

Tigard, Oregon



Report for
PARKS & RECREATION
SYSTEM DEVELOPMENT
CHARGE STUDY

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TABLE OF CONTENTS

SECTION I: BACKGROUND	1
A. Policy	1
B. Project	1
SECTION II: METHODOLOGY	3
A. Reimbursement Fee	3
B. Improvement Fee	3
C. Compliance Costs	3
D. Summary	4
SECTION III: GROWTH CALCULATION	5
A. Relevant Types of Growth	5
B. Population Growth	5
B.1 Expected Growth	5
B.2 Conversion to Dwelling Units	5
C. Employment Growth	6
C.1 Expected Growth	6
C.2 Conversion to Population Equivalents	6
SECTION IV: COST CALCULATION	9
A. Facility Needs	9
B. Facility Costs	10
B.1 Neighborhood/Pocket Parks	10
B.2 Community Parks	11
B.3 Linear Parks	12
B.4 Open Space	13
B.5 Trails	13
B.6 Allocation to Residents and Non-Residents	14
C. Compliance Costs	14
D. Adjustments	15
E. Summary	15
SECTION V: SDC CALCULATION	17
A. Residential Cost per Capita	17
B. Residential SDC per Dwelling Unit	17
C. Non-Residential SDC per Employee	17
D. Summary and Comparison	17
E. Annual Adjustment	18

SECTION I: BACKGROUND

This section describes the policy context and project scope upon which the body of this report is based.

A. POLICY

Oregon Revised Statutes (ORS) 223.297 to 223.314 authorize local governments to establish system development charges (SDCs). These are one-time fees on new development, and they are paid at the time of development. SDCs are intended to recover a fair share of the cost of existing and planned facilities that provide capacity to serve future growth.

ORS 223.299 defines two types of SDC:

- A reimbursement fee that is designed to recover “costs associated with capital improvements already constructed, or under construction when the fee is established, for which the local government determines that capacity exists”
- An improvement fee that is designed to recover “costs associated with capital improvements to be constructed”

ORS 223.304(1) states, in part, that a reimbursement fee must be based on “the value of unused capacity available to future system users or the cost of existing facilities” and must account for prior contributions by existing users and any gifted or grant-funded facilities. The calculation must “promote the objective of future system users contributing no more than an equitable share to the cost of existing facilities.” A reimbursement fee may be spent on any capital improvement related to the system for which it is being charged (whether cash-financed or debt-financed).

ORS 223.304(2) states, in part, that an improvement fee must be calculated to include only the cost of projected capital improvements needed to increase system capacity for future users. In other words, the cost of planned projects that correct existing deficiencies or that do not otherwise increase capacity for future users, may not be included in the improvement fee calculation. An improvement fee may be spent only on capital improvements (or portions thereof) that increase the capacity of the system for which it is being charged (whether cash-financed or debt-financed).

B. PROJECT

On July 14, 2009, the Tigard City Council adopted a new Park System Master Plan. On July 26, 2011, the Tigard City Council adopted a Trail System Master Plan.

The City contracted with FCS Group to update its parks SDCs based on these recently adopted master plans.

We approached this project as a series of three steps:

- **Framework for Charges.** In this step, we worked with City staff to identify and agree on the approach to be used and the components to be included in the analysis.
- **Technical Analysis.** In this step, we worked with City staff to isolate the recoverable portion of planned facility costs and calculate draft SDC rates.
- **Draft Methodology Report Preparation.** In this step, we documented the calculation of the draft SDC rates included in this report.

SECTION II: METHODOLOGY

This section provides a non-numeric overview of the calculations that result in SDC rates.

A. REIMBURSEMENT FEE

In order for a reimbursement fee to be calculated, excess (i.e., not currently utilized) capacity must be available to serve future growth. Our analysis of the two recently adopted master plans indicates that the City currently has no excess capacity in its parks system. Therefore, no basis for a reimbursement fee exists.

B. IMPROVEMENT FEE

The improvement fee is the cost of capacity-increasing capital projects per unit of growth that those projects will serve. The unit of growth, whether number of new residents or number of new employees, is the basis of the fee. In reality, the capacity added by many projects serves a dual purpose of both meeting existing demand and serving future growth. To compute a compliant SDC rate, growth-related costs must be isolated, and costs related to current demand must be excluded.

We have used the “capacity approach” to allocate costs to the improvement fee basis. Under this approach, the cost of a given project is allocated to growth in proportion to the growth-related capacity that projects of a similar type will create. For example, suppose that a city’s master plan included the acquisition and development of 100 acres of new neighborhood parks. Suppose further that our analysis determined that 30 acres were required to meet existing demand, and 70 acres were required to serve future users. In that case, only 70 percent of the cost for any new neighborhood park would be eligible for recovery with an improvement fee.

Growth should be measured in units that most directly reflect the source of demand. In the case of parks, the most applicable units of growth are population and, where appropriate, population equivalents. However, the units in which demand is expressed may not be the same as the units in which SDC rates are charged. Many SDCs, for example, are charged in the basis of dwelling units. Therefore, conversion is often necessary from units of demand to units of payment. For example, using an average number of residents per household, the number of new residents can be converted to the number of new dwelling units.

C. COMPLIANCE COSTS

ORS 223.307(5) authorizes the expenditure of SDCs on “the costs of complying with the provisions of ORS 223.297 to 223.314, including the costs of developing system development charge

methodologies and providing an annual accounting of system development charge expenditures.” To avoid spending monies for compliance that might otherwise have been spent on growth-related projects, this report includes an estimate of compliance costs in its SDC rates.

D. SUMMARY

In general, SDC rates are calculated by adding the reimbursement fee (if applicable) component, improvement fee component, and compliance cost component. Each component is calculated by dividing the eligible cost by the growth of units of demand. The unit of demand becomes the basis of the charge. **Figure II.1** shows this calculation in equation format:

Figure II.1 – SDC Equation

Eligible costs of excess capacity in existing facilities	+	Eligible costs of capacity- increasing capital improvements	+	Costs of complying with Oregon SDC law	=	SDC per unit of growth in demand
<hr/> Units of growth in demand (e.g., new residents)						

Section III of this report provides detailed calculations related to growth in demand, which is the denominator in the SDC equation. **Section IV** of this report provides detailed calculations on eligible costs, which is the numerator in the SDC equation.

SECTION III: GROWTH CALCULATION

This section provides detailed calculations related to growth in demand, which is the denominator in the SDC equation.

A. RELEVANT TYPES OF GROWTH

Parks and recreation facilities benefit City residents, businesses, non-resident employees, and visitors. The methodology used to update the City's Parks and Recreation SDCs establishes the required connection between the demands of growth and the SDC by identifying specific types of park and recreation facilities and analyzing the proportionate need of residents and employees for each type of facility. The SDCs to be paid by a development meet statutory requirements because they are based on the nature of the development and the extent of the impact of that development on the types of park and recreation facilities for which they are charged. The Parks and Recreation SDCs are calculated based on the specific impact a development is expected to have on the City's population and employment. For facilities that are not generally used by employees (e.g., neighborhood parks), only a residential SDC may be charged. For facilities that benefit both residents and employees (e.g., community parks), an SDC may be charged for both residential and non-residential development.

B. POPULATION GROWTH

Having established the relevance of population, we now quantify expected growth in population and convert the result to dwelling units.

B.1 Expected Growth

Based on data from Metro and the Population Research Center at Portland State University, the City's population is expected to grow from 47,838 in 2009 (when the Park System Master Plan was adopted) to 63,042 in 2028 (the final year of the plan). In other words, the City is expected to add 15,204 residents over 19 years at a compound average growth rate of 1.46 percent per year.

B.2 Conversion to Dwelling Units

Residential SDCs are initially calculated based on costs per capita but are ultimately charged based on dwelling units. To convert population to dwelling units, we analyzed data gathered for Tigard from the 2005-2007 American Community Survey. **Table III.1** shows the resulting conversion factors:

Table III.1 - Residents per Dwelling Unit

Type of Dwelling Unit	Residents
Single-Family	2.69
Multi-Family	2.15
Manufactured	1.63

C. EMPLOYMENT GROWTH

Having established the relevance of employment, we now quantify expected growth in employment and convert the result to population equivalents.

C.1 Expected Growth

Based on data from Metro and the Population Research Center at Portland State University, the number of persons employed within the City is expected to grow from 43,929 in 2009 (when the Park System Master Plan was adopted) to 58,840 in 2028 (the final year of the plan). In other words, the City is expected to add 14,911 employees over 19 years at a compound average growth rate of 1.55 percent per year.

As used here, “employee” means someone who works in the City regardless of place of residence. Employees may live inside or outside the City. Later in this report, we will be more concerned with non-resident employees in particular.

C.2 Conversion to Population Equivalents

The parks and recreation facilities described in the recently adopted master plans were mostly designed with the needs of both residents and non-resident employees in mind. It is therefore appropriate to allocate the cost of these facilities to both residents and non-resident employees. The only exceptions are neighborhood parks. These facilities were designed for the needs of residents only. It is therefore appropriate to allocate the cost of these facilities to residents only.

While most parks and recreation facilities benefit both residents and non-resident employees, these two groups do not utilize parks and recreation facilities with the same intensity. To apportion the demand for facilities between non-resident employees and residents in an equitable manner, a non-resident-employee-to-resident demand ratio must be calculated based on differential intensity of use.

First, we estimate the potential demand for parks and recreation facilities. **Table III.2** presents potential use by different population groups in a manner that averages day-of-week and seasonal effects. These averages are based on the maximum number of hours per day that each population group would consider the use of parks and recreation facilities to be a viable option.

Table III.2 - Potential Daily Demand by Population Group

Season, Day, and Time	Residents				Non-Residents
	Non-Employed, Ages 18+	Ages 5-17	Work inside City	Work outside City	Work inside City
Summer (June through September)					
Weekday					
Before work			1.00		1.00
Meals and breaks			1.00		1.00
After work			2.00		2.00
Other leisure	12.00	12.00	2.00	2.00	
Total weekday	12.00	12.00	6.00	2.00	4.00
Weekend	12.00	12.00	12.00	12.00	
Total summer	12.00	12.00	7.71	4.86	2.86
Spring/fall (April, May, October, and November)					
Weekday					
Before work			0.50		0.50
Meals and breaks			1.00		1.00
After work			1.00		1.00
Other leisure	10.00	4.00	2.00	2.00	
Total weekday	10.00	4.00	4.50	2.00	2.50
Weekend	10.00	10.00	10.00	10.00	
Total spring/fall	10.00	5.71	6.07	4.29	1.79
Winter (December through March)					
Weekday					
Before work			0.50		0.50
Meals and breaks			1.00		1.00
After work			0.50		0.50
Other leisure	8.00	2.00	1.00	1.00	
Total weekday	8.00	2.00	3.00	1.00	2.00
Weekend	8.00	8.00	8.00	8.00	
Total winter	8.00	3.71	4.43	3.00	1.43
Weighting factors					
Summer	0.33	0.33	0.33	0.33	0.33
Spring/fall	0.33	0.33	0.33	0.33	0.33
Winter	0.33	0.33	0.33	0.33	0.33
Total weighting factors	1.00	1.00	1.00	1.00	1.00
Daily weighted average hours	10.00	7.14	6.07	4.05	2.02

We then multiply the weighted average hours derived in **Table III.2** by an actual count for each population group. The counts in **Table III.3** are based on the 2000 Census. Although these data are now stale, the accuracy of the individual counts is less important than the proportion of each group.

Table III.3 - Total Potential Daily Demand

	Residents				Non-Residents	Total
	Non-Employed, Ages 18+	Ages 5-17	Work inside City	Work outside City	Work inside City	
Census counts	9,140	7,270	5,798	15,821	27,382	65,411
Daily weighted average hours	10.00	7.14	6.07	4.05	2.02	4.56
Total potential daily demand	91,400	51,929	35,202	64,037	55,416	297,984

We then apportion this potential demand among residents (four population groups) and non-residents (one population group), as shown in **Table III.4**.

Table III.4 - Demand by Place of Residence

Population Group	Hours	Proportion of	
		Total	Residents
Residents			
Non-Employed, Ages 18+	91,400	30.67%	37.68%
Ages 5-17	51,929	17.43%	21.41%
Work inside City	35,202	11.81%	14.51%
Work outside City	64,037	21.49%	26.40%
Total residents	242,568	81.40%	100.00%
Non-residents	55,416	18.60%	22.85%
Grand total	297,984	100.00%	122.85%

As shown in **Table III.4**, non-residential demand represents 22.85 percent of residential demand. This is the non-resident-employee-to-resident demand ratio.

SECTION IV: COST CALCULATION

This section provides detailed calculations on eligible costs, which is the numerator in the SDC equation.

A. FACILITY NEEDS

The recently adopted master plans specify both (1) a level of service for each type of facility and (2) the projects needed to meet that level of service by 2028, which is the end of the planning period.

Table IV.1 summarizes the recently adopted level of service for each type of facility and quantifies the need for each type of facility:

Table IV.1 - Needs per Master Plans

Facility Type	Units	2028		
		Population and Equivalents	Adopted Level of Service per 1,000	Needed Inventory
Neighborhood/pocket parks	acres	63,042	1.50	94.56
Community parks	acres	76,484	3.00	229.45
Linear parks	acres	76,484	1.25	95.61
Open space	acres	76,484	4.25	325.06
Trails	miles	76,484	0.26	20.24

For neighborhood/pocket parks, the “Population and Equivalents” column reflects projected population only. For other facility types, because they benefit non-resident employees, this column also includes a population-equivalent number of employees (calculated by multiplying the projected number of non-resident employees by the non-resident-employee-to-resident demand ratio calculated in the previous section).

The projects listed in the recently adopted master plans are eligible for SDC funding only to the extent that the projects will benefit future users. As of 2009, no facility type met the adopted level of service for the existing population. Therefore, not all project costs will benefit future users. Some project costs will simply remedy existing deficiencies. **Table IV.2** quantifies this distinction for each facility type.

Table IV.2 - Components of Needed Inventory and SDC Eligibility

Component	Neighborhood/ Pocket Parks	Community Parks	Linear Parks	Open Space	Trails
Current developed inventory	60.13	155.16	47.40	190.10	13.00
Development of acquired land	5.30	18.47	6.10		
Level of service deficiency	6.33		18.84	55.87	2.32
Subtotal - meeting adopted LOS before growth	71.76	173.62	72.34	245.97	15.32
Growth-related need	22.81	55.83	23.26	79.09	4.93
Total - meeting adopted LOS after growth	94.56	229.45	95.61	325.06	20.24
Deficiency-related need	11.63	18.47	24.94	55.87	2.32
Growth-related need	22.81	55.83	23.26	79.09	4.93
Total need	34.43	74.30	48.21	134.96	7.24
SDC-eligible percentage	66.23%	75.14%	48.26%	58.61%	68.02%
SDC-eligible percentage for land only	78.28%	100.00%	55.25%	58.61%	68.02%

Because some facility types have undeveloped land in their current inventory, there is less deficiency of land within those types. Therefore, neighborhood/pocket parks, community parks, and linear parks all have a higher SDC-eligibility percentage for land acquisition.

B. FACILITY COSTS

The recently adopted master plans identify new facilities to serve the parks and recreation needs of the City through the year 2028.

B.1 Neighborhood/Pocket Parks

Projects for neighborhood/pocket parks have an estimated cost of \$13,772,213, as shown in **Table IV.3**. Of that, \$9,601,430 is eligible for funding by SDCs.

Table IV.3 - Projects for Neighborhood/Pocket Parks

Project	Phase	Timing	Estimated Cost	SDC Eligibility	SDC-Eligible Cost
Bonita Park	Improve Crossing	0-10 years	\$ 75,000	0.00%	\$ -
Jack Park Extension	Design	0-10 years	15,000	66.23%	9,935
Jack Park Extension	Bridge	0-10 years	100,000	66.23%	66,231
Jack Park Extension	Park amenities	0-10 years	100,000	66.23%	66,231
Jack Park Extension	Trail amenities	5-15 years	212,000	66.23%	140,410
Metzger Elementary School	Develop School	5-15 years	437,000	66.23%	289,431
	Park				
Northview Park	Improve park amenity	5-15 years	295,000	0.00%	-
Northview Park	Design	10+ years	15,000	0.00%	-
Northview Park	Develop	10+ years	57,000	0.00%	-
Proposed East Butte Heritage Park (P10)	Design	0-10 years	60,000	66.23%	39,739
Proposed East Butte Heritage Park (P10)	Develop	0-10 years	350,000	66.23%	231,809
Proposed Local Park (P12)	Acquire land	0-10 years	549,840	78.28%	430,417
Proposed Local Park (P12)	Design	5-15 years	60,000	66.23%	39,739
Proposed Local Park (P12)	Develop	10+ years	867,000	66.23%	574,225
Proposed Local Park (P9)	Acquire land	5-15 years	1,202,775	78.28%	941,537
Proposed Local Park (P9)	Design	5-15 years	60,000	66.23%	39,739
Proposed Local Park (P9)	Develop	10+ years	867,000	66.23%	574,225
Woodard Park	Develop	5-15 years	60,000	0.00%	-
Future Neighborhood Parkland (20 acres)	Acquire land	10+ years	4,811,100	78.28%	3,766,146
Future Neighborhood Park Development (17 acres)	Develop	10+ years	2,947,800	66.23%	1,952,366
Undeveloped Linear Park (P6)	Identify/Acquire Site	5-15 years	178,698	78.28%	139,885
Undeveloped Linear Park (P6)	Design	10+ years	15,000	66.23%	9,935
Undeveloped Linear Park (P6)	Develop	10+ years	437,000	66.23%	289,431
			<u>\$13,772,213</u>		<u>\$ 9,601,430</u>
<i>This list satisfies the requirements of ORS 223.309(1).</i>					

B.2 Community Parks

Projects for community parks have an estimated cost of \$41,061,625, as shown in **Table IV.4**. Of that, \$34,859,120 is eligible for funding by SDCs.

Table IV.4 - Projects for Community Parks

Project	Phase	Timing	Estimated Cost	SDC Eligibility	SDC-Eligible Cost
Cach Community Park (Approx. 22 acres)	Design	0-10 years	\$ 150,000	75.14%	\$ 112,717
Cach Community Park (Approx. 22 acres)	Planning	0-10 years	5,000	75.14%	3,757
Cach Community Park (Approx. 22 acres)	Develop	5-15 years	2,313,000	75.14%	1,738,095
Cook Park	Improve park amenity	5-15 years	20,000	0.00%	-
Fowler Property (20 acres purchased, 28 acres donated)	Acquire land	0-10 years	6,755,000	100.00%	6,755,000
Fowler Property (48 acres)	Design	0-10 years	200,000	75.14%	150,289
Fowler Property (48 acres)	Planning	0-10 years	10,000	75.14%	7,514
Fowler Property (48 acres)	Develop	5-15 years	2,459,000	75.14%	1,847,806
New Community Park (P11 - Approx. 10 acres)	Planning	5-15 years	60,000	75.14%	45,087
New Community Park (P11 - 10 acres purchased)	Identify/Acquire Site	5-15 years	2,500,000	100.00%	2,500,000
New Community Park (P11 - 10 acres)	Design	10+ years	200,000	75.14%	150,289
New Community Park (P11 - 10 acres)	Develop	10+ years	4,307,000	75.14%	3,236,479
New Community Park Sports Complex (P13 - 10 acres purchased, 10-15 acres remaining)	Identify/Acquire Site	10+ years	6,108,325	100.00%	6,108,325
New Community Park Sports Complex (P13 - Approx. 20 - 25 acres)	Design	10+ years	200,000	75.14%	150,289
New Community Park Sports Complex (P13 - Approx. 20 - 25 acres)	Develop	10+ years	9,884,000	75.14%	7,427,294
Potso Dog Park	Land acquisition	5-15 years	625,000	100.00%	625,000
Potso Dog Park	Design	5-15 years	15,000	75.14%	11,272
Potso Dog Park	Develop	10+ years	295,000	75.14%	221,677
Jim Griffith Memorial Skate Park	Improve park amenity	0-10 years	150,000	0.00%	-
Jim Griffith Memorial Skate Park	Improve park amenity	5-15 years	18,000	0.00%	-
Fanno Creek Park - Urban Plaza	Acquire	0-10 years	687,300	100.00%	687,300
Fanno Creek Park - Urban Plaza	Develop	0-10 years	4,100,000	75.14%	3,080,929
			<u>\$41,061,625</u>		<u>\$34,859,120</u>

This list satisfies the requirements of ORS 223.309(1).

B.3 Linear Parks

Projects for linear parks have an estimated cost of \$6,860,000, as shown in **Table IV.5**. Of that, \$3,131,408 is eligible for funding by SDCs.

Table IV.5 - Projects for Linear Parks

Project	Phase	Timing	Estimated Cost	SDC Eligibility	SDC-Eligible Cost
Tigard Triangle Area (P3)	Planning	0-10 years	\$ -		\$ -
Tigard Triangle Area (P3)	Develop	5-15 years	250,000	48.26%	120,643
Commercial Park	Expand	5-15 years	545,000	48.26%	263,002
Englewood Park	Develop	5-15 years	1,104,000	48.26%	532,759
Englewood Park	Add local amenities	5-15 years	236,000	0.00%	-
Fanno Creek Park - Lower Park	Develop	0-10 years	2,115,000	48.26%	1,020,639
Fanno Creek Park - Fanno Creek House	Improvements to indoor space	0-10 years	135,000	0.00%	-
Fanno Creek Park - Park Gateway	Develop	0-10 years	850,000	48.26%	410,186
Fanno Creek Park - Upland Park	Develop	0-10 years	1,100,000	48.26%	530,829
Proposed Senn Park	Develop	0-10 years	250,000	48.26%	120,643
Undeveloped Linear Park (P7)	Design	5-15 years	15,000	48.26%	7,239
Undeveloped Linear Park (P7)	Develop	5-15 years	260,000	48.26%	125,469
			<u>\$ 6,860,000</u>		<u>\$3,131,408</u>

This list satisfies the requirements of ORS 223.309(1).

B.4 Open Space

Projects for open space have an estimated cost of \$1,391,783, as shown in **Table IV.6**. Of that, \$815,658 is eligible for funding by SDCs.

Table IV.6 - Projects for Open Space

Project	Phase	Timing	Estimated Cost	SDC Eligibility	SDC-Eligible Cost
Open Space	Acquire	0-10 years	\$ 206,190	58.61%	\$ 120,838
Open Space	Acquire	0-10 years	206,190	58.61%	120,838
Open Space	Acquire	5-15 years	206,190	58.61%	120,838
Open Space	Acquire	5-15 years	206,190	58.61%	120,838
Open Space	Acquire	10+ years	206,190	58.61%	120,838
Open Space	Acquire	10+ years	206,190	58.61%	120,838
Open Space	Acquire	10+ years	154,643	58.61%	90,629
			<u>\$1,391,783</u>		<u>\$ 815,658</u>

This list satisfies the requirements of ORS 223.309(1).

B.5 Trails

Projects for trails have an estimated cost of \$11,700,000, as shown in **Table IV.7**. Of that, \$7,957,821 is eligible for funding by SDCs.

Table IV.7 - Projects for Trails

Project	Plan ID	Timing	Estimated Cost	SDC Eligibility	SDC-Eligible Cost
Fanno Creek (already funded)		0-10 years	\$ 670,000	68.02%	\$ 455,704
Fanno Creek (already funded)		0-10 years	300,000	68.02%	204,047
Westside Trail (to be ODOT-funded)		0-10 years	-	0.00%	-
Tigard Street	A	0-10 years	634,000	68.02%	431,219
Krueger Creek	B	0-10 years	160,000	68.02%	108,825
Fanno Creek	C	0-10 years	1,040,000	68.02%	707,362
Fanno Creek & Tualatin River	D	0-10 years	1,609,500	68.02%	1,094,711
Pathfinder-Genesis	E	0-10 years	715,000	68.02%	486,311
Summer Creek	F	0-10 years	742,500	68.02%	505,016
Fanno Creek	G	5-15 years	-	68.02%	-
Fanno Creek	H	5-15 years	206,500	68.02%	140,452
Tigard Street	I	5-15 years	-	68.02%	-
Tualatin River	J	5-15 years	140,000	68.02%	95,222
Tualatin River	K	5-15 years	2,045,500	68.02%	1,391,258
Washington Square Loop	L	5-15 years	183,000	68.02%	124,468
Fanno Creek	M	10+ years	1,631,500	68.02%	1,109,674
Ascension	N	10+ years	461,000	68.02%	313,552
Washington Square Loop	O	10+ years	666,000	68.02%	452,984
Krueger Creek & Summer Creek	P	10+ years	495,500	68.02%	337,017
			<u>\$11,700,000</u>		<u>\$7,957,821</u>

This list satisfies the requirements of ORS 223.309(1).

B.6 Allocation to Residents and Non-Residents

After determining the total SDC-eligible costs, these costs must be allocated between residents and non-residents. As mentioned previously, neighborhood/pocket parks do not benefit non-residents, so they do not receive an allocation of that facility type. Other facility types are allocated using the percentages computed in **Table III.4**. This allocation is shown in **Table IV.8**.

Table IV.8 - Allocation of SDC-Eligible Costs

Facility Type	SDC-Eligible Costs	Residential		Non-Residential	
		%	\$	%	\$
Neighborhood/pocket parks	\$ 9,601,430	100.00%	\$ 9,601,430	0.00%	\$ -
Community parks	34,859,120	81.40%	28,376,386	18.60%	6,482,734
Linear parks	3,131,408	81.40%	2,549,062	18.60%	582,346
Open space	815,658	81.40%	663,970	18.60%	151,688
Trails	7,957,821	81.40%	6,477,909	18.60%	1,479,912
	<u>\$56,365,437</u>		<u>\$47,668,757</u>		<u>\$ 8,696,680</u>
			84.57%		15.43%

After this allocation, the residential share of SDC-eligible costs is 84.57 percent, and the non-residential share is 15.43 percent.

C. COMPLIANCE COSTS

The City incurs costs in the development and administration of SDCs and may recover those costs as provided in ORS 223.307(5). We estimate recoverable costs during the planning period of \$660,000, as shown in **Table IV.9**.

Table IV.9 - Estimated Compliance Costs

Activity	Services Required	Estimated Cost
Master plan update	Consulting, staff	\$ 300,000
CIP management (parks and recreation portion)	Audit, consulting, financial reporting, legal, staff	300,000
SDC methodology review and update	Consulting, staff	60,000
		<u>\$ 660,000</u>

D. ADJUSTMENTS

On January 25, 2011, the City issued Series 2011A General Obligation Bonds with a par amount of \$17 million. The purpose of the bonds was to fund capital projects related to parks and recreation. According to the issue's Official Statement, a bond levy will fund debt service of nearly \$22 million during the planning period (through June 30, 2028). Since the project list for the bonds largely coincides with those projects listed earlier in this report, it is appropriate to reduce the total SDC to be charged by the amount of taxpayer-funded debt service. **Table IV.10** shows how this adjustment reduces SDC-eligible costs by \$16.5 million.

Table IV.10 - Adjustment for Bond Levy

Fiscal Year Ending June 30	Principal	Interest	Total
2012	\$ 395,000	\$ 899,536	\$ 1,294,536
2013	625,000	665,625	1,290,625
2014	645,000	646,875	1,291,875
2015	665,000	627,525	1,292,525
2016	685,000	607,575	1,292,575
2017	705,000	587,025	1,292,025
2018	725,000	565,875	1,290,875
2019	750,000	544,125	1,294,125
2020	780,000	514,125	1,294,125
2021	810,000	482,925	1,292,925
2022	845,000	450,525	1,295,525
2023	875,000	416,725	1,291,725
2024	910,000	381,725	1,291,725
2025	950,000	304,950	1,254,950
2026	990,000	304,950	1,294,950
2027	1,030,000	262,875	1,292,875
2028	1,075,000	216,525	1,291,525
			<u>\$21,939,486</u>
Overall SDC eligibility			75.37%
Adjustment for bond levy			\$16,535,648

Finally, because the City's SDC fund has a balance of \$2,426,083, the costs to be recovered by SDCs can also be reduced by that amount.

E. SUMMARY

Table IV.11 summarizes and allocates SDC-eligible costs after all adjustments.

Table IV.11 - Adjusted Allocation of SDC-Eligible Costs

Cost Type	SDC-Eligible Costs	Residential		Non-Residential	
		%	\$	%	\$
Facilities	\$ 56,365,437	84.57%	\$ 47,668,757	15.43%	\$ 8,696,680
Compliance	660,000	84.57%	558,168	15.43%	101,832
Bond levy	(16,535,648)	84.57%	(13,984,346)	15.43%	(2,551,302)
Fund balance	<u>(2,426,083)</u>	84.57%	<u>(2,051,760)</u>	15.43%	<u>(374,323)</u>
	\$ 38,063,706		\$ 32,190,818		\$ 5,872,888

SECTION V: SDC CALCULATION

This section provides a detailed calculation of the residential and non-residential SDCs.

A. RESIDENTIAL COST PER CAPITA

As shown in **Table IV.11**, total residential costs are \$32,190,818. As shown in **Section III**, we expect the City’s population to grow by 15,204 residents during the planning period. Dividing these numbers results in a cost per capita of \$2,117.

B. RESIDENTIAL SDC PER DWELLING UNIT

When we convert population to the dwelling units described in **Table III.1**, we can determine the total SDC per dwelling unit as shown in **Table V.1**.

Table V.1 - SDC per Dwelling Unit

Type of Dwelling Unit	Cost per Capita	Residents per Dwelling Unit	SDC per Dwelling Unit
Single-Family	\$2,117	2.69	\$ 5,696
Multi-Family	\$2,117	2.15	\$ 4,552
Manufactured	\$2,117	1.63	\$ 3,451

C. NON-RESIDENTIAL SDC PER EMPLOYEE

As shown in **Table IV.11**, total non-residential costs are \$5,872,888. As shown in **Section III**, we expect the City’s employment to grow by 14,911 employees during the planning period. Dividing these numbers results in a non-residential SDC of \$394.

D. SUMMARY AND COMPARISON

Table V.2 summarizes the calculated SDCs and compares them with SDCs currently in effect. To be consistent with the City’s “Master Fees & Charges Schedule,” all SDCs are calculated to the nearest cent.

Table V.2 - Comparison of SDCs

Type of SDC	Fee		Change	
	Current	Proposed	\$	%
Residential, Single-Family	\$ 4,048.34	\$ 5,695.57	\$ 1,647.23	40.69%
Residential, Multi-Family	\$ 3,254.20	\$ 4,552.23	\$ 1,298.03	39.89%
Residential, Manufactured	\$ 3,209.17	\$ 3,451.22	\$ 242.05	7.54%
Non-Residential, Per Employee	\$ 274.81	\$ 393.87	\$ 119.06	43.32%

E. ANNUAL ADJUSTMENT

We have reviewed the City’s method for annual adjustment of parks SDCs as summarized in the City’s “Master Fees & Charges Schedule” and described more fully in Exhibit “A” of Resolution 01-74, which the City Council adopted on December 18, 2001. Because the index constructed under this method includes both land costs (based on data from the Washington County Assessor) and construction costs (based on data from the *Engineering News Record*), it is an especially appropriate index for adjusting parks SDCs. We therefore recommend continuation of the current practice.