



## Legislation Text

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**File #:** 19-639, **Version:** 1

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### Request to Change the System Development Charge (SDC) Discount Area Boundary

#### **RECOMMENDED ACTION (Motion):**

There is no recommended motion at this time. If the City Commission believes this request should move forward, a formal resolution will be proposed at a future City Commission meeting.

#### **BACKGROUND:**

The owner of the building at 615 High Street is requesting a change in the border of the System Development Charge (SDC) Discount Area to include his building and the neighboring two buildings which encompass addresses 601, 603, 605, 617, 619, and 621 High Street. The SDC Discount Area border was last amended and approved with the update to the Transportation SDCs in Resolution 18-05 that became effective July 1, 2018.

The owner of 615 High Street has been approached by a potential tenant named Bent Shovel Brewing. They previously operated out of a private property within Clackamas County at 21678 S Latourette Road, Oregon City, OR 97045. Their business has outgrown their space and the County is no longer permitting their operation out of a private property. Bent Shovel is currently leasing a space from Viewpoint Restaurant and Lounge on South Springwater Road. Bent Shovel is hoping to lease space from 615 High Street located near the top of the Oregon City Elevator.

The owner of 615 High Street has submitted this request which details their rationale for why a change to the Discount Area is appropriate. They generally state a need to connect the Downtown and 7th/Molalla Discount Areas, a boost for tourism at the Elevator, the cost implications of operating a use like Bent Shovel outside of a Discount Area, the local parking availability, and the potential improvement to homeless issues near the Elevator.

The owner has provided support from Oregon City Business Alliance, fellow members of the brewing community, Oregon City Chamber of Commerce, and the Downtown Oregon City Association.

System Development Charges (SDCs) for Transportation are based on the use of the building. The vacant space within 615 High Street was previously used by a general office tenant, which is defined as a General Office Building use within SDC calculations. The new use, Bent Shovel Brewing, is defined as a Drinking Place use within SDC calculations. Uses within the SDC calculator are designated using the ITE Trip Generation Manual (Institute of Transportation Engineers). The manual shows the peak hour trips for any given use. A General Office building generates 1.49 peak hour trips (per 1,000 sf) whereas a Drinking Place generates 11.35 peak hour trips (per 1,000 sf). Those trips are then calculated based on the square footage of the building or space.

In many instances the Discount Area Zone provides a significant reduction in the Transportation SDC. The methodology behind the City's reduced Transportation SDCs is that driver trips in the discount zone are often combined with other stops in the zone or the drive trips are reduced due to

nearby housing and other modes of travel (transit, biking walking) similar to what you would expect in a shopping center. The Discount Zone only affects reduction of Transportation SDCs and the discount is greater for businesses with higher trip generation. All other SDCs remain at their normal rates.

A new tenant is compared to a previously existing tenant when calculating SDCs. The new tenant is given a credit for the most recent use within that space or building.

For this space within 615 High Street, the Transportation SDCs (assuming that no Discount Zone is changed) for Bent Shovel Brewing are estimated at \$114,141.74.

The previous use as an Office use generated \$15,054.68 in SDCs. Bent Shovel would receive the credits from the Office use; therefore, their Transportation SDC owed would be \$99,087.06.

If the SDC Discount Area were to encompass 615 High Street, the estimated SDCs would change to the following:

- Bent Shovel Brewing Estimate: \$114,075.86.
- Discount Zone Credit: \$95,363.06
- Office Use Credit: \$15,054.68
- Transportation SDC owed: \$3,724

The difference owed between being out of the Discount Zone or being in the Discount Zone is \$99,087.06 compared to \$3,724.

Note that this use, Bent Shovel Brewing, would trigger Sanitary Sewer SDCs and Park SDCs assuming 20 seats within the Tap Room which generates an additional owed of \$14,117.2 on top of the Transportation SDC of \$3,724.

If the City Commission determines that this request should proceed forward, staff would prepare a Resolution amending the SDC Discount Area and have it approved by City Commission.

**BUDGET IMPACT:**

Amount:	See background for more information
FY(s):	N/A
Funding Source:	N/A