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Metropolitan Wastewater MANAGEMENT COMMISSION



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March 16, 2021

John Lively, Chair
House Committee on Economic Recovery & Prosperity
Oregon State Legislature
900 Court Street NE
Salem, OR 97301

RE: Testimony in Opposition to House Bill 3040-1

Dear Chair Lively, Vice-Chairs Cate and Kropf, and members of the committee,

The Metropolitan Wastewater Management Commission (MWMC) appreciates the opportunity to provide comments in opposition of House Bill 3040-1. The MWMC provides regional wastewater services to approximately 250,000 residents in the Eugene/Springfield metropolitan area, in partnership with the Cities of Eugene, Springfield and Lane County.

System Development Charges (SDCs) are important and necessary impact fees collected by municipalities and utilities when expansion, new development or intensification of use occurs on a property served by municipal infrastructure. SDCs allow for the accumulation of capital funding needed to provide sufficient capacity in infrastructure systems to accommodate growth associated with development. In the MWMC's case, the regional wastewater SDCs we collect provide a needed revenue source to help fund a portion of our Capital Improvement Program that would otherwise be funded only with user fees collected from existing ratepayers in our service area.

While the specific language of HB3040-1 is well intentioned and would delay the collection of SDCs to ease the burden associated with housing costs, it would actually increase the overall costs of providing wastewater service without reducing the costs for those in our community that can least afford it. Year after year, the costs of construction associated with capital projects continues to rise. The primary drivers associated with these costs include elevated prices for materials like lumber, concrete and steel, as well as inflation, environmental regulatory requirements set forth in the Clean Water Act for water quality improvements, and other State mandates. Cities and utilities have little to no control over these costs and must fund capital construction needs regardless of the costs of construction through monthly user fees and SDCs.

Moving collection of SDCs to when the certificate of occupancy is issued would increase the probability that SDCs will be paid late, or not be paid at all. The increased efforts

needed to administer the requirements of the HB3040-1 amendments will result in added administrative costs for municipalities and utilities and require a disproportionate share of the costs of funding public infrastructure to be shifted to existing ratepayers. The impacts of that shift would be felt by those that can least afford it --- people on fixed incomes and low income ratepayers.

It should be noted that money collected from existing ratepayers is what funds the necessary public infrastructure investments to ensure the infrastructure is in place so that development can occur. In essence, the existing users of the systems are subsidizing the costs associated with providing needed infrastructure for development, until SDCs are paid to recoup a portion of that cost. Further delaying the collection of SDCs from building permit issuance to building occupancy will exacerbate that subsidy.

Also of note, Section 4 of the HB3040-1 amendments applies to all housing types and not just low income housing for which the amendments are meant to incentivize.

Lastly, there is no requirement in the HB3040-1 amendments that any savings realized by the developer from delayed payment of SDCs be passed on to the homebuyer. Without such a requirement, there is no guarantee any savings would ultimately trickle down to the purchaser of the home.

Thank you for the opportunity to provide comments.

Sincerely,

A handwritten signature in blue ink that reads "Matt Stouder".

Matt Stouder, PE
MWMC Executive Officer