



## MEMORANDUM

**TO:** Interested parties

**FROM:** Community Development Department

**DATE:** September 11, 2012

**SUBJECT:** Clarification of credits available for road construction

There has been a lot of discussion and confusion over how roads are paid for. The purpose of this memo is to clarify where SDC and Washington County TDT credits are applicable and how they are applied.

When a local road is built it is assumed it is primarily for the benefit of the developer/adjoining property owner because every property requires access to a local street. Therefore the full costs of the street are the developers. In addition, it is assumed that there is also an impact on streets of community wide importance (collectors and arterials) therefore the developer is also assessed a TDT (Washington County Transportation Development Tax) and SDC (Sherwood System Development Charge) to cover the projects impacts on the community system. The funds collected from the TDT and SDC is used to make improvements to the collector and arterial road network.

If you have a collector or arterial road adjacent to your project, it is generally assumed that the road will be built and constructed as part of your development but you are not expected to bear the full costs by yourself because the road has been determined to benefit more than just your development. In this case, if you dedicate, design and construct the road, you are eligible for credits against the SDC and TDT. In theory, because the SDC methodology covers 100% of the road, you would get credits equal to the cost of the road; however it is still possible that you may have additional TDT or SDC to pay depending on the traffic generation of the use planned.

### Overview of how credits are applied

In order to get credits for the City Transportation SDC the proposed transportation improvement must be identified in the City's Capital Improvement Plan (CIP) and the proposed transportation improvement must be for a road designation of collector or higher classification. If both those are met, the City will accept the full actual road construction cost towards the valuation of the SDC Credit.

Eligible costs include rights-of-way or easement costs. Land valuation may be based on either a City reviewed and approved appraisal valuation, or the County assessors land valuation, whichever is higher. (Section 15.16.100.J). Engineering, surveying, and plan review and inspection fees are not eligible for SDC Credits. Construction costs are based on City review

and acceptance of final construction progress payments and related tracking spreadsheets in verifying actual construction costs. (Section 15.16.100.J)

In order to get Washington County TDT Credit the proposed transportation improvement must be identified on the County's TDT CIP list. (Section 3.17.030.2) and built larger or with greater capacity than the local government's minimum standard facility size. (Section 3.17.070.2). Eligible construction costs for TDT Credits are based solely on the portion of the improvement that: (Section 3.17.030.2) exceeds the local government's minimum standard facility size (local road) and exceeds the capacity needed to serve the particular development project or property. The City excludes plan and inspection fees from TDT Credit analysis.

Valuation of rights-of-way and easement land market value are based on county tax records. (Section 3.17.070.3.b).

It should be noted that the total eligible TDT Credit for engineering and survey services shall not exceed 13.5% of total construction costs. (Section 3.17.070.A.11)