follow the 5 tiers based on total living area. Multi-family properties will be based on number of bedrooms. ADU's will follow total living area which is the same as the Parks methodology adoption. Non-residential properties would remain based on the currently adopted methodology.
- Water: As Water SDCs are based on meter size, there is no proposal for further tiering of this SDC.

Next Steps

Including any feedback from tonight, the methodologies for the Sanitary Sewer, Stormwater and Transportation SDCs will be updated. Once those are complete, staff will then issue the required 90-day public notice of the proposed methodology changes, which will include a summary of revisions, information on where to review supporting materials, and the scheduled Public Hearing date. A Public Hearing will then be held before the City Commission to receive input on the proposed changes, after which Commission will consider adoption. Following adoption, staff will implement the new SDC rates, which are proposed to take effect on January 1, 2027, allowing adequate time for public notification and administrative transition.

OPTIONS:

Provide feedback on the proposed tiering.



CITY OF OREGON CITY
Staff Report

625 Center Street
Oregon City, OR 97045
503-657-0891

To: City Commission
From: City Manager Tony Konkol

Agenda Date: 4/07/2026

SUBJECT:

List of Future Work Session Agenda Items

BACKGROUND:

May 12, 2026

Update/presentation from Portland General Electric

Red light camera discussion

Clackamette Park design update

June 9, 2026

ADA Transition Plan within the ROW

Overdue fines at the Library

TBD

Tentative meeting with Confederated Tribes of Grand Ronde

Additional Upcoming Items (These items are in no particular order)

Discussion to address Youth Vaping

Police and Code Enforcement review of fines

Discussion about a City Commission liaison for city boards and committees

Canemah Area - Encroachments in the Right-of-Way Policy Discussion

Clackamas County Water Environmental Services (WES) Rate Differential

Climate Action Plan Presentation (City of Milwaukie)

Frog Ferry Informational Update

Inclusionary Zoning, Vertical Housing Tax credit, and Opportunity Zone options
South Fork Water Board - Mountain Line Easements Vacation
Urban Growth Management Agreement

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Staff Report

To: City Commission
From: City Manager Tony Konkol

Agenda Date: 4/07/2026

SUBJECT:

Update on City Projects

BACKGROUND:

The City Commission has requested that an update on the status of the following projects be provided at a work session monthly. The most current update for each project is in bold.

1. Public Works relocation from Center Street
There is no update related to this project.

On February 18, 2026 the City Commission approved a contract with Tikka Masonry to complete the Bulk Bin and Magnesium Chloride project at Fir Street. The City was successful in receiving a 50/50 grant from Business Oregon, up to \$33,000, for the phase 1 environmental review on the Center Street property. A scope of work for the environmental review has been created.

The City Commission will be reviewing a contract for the winter response material construction project at Fir Street, which will allow the material located at Center Street to be relocated.

Staff is submitting a Business Oregon Grant request for funding to complete a phase 1 environmental assessment of the properties.

Staff is contacting environmental consulting firms to understand the process to complete an environmental assessment of the property and the best approach to address the existing buildings.

Staff has started the permitting process for the relocation of the winter response material to Fir Street and started developing an IGA with WES for the long term use of their facility for sewage decanting.

Staff will be preparing the bid package for the Magnesium Chloride & Sanding Rock being relocated to Fir Street and continue working with WES staff to develop an IGA for long-term use of their facility for decanting raw sewage.

Design is underway for the relocation of the Magnesium Chloride (De-Icer) and Sanding Rock from Center Street to Fir Street. The scope and cost of this project is currently projected to require sealed bids to be submitted. Staff are working to confirm final locations on site and preparing the bid package. Winter weather work will continue out of the Old Center Street property this winter, with relocation of the facilities anticipated to be complete by Summer 2026.

City staff have met with Water Environment Services staff and WES has verbally agreed they can accept our raw sewage materials for decant. City staff have visited the WES decant site and been trained on using their facility.

Staff is finalizing design and location for the winter response tanks at Fir Street and has entered into discussions with Water Environmental Services to receive sewage materials at the treatment plant to be processed.

Staff is in the process of ordering new tanks for the winter response materials, which will be moved from Center Street to Fir Street. Locating the decant facility at the Mt. View yard has been challenging. Staff is investigating alternative locations and/or trucking the sewage materials to an off site location.

Staff continues to work with the consultant on the location and space planning for the relocation of the remaining assets at Center Street. Staff continues to work to final design for relocation of services from Center Street to other sites. The proposed 25-27 budget includes funding for the decant facility and magnesium chloride and sanding rock facility to be relocated.

Staff have hired a consultant that has prepared preliminary yard layouts and cost estimates to design and construct a decant facility at the Mountain View Reservoir site. The construction of the decant facility and relocation of existing winter response materials from the Center Street facility to the Mountain View and Fir Street facilities will allow for the Center Street facility to be vacated and a potential new use for the site to occur, which will be determined by the City Commission.

2. Quiet Zone

The City continues to work with the railroad to finalize the design of the quiet zone. The railroad has requested additional changes to the design to accommodate maintenance of the crossing arms at the base of Singer Hill.

On February 18, 2026 the Urban Renewal Commission approved the dedication of a portion of property (10th and Main Street) for the construction of the project. The City Commission received an update on the same day indicating that the

project is scheduled to go to bid in October 2026, construction is anticipated to begin in early 2027, and that there is currently a \$1.69 million dollar funding gap due to railroad related work, state delivery requirements, federal reviews, and higher anticipated construction costs.

The Urban Renewal Commission will be providing directions to staff concerning the property acquisition process for a portion of Urban Renewal property necessary for the project. Additional property acquisition to complete the process of other properties is currently under way.

The design process continues and is nearing a point to provide updated acquisition and construction costs. Property acquisition will include Urban Renewal Property and a discussion will occur to determine if the necessary property should be donated or acquired.

Mailers outlining the property acquisition process has been sent to the three impacted property owners and the right-of-way agent will work directly with the property owners to complete the property acquisition process.

The project team continues to refine design and right-of-way impacts. Once right-of-way impacts are finalized, staff will bring the list of questions to City Commission, requesting authorization to acquire property and property interested through Eminent Domain (if necessary) related to the Downtown Quiet Zone Project.

Staff continues to work with ODOT, the railroad and the consultant on revised cost estimates, design work and any necessary exceptions to standards.

Geotechnical explorations were completed on December 12. The consultant team is preparing to submit the Design Acceptance Phase (DAP) documents to the City and Oregon Department of Transportation. DAP is similar to 30% concept plans, where all parties buy into the concept and documentation of areas where the project will request exceptions to standards are identified. At the completion of DAP, the project team will move forward with Preparing Preliminary Plans and confirming impacts to private property. We've executed the IGA with ODOT for Right of Way Services. OC will still need to do a Resolution authorizing Eminent Domain if necessary, once we have a better understanding of the private property impacts.

The consultant team, in coordination with ODOT and the City, are preparing property acquisition documents that will be brought before the City Commission at the December 18, 2024 meeting. Survey crews have been performing field work and surveying the project area. Staff has been meeting with property owners, including Dutch Brothers to try and address the concerns they have about potential driveway closures and access to increase safety near the railroad crossing.

The ODOT consultant team is acquiring right of entry agreements from property owners to complete the survey work and will be preparing 30% plans for the project which will include an updated and more accurate cost estimate to complete the work. The selection committee identified a preferred consultant for the Quiet Zone project and ODOT is in the process of negotiating the consultant contract.

ODOT received 2 responses to the Quiet Zone request for proposals. The proposals are being reviewed and scored by staff and a team selection meeting is scheduled for March 8, 2024. ODOT has released the consultant solicitation request for proposals and a date has been set to review the proposals once they have been submitted.

The City has received ODOT's approximately 250-page scope of work and consultant procurement documents which will be reviewed and commented on. ODOT, which is the project manager for the project, has suggested approximately 6 months for the consultant procurement and up to 2 years for the design work, which will include coordination with the railroad, operation and maintenance agreements and review by the railroad. Staff is pushing to expedite the design work timeline.

On December 6, 2023 the City Commission received an update on the estimated cost of the Oregon City quiet zone project with updated inflationary construction escalations added to the original 2019 cost estimate, which was \$2.6 million. The new estimate increases the estimated construction cost by \$650,000. Based on the additional information, the City Commission approved an IGA with ODOT to begin the Oregon City quiet zone project.

3. Charter Parks

The Commission provided directions on the remaining properties and to limit vehicular access into Promenade Park. Staff is preparing letters to the property owners and working with a surveyor for the property description to be adopted as a Charter Park.

This item is scheduled to be brought back to the City Commission for review at the April 1, 2026 meeting.

The City Commission review the last remaining properties at the January 21, 2026 work session and provided staff direction. Staff is reaching out to Clackamas County Fire District #1 and Oregon City Garbage to understand any impacts associated with installing bollards to restrict vehicular access in the park at several existing locations.

The first reading of the ordinance vacating Promenade property to the Yates properties has been approved. The parking options available in the Promenade and High Street area is scheduled for a work session on January 21, 2026.

Staff is working to complete the on-street parking design alternatives as requested by the Commission.

The City Commission reviewed this item at the September 3, 2025 meeting and requested that staff review potential on-street parking options on the public rights-of-way on the street stubs adjacent to the Promenade.

The City Commission approved several letter to properties owners addressing the existing encroachments. There are 7 properties remaining to be addressed, all of which including parking on the Promenade. It is anticipated that this item will be brought back to the City Commission for review at the September 3, 2025 meeting.

The City Commission has reviewed the properties and has directed staff to prepare letters to each property owner addressing the encroachments. Staff is preparing the letters and will be bringing them to the City Commission for review and approval at the August 6, 2025 meeting.

The City Commission completed a site visit of the McLoughlin Promenade to review the outstanding encroachments. Staff is anticipating bringing the topic back to the Commission discussion on June 4th.

Based on the January 15th meeting, this item will be brought back for a work session on March 11th. An updated on the status of the properties encroaching into McLoughlin Promenade will be brought to the City Commission at the January 15, 2025 meeting for an update and direction on how to proceed.

Staff continues to contact and meet with property owners that have encroachments into the McLoughlin Promenade to review and explain the license agreement. Staff anticipate bringing an update to the Commission for direction in January/February of 2025. The City Commission reviewing the draft license agreement at the June 11, 2024 meeting.

Staff is working with the City Attorney to finalize draft license agreements to address encroachments that have been identified with the McLoughlin Promenade. A site tour of the McLoughlin Promenade is scheduled for January 8th. Staff is preparing additional options, such as temporary easements, to address existing structural encroachments onto the Promenade property.

Staff has categorized encroachments by type, with associated pictures of the encroachment, and is working to determine options to address the encroachments for the Commission to consider. The McLoughlin Promenade

survey has been completed. The survey identified several potential existing encroachments into the Promenade property which will be discussed during a work session. Ermatinger House was approved as a Charter Park by the City Commission. The City Commission voted to not designate Dement Park as a Charter Park.

4. Cayuse 5 Memorial

There is no update related to this project.

Staff continues to work with representatives from the Confederated Tribes of the Umatilla Indian Reservation and allowing time for internal discussions to occur.

Staff continues to meet monthly with representatives from the Confederated Tribes of the Umatilla Indian Reservation. The city is awaiting feedback from CTUIR before any additional steps are taken.

Staff met with representatives from the Confederated Tribes of the Umatilla Indian Reservation and have continued discussions of phase 2 of the Cayuse 5 memorial. Additional discussions between CTUIR and the Confederated Tribes of Grand Ronde will be occurring to discuss the project.

There are no new updates on this project. A meeting is scheduled for the week of October 7th with representatives from the Confederated Tribes of the Umatilla Indian Reservation to discuss potential next steps.

The dedication of the Cayuse 5 Memorial took place on June 3, 2024. The first phase of this project is complete. A second phase has been discussed but there are no specifics related to the design at this time.

Construction of the Cayuse 5 Memorial has begun, and hand dug ground disturbing work is scheduled to begin the week of May 6th. This work will be completed in coordination with the Confederated Tribes of the Umatilla Indian Reservation and the Confederated Tribes of the Grand Ronde.

The Cayuse 5 Memorial construction contract has been approved by the City Commission and was awarded to Pioneer Waterproofing Company. Staff has scheduled a pre-construction meeting with Pioneer Waterproofing.

Staff is working with a potential contractor to review the scope of work and estimated costs to perform the work as identified in the bid notice. The City completed the bid advertisement for the project and did not receive any responses. Staff is currently contacting contractors to determine the concerns with the bid advertisement and/or project.

The final construction bid documents for the Cayuse Five Tribute have been completed. Below is the schedule for bidding, awarding, and (weather permitting)

construction. The Confederated Tribes of the Umatilla Indian Reservation staff will be invited to the pre-construction meeting to coordinate all activities once the project has been awarded.

The land use application for the proposed memorial has been approved. There are no additional land use approvals necessary to move forward with the project. The memorial bid documents are being reviewed internally and staff is working with Confederated Tribes of the Umatilla Indian Reservation staff on the creation of an inadvertent discovery plan that will be included in the bid/contract information. The proposed memorial has been approved by the Historic Review Board and the information was presented to the Parks and Recreation Advisory Committee.

5. Courthouse

There is no update related to the project.

The developer of the Courthouse project provided an update to the Commission at the March 4, 2026 meeting. Staff has been asked to bring an update to the Commission concerning the potential design and applicability/availability of Parks System Development Charges for the Liberty Plaza construction.

Staff have met with the developer to discuss the design, transfer, and potential funding for Liberty Plaza and any improvements that may be made. A presentation was provided to the Parks and Recreation Advisory Committee by the developer on January 22, 2026 outlining the proposed design and improvements.

The developer of the Courthouse project will be providing an update to the City Commission at the November 19th meeting.

The County Commission received one proposal for the downtown courthouse redevelopment and will be moving forward with drafting an agreement for the sale and disposition of the property.

The County Commission is reviewing the proposal for the reuse of the courthouse and is currently accepting public comment. The County has provided the following information: *The Clackamas County Board of Commissioners will hear public testimony on Thursday, May 15 regarding a selection advisory committee's recommendation on a proposal to redevelop the old county courthouse in Oregon City.*

Level Development NW's proposal was the only one received during an extensive Request for Expressions of Interest process. The proposal to replace the 87-year-old courthouse with a mixed-use commercial building, which includes approximately 80 residential units, won the committee's approval.

The county expects the current courthouse on Main Street to be fully vacated by September 2025. The [replacement county courthouse](#) on the County's Red Soils Campus is set to open the public on May 19.

To learn about the submission and the advisory committee's recommendation, please visit [Main Street Courthouse RFEI | Clackamas County](#).

Public comment on the recommendation will begin shortly after the Board's Business Meeting begins on Thursday, May 15 at 10:00 a.m.

A joint Board of County Commissioner / City Commission meeting to discuss the courthouse is tentatively scheduled for the April 8th City Commission work session night. Oregon City will host the joint meeting. Staff will be contacting County staff to schedule a joint Board of County Commissioner / City Commission meeting and to discuss securing the courthouse once it is vacated.

The Courthouse committee has met multiple times to discuss the disposition of the Courthouse. The Mayor will provide an update on the committee meetings and next steps. A Courthouse committee has been created by the County and a site visit of the Courthouse has occurred. The first meeting of the committee is scheduled for October 15th.

The Mayor and City Manager met with the Assistant County Administrator to discuss the creation of a joint working group. It is anticipated that the working group will be comprised of 6 to 8 members, including the Mayor and County Chair, with the City and County selecting an equal number of members.

The Mayor and the City Manager met with the County Administrator to discuss the planning and future disposition of the County Courthouse and other buildings associated with the Courthouse on Main Street. The County Administrator proposed a working group led by County Chair Tootie Smith and Mayor McGriff, which would include a small group of interested parties to discuss the Courthouse and make a recommendation to the County Board of Commissioners for their consideration on how to proceed. City and County staff will be meeting to discuss the details of the working group as proposed.

City staff worked to support efforts by the Downtown Oregon City Association to apply for a Main Street grant to focus on the Courthouse located in downtown Oregon City. The grant required the property owner, which is Clackamas County, to sign the grant application, which unfortunately they did not agree to do. At this time there is no specific work being performed related to the future of the existing courthouse.

6. tumwata village

The proposed IGA between the Confederated Tribes of Grand Ronde and the City is scheduled to be before the Commission for consideration on May 20, 2026.

The Confederated Tribes of Grand Ronde are preparing revised language to the proposed IGA. The next meeting is scheduled for February 11, 2026.

The next meeting with Confederated Tribes of Grand Ronde is scheduled for January 23, 2026.

A draft agreement and easement language has been provided to the Confederated Tribes of Grand Ronde. Staff is awaiting additional comments from Grand Ronde.

Staff met with Confederated Tribes of Grand Ronde staff to begin the process of formalizing an agreement to determine how to move forward with a project on the property.

The City Commission approved a grant agreement with the State of Oregon for the city to receive the \$12.5 million dollars. Staff is working to complete the transfer of the funds to the City and will begin discussions with the Confederated Tribes of the Grand Ronde on a potential project.

Staff is currently in discussion with the State to receive the \$12.5 million dollars that were allocated for public access/viewing along the Willamette River several years and has been returned to the State by Metro. It is anticipated that a formal agreement with the State will be brought to the Commission for consideration in August or September.

In discussions with the staff from the Confederated Tribe of the Grand Ronde, it was recommended that the joint meeting with the elected representatives from each organization occur in September/October to accommodate the elections that occur in September.

The Police Department worked with the Confederated Tribe of the Grand Ronde to remove the homeless camp located on the property. Demolition of the buildings damaged by the fire is on-going.

The Police Department has been in contact with the Confederated Tribes of the Grand Ronde to address a homeless camp that appears to be located on the property. Staff continues to work with staff from the Confederated Tribes of the Grand Ronde to address the impacts from the fire that occurred on the site and the demolition that is occurring.

The Planning Commission approved the Confederated Tribes of Grand Ronde land use application. The Confederated Tribes of Grand Ronde have submitted a

land use application to amend the adopted framework plan for the property. The Planning Commission hearing of the application is scheduled for January 27, 2025.

The Confederated Tribes of Grand Ronde provided the City Commission an update at the May 7th work session and the demolition of the office building is nearly complete. A permit has been issued for the demolition of the office building located at the corner of 99E and Main Street. The Confederated Tribes of the Grand Ronde are scheduled to provide an update to the City Commission at the May 7th work session.

Staff continue to meet regularly with Staff from the Confederated Tribes of the Grand Ronde to discuss building demolition, site improvements, and land use planning requirements. The Confederated Tribes of the Grand Ronde are working on site remediation and the demolition of additional buildings on the property.

Willamette Falls Trust and Portland General Electric have signed a Feasibility and Cooperation Agreement enabling the Trust to assess a portion of PGE property on the island on the west side of the Willamette Falls for a project intended to return public access to the area.

In May staff completed a 4-hour site visit with the CTGR staff and consultant team to discuss the demolition that is occurring on the site and begin to discuss the proposed amendments proposed to implement the Tumwata Village Plan for the property. The site visit and discussion focused on infrastructure, design details, development phasing, and an introduction to the goals and objectives of CTGR for the redevelopment of the property. CTGR staff and their consultants have been meeting with City staff to understand specific technical infrastructure issues.

Staff have been meeting monthly with representatives from the Confederated Tribes of Grand Ronde (CTGR) to discuss on-going site work as well as future land use and development plans for the Tumwata Village Plan. CTGR staff has been working with the CTGR Tribal Council and Tribal members to finalize the Tumwata Village Plan. Once approved, the Tumwata Village Plan will be presented to the city and the public.

7. Canemah ROW issues

There has been no change in the project since the May 2023 update. The Canemah ROW issues will be brought before the City Commission at a future work session to discuss how to move forward with this project.