

## Exhibit A

### ~~Sec. 21.230.— Connection fees.~~

~~(a) Except as provided in subsections (d) and (e) of this section, there shall be deposited with every application to connect property to the City sewer, which property has either not been assessed or is subject of a collection deferral under SRC 21.210, a connection fee computed from the rate established for the original assessment district where collection was deferred under SRC 21.210, or a rate established by the City's average cost of constructing an eight-inch sewer for the previous year, for property which has not been assessed.~~

~~(b) Notwithstanding subsection (a) of this section, when the Director determines that a property requires a public sewer larger than eight inch in diameter due to the use made of a property, the connection fee shall be computed from a rate established by the City's average cost of constructing sewers of the required size for the previous year.~~

~~(c) The benefitted area over which the connection fee rate is applied shall be in accordance with SRC 21.180.~~

~~(d) Properties reconnecting to sewers or new connection of properties where a sewer service was available prior to 1940, but no record of assessment exists, shall be exempt from this section.~~

~~(e) In lieu of paying a connection fee, the owner may make application to pay the fee in installments as provided in the Bancroft Bonding Act in the same manner as assessment liens in the City. In such case, the owner shall execute an agreement which constitutes a voluntary lien against the property which is not subject to article XI, section 11b of the Oregon Constitution. Upon filing of such an agreement, approved as to form by the City Attorney, the Council shall declare by ordinance the amount of the connection fee and direct the Finance Officer to enter such connection fee in the docket of city liens.~~

Secs. 21.240—21.260. - Reserved.

### ~~WATER ASSESSMENTS AND CONNECTION FEES~~

### ~~Sec. 21.340.— Connection fees.~~

~~(a) Except as provided by SRC 72.067 to 72.086, and subsections (b) and (c) of this section, there shall be deposited with every application to connect property to the City water system, which property has either not been assessed or is subject of a collection deferral under SRC 21.310, a connection fee computed from the rate established for the original assessment district for assessments deferred under SRC 21.310, or a rate established by the average cost of constructing an eight-inch water main for the previous year, for properties which have not been assessed. The benefitted area over which the rate is applied shall be in accordance with SRC 21.290. As used in this subsection, the term "connect property" means the connection of property for either domestic service or fire service.~~

~~(b) Properties reconnecting to a main or making a new connection to a main where water service was available prior to 1940, but no record of assessment exists, shall be exempt from this section.~~

~~(c) In lieu of paying a connection fee, the owner may make application to pay the fee in installments as provided in the Bancroft Bonding Act in the same manner as assessment liens in the City. In such case,~~

~~the owner shall execute an agreement which constitutes a voluntary lien against the property which is not subject to article XI, section 11b of the Oregon Constitution. Upon filing of such an agreement, approved as to form by the City Attorney, the Council shall declare by ordinance the amount of the assessment and direct the Finance Officer to enter such assessment in the docket of city liens.~~

Sec. 41.150. - Exemptions.

(a) The charge imposed under this chapter shall not apply to the following:

(1) Development for which applications for building permits, or mobile home park use permits have been filed prior to the effective date of the resolution initially establishing the methodology for the SDC, providing the information accompanying the application was sufficiently complete to meet the requirements for issuance of a permit for the entire structure.

(2) Reconstruction or repair of a building or structure, or portion thereof, which was damaged or destroyed by earthquake, fire, flood, or other natural causes over which the owner had no control, but only if:

(A) Such reconstruction or repair is done pursuant to a building permit issued within one year after such damage or destruction; and

(B) There is no change in the size of the water meter, development or impervious area.

(3) Replacement structures for any forced acquisition wherein a building or structure is acquired for city purposes through eminent domain, provided that:

(A) The owner obtains a building permit for the replacement structure within two years of the acquisition; and

(B) There is no change in the size of the water meter, development, or impervious area.

(4) Any public use or development which is or by agreement will be undertaken by the City, Oregon; the Housing Authority of the City; or the Urban Renewal Agency of the City.

~~(5) Any housing unit which is located in a housing project of one or more housing units, if the project receives federal housing funds administered by the City and is affordable to families at or below the City's 80 percent median income level as defined by the US Department of Housing and Urban Development.~~ that is rental, lease-to-purchase, or owner-occupied housing located in a housing project of one or more housing units if the project receives federal housing funds administered by the City or is affordable for not less than 30 years to households with an income at or below 80 percent of the area median income as determined by the State Housing Council based on information from the United States Department of Housing and Urban Development. Eligible housing units under this subsection must also meet the following standards;

(A) ~~When~~ if new development consists of only part of the uses described in this subsection, only that portion of the development that qualifies under this subsection is eligible for an exemption.

(B) A deed restriction is recorded that maintains affordability of the property as required in this subsection for not less than 30 years, and

(C) In the event that the project or portion of the development subject to this subsection is no longer affordable as required in this subsection, the exemption shall terminate, and the City shall make due and payable all previously exempt portions of the system development charges based on rates in effect on the date of submittal of a complete building permit application, plus accrued interest from the date of issuance of the building permit to the date of the termination

of the exemption. The City may collect reinstated system development charges by filing a lien in the City's lien docket, or by recording a lien in the lien records of the applicable county.

(6) In the event of a redevelopment, that portion of the development which was pre-existing, as determined from City records or other source acceptable to the Director.

(7) Development occurring within a development district established pursuant to SRC 200.200 through 200.275.

(8) Any accessory dwelling unit for which a building permit application was received after June 30, 2019, and before July 1, 2024.

(9) SDC reimbursement fees shall be reduced by the amount of connection fees, assessments, or deferred assessments paid under SRC chapter 21 prior to the date of connection.

(10) A reduction of the Transportation SDC of up to 15 percent is allowed for an approved transportation demand management plan as defined in the City of Salem Public Works Street Design Standards adopted by the Director and on file in the Department of Public Works, prepared by the applicant, approved by the Director and designed to reduce generated trips as set forth in the adopted Transportation SDC Methodology.

~~(§11)~~ Other development exempted from the charge according to a methodology adopted pursuant to SRC 41.170.

Sec. 41.160. - System development charge credit.

(a) A credit against the improvement fee (SDCi) shall be allowed for the construction of a qualified public improvement and may be a true credit, a pass-thru credit, or a combination of the two. The credit shall be only for the SDCi for the type of improvement being constructed. The credit shall not exceed the developer's allowable costs as determined by the Director under SRC 41.300 and 41.305. For improvements that are located within or abutting the property subject to development approval, n~~No~~ credit shall be given for the cost of that portion of any water or wastewater line, eight inches or less in diameter, or any storm drainage line 12 inches or less in diameter, ~~where lots representing 25 percent or more of the front footage take service from such lines;~~ nor shall any credit be given for any facility built larger than the above minimums if such capacity is needed by the development itself.

(b) In addition to the requirements of subsection (a) of this section, a transportation credit shall be given only for the cost of any capital improvement to be partially funded by the Transportation SDC as identified in the adopted Transportation SDC Methodology.

~~(c) A credit against the Transportation SDC of up to 15 percent is allowed for an approved transportation demand management plan as defined in the City of Salem Public Works Street Design Standards adopted by the Director and on file in the Department of Public Works, prepared by the applicant, approved by the Director and designed to reduce generated trips as set forth in the adopted Transportation SDC Methodology.~~

~~(c)~~ When the construction of a qualified public improvement gives rise to a credit amount greater than the SDC that would otherwise be levied against the project receiving development approval, the excess credit may be applied against improvement fees that accrue in subsequent phases of the original development project.

~~(d)~~ Credits shall be used no later than ten years from the date the credit is given.

Sec. 41.300. - Certification of costs by developer.

(a) Where a qualified public improvement as defined by SRC 41.100 is constructed by a developer ~~as required by SRC chapter 200,~~ for which reimbursement or SDC credits may be available, the developer shall, ~~within 30 days of City acceptance of the facility,~~ prepare a sworn statement of all allowable costs

incurred in the construction, and submit the same, together with proof of payment thereof, to the Director no later than 90 days after the date City makes final written acceptance of the improvement. The Director may extend the time period up to an additional 60 days if the Director requires ~~require~~ the developer to provide additional documentation prior to certification by the City.

(b) Allowable costs include:

(1) The actual price paid to an independent contractor or contractors for the construction of the facility or any part thereof.

(2) The cost of labor and materials, plus 15 percent thereof, for the work performed by the developer directly.

(3) The actual cost charged by an independent engineer or engineers for the design of the facility or any part thereof, or for supervision or inspection of its construction.

(4) The amount of wages or salary paid, plus 15 percent thereof, based on actual hours worked by engineers and draftsmen and other technicians who are directly employed by the developer for the design of the facility or any part thereof or for supervision or inspection of its construction.

(5) The actual cost of independent tests performed in aid of design of the facility, or to determine whether the materials and workmanship employed in the construction are within the approved specifications.

(6) The actual price paid to an independent surveyor for establishing lines, locations and grades (construction staking) for construction of the facility or to establish property lines, rights-of-way and easements for acquisition of property interests necessary to the facility.

(7) The amount of wages or salary paid, plus the cost of materials, plus 15 percent thereof, based on the actual hours worked by surveyors and their assistants who are employed by the developer for establishing lines, locations and grades (construction staking) for construction of the facility or to establish property lines, rights-of-way and easements for acquisition of property interests necessary to the facility.

(8) The costs of acquiring real property interests for the facility, escrow fees and fees related to litigation charged by the City Attorney and other involved city departments pursuant to SRC 200.050.

(9) The fair market value of real property within the development that is reserved for dedication to the City for public park use.

(c) Allowable costs do not include developer's personal oversight or superintendence of the project unless the developer is also the contractor, or interest or finance charges on money borrowed to finance the project.

Sec. 41.310. - Reimbursements.

~~(a) SDC credits. A developer who constructs a qualified public improvement as defined by SRC 41.100 shall be eligible for credits under SRC 41.160, and reimbursements in excess of credits for their allowable costs as provided in this section.~~

~~(1) Where the preliminary declaration requires the construction of such facilities and they are specified as eligible facilities in the improvement agreement, the developer shall be eligible for reimbursement from the Extra Capacity Facilities Fund for the allowable cost of such construction, as provided in subsection (a)(2) of this section; provided, however, no reimbursement shall be given for the cost of that portion of any water or wastewater lines, eight inches or less, or any storm drainage line 12 inches or less, where lots representing 25 percent or more of the front footage take service from said lines; nor shall any reimbursement be given for any facility built larger than the above minimums if such capacity is needed by the development itself.~~

~~(2) Repayment from SDCs paid within a development, in the form of pass thru credits as defined in SRC 41.100, is payable to any developer who provides an eligible facility, whether within or without the USA.~~  
(a) Reimbursement in excess of credits.

(1) Subject to budgetary appropriation, reimbursement in excess of the credits is payable to any developer of an eligible facility that is listed in the CIP or budget as a publicly-funded improvement. Reimbursement for certified allowable costs shall be annually adjusted (indexed) for inflation beginning on the date the eligible facility is accepted by the City based upon the Engineering News Record (ENR) index approved by Council for the methodologies for the facilities. Full reimbursement for certified allowable costs under this subsection shall be made within the time frame specified in the CIP and as funds are budgeted, but in no event later than 15 years from the time that the facility is accepted by the City.

(2) In no event shall a developer be reimbursed in an amount that exceeds the developer's allowable costs, plus return on investment or indexing as specified in subsection (b)(1) of this section.

(b) Administrative fee. There shall be assessed against the developer an administrative fee for determining certified allowable costs and processing reimbursements in an amount established by resolution of the Council.

#### Sec. 72.220. - Service beyond corporate limits.

(a) Except as otherwise provided in this section, any person owning property outside the limits of the City and adjacent to a City water main who desires a connection thereto may make application to the Council for permission to connect. Such application shall describe the property to be served, the quantity of water needed and the use to which it will be put, together with such other information as may be requested by the Director. The application shall be accompanied by a properly executed petition and consent for annexation to the City of the property described in the application.

(b) The Council shall consider the application and may either grant or reject the same, and if it is granted, the same shall constitute an agreement by the applicant to abide by all the terms of this section and all the rules, rates, and regulations prescribed by the Council by resolution or otherwise.

(c) Prior to being issued a permit to connect to a City water main, the applicant shall pay to the City all applicable system development charges ~~and connection fees.~~

#### Sec. 73.020. - Connection to the public wastewater collection system.

(a) All connections made to any public wastewater collection system in the city shall be made in accordance with Public Works Design Standards.

(b) No person shall install, use, or cause to be installed or used a cesspool, septic tank, or other means of sewage disposal upon any property if such property by the terms of this chapter would be required to connect to the City wastewater collection system.

(c) Every building containing plumbing, any portion of which is within 300 feet of an available public wastewater main, and not connected to a private collection system shall, be connected to a public wastewater main within 180 days after the owner receives written notice from the Director to do so.

(d) The written notice to connect shall not be issued until termination of a deferred assessment on the property under SRC 21.210, if such deferment exists. If no deferment exists, connections shall not be made until all applicable ~~connection fees, as required in SRC 21.230, and~~ system development charges, as required in SRC 41.110, are paid in full.

(e) Connections to wastewater collection mains for the purpose of extending such lines or for providing wastewater collection service shall be made only by employees of the Department in the normal performance of their duties or private parties with the written consent of the Director.