

SUPPLEMENTAL AGENDA

REGULAR CITY COUNCIL MEETING

January 9, 2012

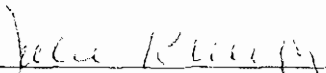
5:30 p.m.

CITY HALL COUNCIL CHAMBER
313 COURT STREET
THE DALLES, OREGON

**Item to be Added to the January 9, 2012
City Council Meeting Listed Below**

12. DISCUSSION ITEMS

- B. Discussion Regarding Systems Development Charges for Fire Suppression Sprinkler Systems



Julie Krueger, MMC, City Clerk



AGENDA STAFF REPORT CITY OF THE DALLES

MEETING DATE	AGENDA LOCATION	AGENDA REPORT #
January 9, 2012		

TO: Mayor and City Council

FROM: Nolan K. Young, City Manager

DATE: December 23, 2011

ISSUE: SDC's for Fire Suppression Sprinkler Systems

BACKGROUND: At the City Council meeting on November 14th Dean Cameron presented a letter from Partners for Economic Progress (PEP) requesting that the City eliminate the SDC's for Fire Suppression Sprinkler Systems (see attached letter). City Ordinance 06-122 Section 4 calls for SDC's to be established by City Resolution. Resolution No. 11-026 Section 6 (attached) does require that the separate water line for fire suppression sprinklers be charged a unit SDC fee. SDC's are based on demand on the system. An argument could be made that since fire suppression systems rarely use any water, and may even reduce the water demand during a fire, that removal of the fee would be appropriate.

Residential Fire Suppression Sprinkler Systems: A separate issue being pursued by Fire Districts throughout the State of Oregon is a charge of SDC's based on meter size when a residential meter is increased from 3/4" to 1" to allow for a residential fire suppression system. Under the City's current ordinance an additional SDC fee will be charged for the larger meter.

Representatives of the Mid Columbia Fire and Rescue District (MCFR) have been invited to submit information related to this issue. Attached is an Information Sheet from MCFR on this issue.

COUNCIL ALTERNATIVES:

This is a discussion item for the Council to review the issue. If the Council wishes to consider further action staff should be directed to present an ordinance amendment that considers a particular approach to either or both of these issues.

August 1, 2011

City Council
City of The Dalles

Re: SDC for Fire Sprinkler Systems

Dear City Council,

Partners for Economic Progress is a group of local business leaders actively concerned about fostering a dynamic and viable economic climate in The Dalles. To achieve this goal we are looking for avenues to promote business development and foster a positive and proactive spirit within the community and various government agencies.

It has come to our attention that the city has imposed a water System Development Charge (SDC) for fire sprinkler systems. An SDC fee is charged for the domestic water line for internal plumbing for new construction. In addition, a second SDC fee is charged for the fire sprinkler line. We do not believe this second SDC fee is appropriate. Fire sprinkler systems rarely use any water. Very few commercial buildings will experience a fire during their life cycle and most sprinkler systems will never be used. If there is no water use burden on the city, we question the appropriateness of this SDC fee.

Fire sprinkler systems are frequently optional in many new buildings. We would not wish city fees to discourage their installation, since they provide a margin of safety. We support appropriate fees for new development; however, since all new buildings already pay an SDC for the initial domestic water usage, the fire sprinkler SDC is redundant and punitive. We would hope the city support all fire, life, and safety measures that a building owner may wish to incorporate into their building and not impose fees that could discourage their use.

The imposition of this fee puts The Dalles at a competitive disadvantage to other communities of similar size. We have surveyed Hood River, Hermiston, Canby, Redmond, and Prineville. None of these cities impose a SDC fee for fire sprinkler systems. They all charge an SDC for the primary water service.

We ask the city council to review this policy and eliminate the SDC fee for fire sprinkler systems.

Regards,

Partners for Economic Progress

C. Both residential and commercial accounts for water usage outside the City limits shall be charged 1.5 times the applicable rates in lieu of debt service property taxes collected inside the City for bonded water system improvements.

Section 3. Future Water Fee Adjustments. Water rates shall be adjusted under the following schedule. Rates will become effective on the dates listed.

Effective date	Base and Volume Charge Increase
FY 2012-2013: September 1, 2012	10% Residential/commercial base/volume charges
FY 2013-2014: September 1, 2013	10% Residential/commercial base/volume charges
FY 2014-2015: September 1, 2014	10% Residential/commercial base/volume charges
FY 2015-2016: September 1, 2015	8% Residential/commercial base/volume charges
FY 2016-2017: September 1, 2016	8% Residential/commercial base/volume charges
FY 2017-2018: September 1, 2017	8% Residential/commercial base/volume charges
FY 2018-2019: September 1, 2018	10% Residential/commercial base/volume charges
FY 2019-2020: September 1, 2019	10% Residential/commercial base/volume charges
FY 2020-2021: September 1, 2020	10% Residential/commercial base/volume charges

Section 4. Sewer Fees. The monthly fees charges to users of domestic sanitary treatment facilities of the City wastewater system shall continue as set forth in Section 4 of Resolution No. 06-028.

Section 5. Future Sewer Fee Adjustments. Sanitary sewer rates shall be adjusted under the schedule set forth in Section 5 of Resolution No. 06-028.

Section 6. System Development Charges. Effective December 1, 2011, Section 6, A of Resolution 06-028 shall be amended to add the System Development Charges for the following meter sizes.

Units shall be computed by the schedule from the following table:

Water Unit Calculation	
10 Inch Service or Meter	122 units
12 Inch Service or Meter	172 units

Note: Applies to all meters and services, including irrigation. Minimum 1 unit applied to all new services. A new fire connection is one unit. Service expansions or upgrades are subject to SDC differential charges.

Section 7. Classification of Fees. Pursuant to ORS 310.145, the City Council declares the fees and charges imposed by this Resolution as being not subject to the provisions of Article XI, Section 11b of the Oregon Constitution.

MCFR INFORMATION SHEET

DATE: December 29, 2011

TO: Honorable Mayor and The Dalles City Council

THRU: Nolan Young, City Manager

FROM: Robert Palmer, Fire Chief

ISSUE: Water System Development Charge Ordinance

SYNOPSIS: City Manager Nolan Young has advised the Fire District that the City has received a request to amend its Water System Development charge (SDC) ordinance to exempt water lines just for fire suppression sprinkler systems. The City Manager went on to say that this might be a good time to address SDC's associated with a larger meter needed for a fire suppression system for residential homes. The City Manager has asked if the District would like to help the City consider this issue and provide input for the City Council. The Fire District accepts this invitation and is offering the following input for the City to consider.

BACKGROUND: Fire sprinkler systems are important in both commercial buildings as well as private residences. Statistics continue to show that fire related deaths don't occur in workplaces nearly as often as homes. The Fire Service is about protecting property and saving lives, and fire sprinklers help do both of these things. We continue to make a push toward fire prevention instead of firefighting, and this a way to do just that.

A standard 3500 square-foot, four bedroom house on a half acre lot generally requires only a three-quarter inch pipe for water supply. The water SDC amounts to \$2317.00 or the equivalent of 1 unit. A fire sprinkler system normally requires a one-inch pipe because a large amount of water is needed to be dispersed in a short amount of time. The cost of installing a 13D residential sprinkler life safety system will range from \$1.40 to \$2.00 a square foot. A one-inch service or meter will require an additional unit doubling the cost of the SDC making the cost too high to make these systems pencil out.

According to the U.S. fire Administration, 377,000 residential fires occurred in 2009. These resulted in 2,590 deaths, 13,050 injuries and more than \$7.8 billion in property damage. Sprinkler systems are a fire safety tool that hopefully will never be used. It is a safety tool that will remain in a standby mode until it is needed. There is no impact or additional demand placed upon the water system. A study conducted in Scottsdale, AZ, a sprinklered community for more than 20 years, noted that there was less water used in fires in homes with sprinkler systems. Sprinkler systems discharged an average of 341 gallons of water per fire compared to 2,935 gallons of water per fire released by fire hoses. Fire sprinklers have saved the City of Scottsdale an estimated \$7.5 million in future infrastructure costs.

The City of Hillsboro earlier in 2011 started a pilot program that waived the difference in SDC's between the three-quarters-inch pipe and one-inch pipe when the house, without the sprinkler system, would require only the smaller pipe. Developers save \$8,000 in SDC fees making the sprinkler system more affordable.

The reasons for installing a sprinkler system makes complete sense, however, the cost of installing the system can be a deterrent. It would be extremely beneficial to establish water service rates and system development charges that would encourage the installation of fire residential home sprinkler systems. I would submit the following example language for amending the SDC ordinance that would accomplish this objective:

EXAMPLE 1:

Current Residential Development: Any current user who believes that s/he is paying a higher utility billing rate exclusively due to the inclusion of a fire sprinkler system will be moved to the lower billing rate only after providing proof from a licensed plumber that the larger service size resulted directly and solely from the addition of the fire sprinkler system. The user is fully responsible for obtaining this certification, including any costs that may be incurred. No previously calculated or paid amounts will be reduced or refunded, including utility billings or SDCs.

Future residential development: SDCs and utility billing rates will be based on the minimum service size necessary for the provision of domestic service only, as determined by a licensed plumber. A licensed plumber bases the minimum service size for domestic use on such items as the number of fixtures (toilets, sinks, bathtubs, etc.). The meter fee is not reduced. All water usage will be billed, regardless of purpose.

For example, if the minimum service size determined by a licensed plumber for domestic service only is 3/4", but the inclusion of a fire sprinkler system requires the service size to be increased to 1", then the SDC and the utility billing rates will be based on a 3/4" service. If the minimum service size determined by a licensed plumber for domestic use is 1", and remains 1" after the inclusion of a fire suppression system, then the SDC and the utility billing rates will be based on a 1" service. In both cases, the user pays for a 1" meter. In the event of a fire, excess commodity will be billed at the user's domestic service rate (3/4" in the first example, 1" in the second example).

EXAMPLE 2:

The assessment of system development charge or standby charge for a water meter of higher capacity installed to accommodate fire sprinkler system shall be exempted in one or two family dwellings.

SECTION 1

- (1) As used in this section, 'one or two family dwelling' means a structure designed for non-transient residential occupancy and containing no more than two dwelling units.
- (2) If the state building code requires that a one or two family dwelling equipped with a fire sprinkler system have a water meter of higher capacity than the water meter that would be required for the same dwelling if not equipped with a fire sprinkler system, the local government or public corporation supplying water to the dwelling may not assess the dwelling:
 - (a) An additional or greater system development charge based on the water meter having a higher capacity than the water meter that would be required for the same dwelling if not equipped with a fire sprinkler system; or
 - (b) A standby charge for the potential use of metered water by the fire sprinkler system.

SECTION 2

- (1) Section 1 applies to water meters installed on or after the effective date of this ordinance.

Trade-ups can increase fire safety, control municipal operating expenses and lower construction costs. The best time to take advantage of the trade-up concept for subdivision development savings is prior to submitting subdivision plans. When proper subdivision and development options are provided, development costs can be reduced. Sprinklered developments provide an excellent opportunity to provide increased fire safety.

The cost of developing raw land into an approved building site can be significantly reduced through trade-ups. These options are only applicable if all the buildings in the development will have built-in automatic fire protection.

Including fire sprinklers in all new construction is a win-win decision. The community has additional fire protection without higher taxes or increased insurance rates. The developer can reduce land development costs. The builder can reduce construction costs. And the buyer will have increased life and property protection at a lower cost. These are all benefits associated with the addition of residential sprinkler systems into our community.

I would like to take this opportunity thank the City Manager and the City Council for giving the Fire District the opportunity to provide input on this very important issue. Your favorable consideration of the above input is greatly appreciated.

RECOMMENDATION/ACTION: To incorporate language into the City's SDC ordinance, such as that noted in the above examples, for the purpose of promoting and fostering the installation of residential sprinkler systems within the City of The Dalles.