

COPY

RESOLUTION No. 00-21

**A RESOLUTION MODIFYING SYSTEMS DEVELOPMENT CHARGES FOR
PARKS AND RECREATION FACILITIES.**

WHEREAS, future growth should contribute its fair share to the cost of improvements and additions to Parks and Recreation facilities that are required to accommodate the needs of such growth; and

WHEREAS, system development charges provide a source of revenue to fund the construction or improvement of Oregon City's facilities necessitated by growth; and

WHEREAS, ORS 223.297 - 223.314, adopted in 1989, authorizes local governments to impose system development charges; and

WHEREAS, Oregon City Code Chapter 13.20 provides for the imposition and modification of system development charges; and

WHEREAS, system development charges are fees for services because they are based upon a development's receipt of services considering the specific nature of the development; and

WHEREAS, system development charges are imposed on the activity of development, not on the land, owner, or property, and, therefore, are not taxes on property or on a property owner as a direct consequence of ownership of property within the meaning of Section 11b, Article XI of the Oregon Constitution or the legislation implementing that section;

NOW, THEREFORE, BE IT RESOLVED the City Commission of Oregon City hereby modifies the Parks and Recreation System Development Charges as outlined herein.

The City hereby adopts the report entitled "Oregon City Parks and Recreation System Development Charges Update Methodology Report" (dated October 30, 2000), and incorporates herein by this reference the assumptions, conclusions and findings in the report which refer to the determination of anticipated costs of capital improvements required to accommodate growth and the rates for the Parks and Recreation SDC for these capital improvements. This report is hereinafter referred to as "SDC Methodology Report."

Notwithstanding any other provision, the dollar amounts of the SDC set forth in the SDC Methodology Report shall on January 1st of each year be adjusted to account for changes in the costs of acquiring and constructing parks facilities. The adjustment factor shall be based on the change in average market value of undeveloped land in the City, according to the records of the County Tax Assessor, and the change in construction costs according to the Engineering News Record (ENR) Northwest (Seattle, Washington) Construction Cost Index; and shall be determined as follows:

$$\begin{aligned} & \text{Change in Average Market Value X 0.50} \\ + & \text{ Change in Construction Cost Index X 0.50 } \\ = & \text{ Parks System Development Charge Adjustment Factor} \end{aligned}$$

The Parks System Development Charge Adjustment Factor shall be used to adjust the Parks System Development Charge, unless it is otherwise adjusted by the City Commission based on adoption of an updated methodology.”

An applicant may request an alternative SDC rate calculation if the Applicant believes that the impact on parks and recreation facilities resulting from the New Development is, or will be, less than that contemplated in the SDC Methodology Report and, for that reason, the Applicant's SDC should be lower than that calculated by the City.

If an Applicant believes that the assumptions for the class of structures that includes the New Development are not appropriate for the subject New Development, the Applicant must request an alternative SDC rate calculation, under this Section, no later than the time of application for a Building Permit for the New Development. Alternative SDC rate calculations for occupancy must be based on analysis of occupancy of classes of structures, not on the intended occupancy of a particular New Development. In support of the Alternative SDC Rate request, the Applicant must provide complete and detailed documentation, including verifiable data, analyzed and certified by a suitable and competent professional. The Applicant's supporting documentation must rely upon generally accepted sampling methods, sources of information, cost analysis, demographics, growth projections, and techniques of analysis as a means of supporting the proposed alternative SDC rate. The proposed Alternative SDC Rate calculation shall include an explanation with particularity why the rate established in the SDC Methodology does not accurately reflect the New Development's impact on the City's capital improvements.

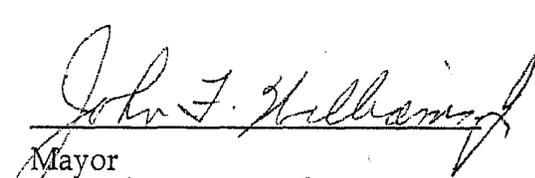
The City shall apply the Alternative SDC Rate if, in the City's opinion, the applicant has met its affirmative burden to demonstrate the following by clear and convincing evidence:

- (i) The evidence and assumptions underlying the Alternative SDC Rate are reasonable, correct and credible and were gathered and analyzed in compliance with generally accepted principles and methodologies consistent with this Section, and
- (ii) The calculation of the proposed Alternative SDC rate was by a generally accepted methodology, and
- (iii) the proposed alternative SDC rate better or more realistically reflects the actual impact of the New Development than the rate set forth in the SDC Methodology Report.

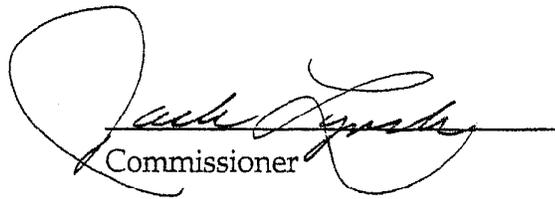
If, in the City's opinion, all of the above criteria are not met, the City shall provide to the Applicant (by Certified mail, return receipt requested) a written decision explaining the basis for rejecting the proposed alternative Parks and Recreation SDC Rate.

The City may at any time amend its Parks and Recreation SDC-CIP list as set forth in the SDC Methodology Report to add or remove projects or change the timing, sequence, or cost estimates for projects.

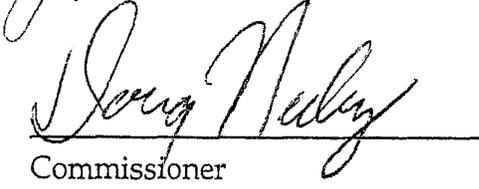
Adopted, signed and approved this 15th day of November 2000.



Mayor



Commissioner

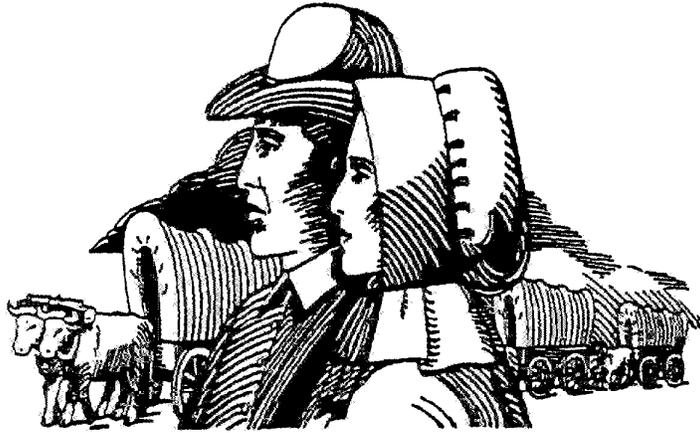


Commissioner

Commissioner

Commissioner

Comprising the City Commission of
Oregon City, Oregon



CITY OF
OREGON CITY

**Parks and Recreation
System Development Charges
Update Methodology Report**

as of
October 30, 2000

**Don
Ganer &
Associates**

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CITY OF OREGON CITY

Parks and Recreation System Development Charges Update Methodology Report

1.0 INTRODUCTION

System Development Charges (SDCs) are one-time fees charged to new development to help pay a portion of the costs associated with building capital facilities to meet needs created by growth. Oregon local governments are authorized to enact for capital facilities for transportation, water, wastewater (sewer), stormwater drainage, and parks and recreation facilities, and the City of Oregon City has implemented for all authorized facilities, and the City's Parks SDC was last updated in 1997.

In July 1999, Oregon City adopted a Parks and Recreation Master Plan, prepared by Draggoo & Associates, which identifies parks facility needs through the year 2020. In April 2000, the City engaged Don Ganer & Associates to update the City's Parks and Recreation SDC methodology and rates to reflect growth-required facility needs identified in the Master Plan. This report presents an updated SDC methodology, documents the calculation of Parks and Recreation SDC rates, and identifies projects to be funded from SDC revenues.

Section 2.0 of this report presents authority and background information including (1) legislative authority for SDCs; (2) an explanation of "improvement fee" and "reimbursement fee" SDCs; (3) requirements and options for credits, exemptions and discounts; (4) guiding concepts for and (5) alternative methodology approaches. Section 3.0 presents the methodology used to develop the updated Parks and Recreation SDCs, section 4.0 presents the calculation of Residential Parks and Recreation SDC Rates, and section 5.0 presents the calculation of Non-residential Parks and Recreation SDC Rates. The Parks and Recreation SDC Capital Improvement Program (CIP), which lists projects which may be funded with SDC revenues, is included as an Appendix to this report.

2.0 AUTHORITY AND BACKGROUND INFORMATION

A. Legislative Authority

While have been in use in Oregon since the mid-1970's, State legislation regarding was not adopted until 1989, when the Oregon Systems Development Act (ORS 223.297 - 223.314) was passed. The purpose of this Act was to "...provide a uniform framework for the imposition of system development charges..". SB 122 and HB 3172, passed in 1993 and 1999, respectively, include additional statutory provisions regarding SDCs. Together, these pieces of legislation require local governments who enact to:

- Enact by ordinance or resolution;
- develop a methodology outlining how the were developed;
- adopt a Capital Improvement Program (CIP) to designate capital improvements that can be funded with "improvement fee" SDC revenues;
- provide credit against the amount of the SDC for the construction of certain "qualified public improvements";
- separately account for and report receipt and expenditure of SDC revenues; and develop procedures for challenging expenditures; and
- use SDC revenues only for capital expenditures (operations and maintenance uses are prohibited).

B. "Improvement fee" and "Reimbursement fee" SDCs

The Oregon Systems Development Act provides for the imposition of two types of SDCs: (1) "improvement fee" SDCs, and (2) "reimbursement fee" SDCs. "Improvement fee" may be charged for new capital improvements that will increase capacity. Revenues from "improvement fee" may be spent only on capacity-increasing capital improvements identified in the required Capital Improvement Program (CIP) that lists each project, and the expected timing and cost of each project. "Reimbursement fee" may be charged for the costs of existing capital facilities if "excess capacity" is available to accommodate growth. Revenues from "reimbursement fees" may be used on *any* capital improvement project, including major repairs, upgrades, or renovations. Capital improvements funded with "reimbursement fee" do not need to increase capacity, but they must be listed in the CIP.

C. Requirements and Options for Credits, Exemptions, and Discounts

(1) Credits

A credit is a reduction in the amount of the SDC for a specific development. The Oregon SDC Act requires that credit be allowed for the construction of a "qualified public improvement" which (1) is required as a condition of development approval, (2) is identified in the Capital Improvement Plan, and (3) either is not located on or contiguous to property that is the subject of development approval, or is located on or contiguous to such property and is required to be built larger or with greater capacity than is necessary for the particular development project. The credit for a qualified public improvement may only be applied against an SDC for the same type of improvement (e.g., a parks and recreation improvement can only be used for a credit for a parks and recreation SDC), and may be granted only for the cost of that portion of an improvement which exceeds the minimum standard facility size or capacity needed to serve the particular project. For multi-phase projects, any excess credit may be applied against that accrue in subsequent phases of the original development project.

In addition to these required credits, the City may, if it so chooses, provide a greater credit, establish a system providing for the transferability of credits, provide a credit for a capital improvement not identified in the Capital Improvement Plan, or provide a share of the cost of an improvement by other means.

(2) Exemptions

The City may "exempt" certain types of development, such as "non-residential development" from the requirement to pay parks SDCs. Exemptions reduce SDC revenues and, therefore, increase the amounts that must come from other sources, such as bonds and property taxes.

(3) Discounts

The City may "discount" the amount of the SDC by reducing the portion of growth-required improvements to be funded with SDCs. A discount in the SDC may also be applied on a pro-rata basis to any identified deficiencies to be funded from non-SDC sources. For example, the City may charge new development an SDC rate sufficient to recover only 75% of identified growth-required costs. The portion of growth-required costs to be funded with must be identified in the SDC-CIP.

Because discounts reduce SDC revenues, they increase the amounts that must come from other sources, such as bonds or general fund contributions, required to meet Level of Service Standards.

D. Guiding Concepts

The Oregon Revised Statutes provides the source of authority for the adoption of an SDC program. There is some dispute whether SDCs are also subject to the requirements of some recent US Supreme Court cases, in particular, *Nollan v. California Coastal Commission* and *Dolan v. City of Tigard*. The City believes that more recent Supreme Court cases, including *Eastern Enterprises v. Apfel* and *Del Monte Dunes v. City of Monterey*, make it clear that a Systems Development Charge is not subject to the requirements of *Nollan* and *Dolan*. Nonetheless, even if an SDC program is subject to the requirements of *Nollan* and *Dolan*, the method described in this report meets those requirements as follows:"

(1) "Essential Nexus" Requirement

In a 1987 case, *Nollan v. California Coastal Commission*, the U.S. Supreme Court established that government agencies must show that an "essential nexus" (e.g. reasonable connection) exists between a project's impacts and any dedication requirements. For the "essential nexus" requirement means there must be a reasonable connection between the nature of the development and the facilities being funded with the SDC revenues. For example, new parks are needed to serve the recreation needs of new development in order to prevent overcrowding of existing facilities and to meet the needs identified in the City's Parks and Recreation Master Plan; therefore an "essential nexus" exists between new development and the needed to build parks to serve new development.

(2) "Rough Proportionality" Requirement

In its landmark 1994 decision in *Dolan v. City of Tigard*, the U.S. Supreme Court cited the requirement for "rough proportionality" between the requirements placed on a developer by government and the impacts of the development. This concept of rough proportionality is applied in "improvement fee" by insuring that new growth is not required to pay (through fees, exactions, or taxes) to upgrade existing deficiencies or provide new facilities beyond a level "roughly proportionate" with the extent of new development's impact; "improvement fee" can be charged only for the portion of capital facilities costs that are attributable to growth. As an example, if an SDC is designed to provide funding for Neighborhood Parks at a Level of Service (LOS) of 2.0 acres per 1,000 persons, new development can only be charged a fee sufficient to provide facilities for new residents at 2.0 acres per 1,000 persons, and cannot be required to pay additional costs that may be needed to eliminate deficiencies.

E. Alternative Methodology Approaches

There are three basic approaches used to develop improvement fee SDCs; "standards-driven", "improvements-driven", and "combination/hybrid".

(1) Standards-Driven Approach

The "standards-driven" approach is based on the application of Level of Service (LOS) Standards for facilities such as neighborhood parks, community parks, etc. Facility needs are determined by applying the LOS Standards to the projected future population. SDC-eligible amounts are calculated based on the costs of additional facilities needed to serve growth. This approach works best where current and planned levels of service have been identified but no specific list of projects is available.

(2) Improvements-Driven Approach

The “improvements-driven” approach is based on a specific list of planned capacity-increasing capital improvements. The portion of each project that is attributable to growth is determined, and the SDC-eligible costs are calculated by dividing the total costs of growth-required projects by the projected increase in population. This approach works best where a detailed master plan or project list is available and the benefits of projects can be apportioned between growth and current residents.

(3) Combination/Hybrid Approach

The combination/hybrid-approach includes elements of both the “improvements-driven” and “standards-driven” approaches. If not already adopted, LOS Standards may be developed and used to create a list of planned capacity-increasing projects. The growth-required portions of projects can then be used as the basis for determining the SDC-eligible costs. This approach works best where a detailed master plan or project list of capacity needs has not recently been developed and where sufficient data is available to identify the existing Levels of Service.

3.0 PARKS AND RECREATION SDC METHODOLOGY

The Combination/Hybrid approach has been used to develop the updated Parks and Recreation SDC methodology. The *Oregon City Parks and Recreation Master Plan* identifies facility needs through 2020. For Neighborhood Parks and Trails/Pathway facilities, the growth-required needs are based on those additional facilities needed to meet growth's portion of the planned levels of service for the City's projected population and employment in the year 2020. For all other parks facilities, the growth-required portion of needs is based on those additional facilities needed to maintain the levels of service currently provided in the City. The SDC Capital Improvement Plan (Appendix A) includes projects from the Master Plan and identifies the growth-required portion (if any), the estimated timing, and the updated estimated cost of each project.

Parks and recreation facilities benefit City residents, businesses, non-resident employees, and visitors. The methodology used to update the City's Parks and Recreation establishes the required "essential nexus" between a project's impacts and the by identifying specific types of parks and recreation facilities and analyzing the proportionate need of each type of facility for use by residents and employees. The to be paid by a development meet the "rough proportionality" requirement because they are based on the nature of the development and the extent of the impact of the development on the types of parks and recreation facilities for which the are charged. The Parks and Recreation are based on population and employment, and the SDC rates 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 parks and recreation SDC may be charged. For facilities which benefit both residents and employees (i.e., community parks, regional parks, trails/pathways, etc.), parks and recreation may be charged to both residential and non-residential development.

A. Population and Employment Growth

The Parks and Recreation are based on the growth-required capital costs per "capita" (person). Estimates of current and projected population and employment within the Oregon City Urban Growth Boundary (UGB) were calculated based on analysis of 1999 Transportation Analysis Zone (TAZ) data provided by Metro. A map of these TAZ's is included on page 8.

As can be seen in the map, below, several of the TAZ's (and their estimated and projected population and employment) extend beyond the Oregon City UGB. For these TAZ's estimates of the percentage of population and employment that lie within the Oregon City UGB were developed and are displayed in Table 3.1.

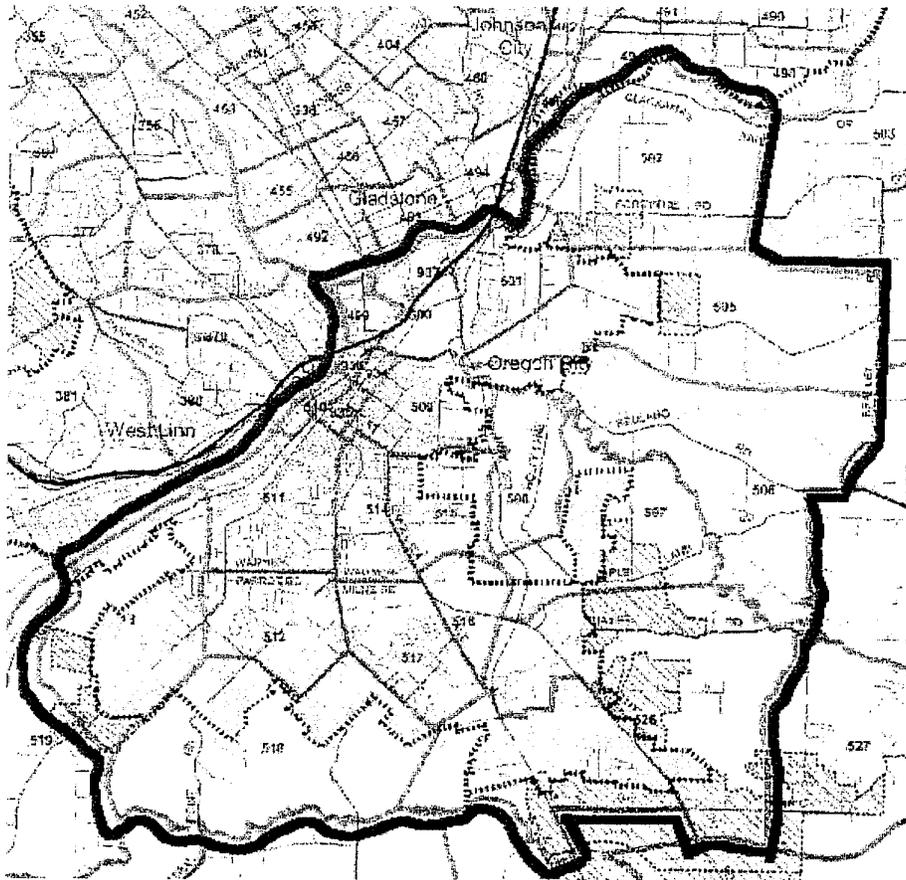


TABLE 3.1

OREGON CITY AREA TAZ's

<u>TAZ</u>	<u>Estimated % Within UGB</u>	<u>TAZ</u>	<u>Estimated % Within UGB</u>
499	100%	513	75%
500	100%	515	75%
501	100%	516	90%
502	35%	517	100%
505	40%	518	65%
506	20%	523	60%
507	50%	526	40%
509	95%	934	100%
510	100%	935	100%
511	100%	936	100%
512	100%	937	100%

The estimated current (year 2000) and projected (year 2020) population and employment increases for the portion of the Oregon City UGB within each TAZ were calculated based on the percentages shown in Table 3.1, page 8. The projected total increases in population and employment created by new development are shown in Table 3.2, below.

TABLE 3.2

**PROJECTED OREGON CITY POPULATION AND EMPLOYMENT
INCREASES FROM NEW DEVELOPMENT (2000 - 2020)**

	<u>2020 (Projected)</u>	-	<u>Estimated Current (in UGB)</u>	=	<u>Projected Increase</u>
Population:	49,857	-	25,603	=	24,254
Employment:	23,254	-	16,022	=	7,232

B. Benefit of Facilities

The LOS Standards used to determine facility needs consider the proportionate benefit each type of facility has for residents and employees. A resident is any person whose place of residence is within the Oregon City UGB. An employee is any person who receives remuneration for services, and whose services are directed and controlled either by the employee (self-employed) or by another person or organization. For purposes of this report, neighborhood parks are considered to be used primarily by residents, rather than by employees and other non-residents. Therefore, the LOS Standards and identified needs for these types of facilities are based only on population and do not consider employment. For all other facilities including community parks, regional parks, trails/pathways, etc., both population and employment were considered in development of the LOS Standards and facility needs.

While parks and recreation facilities benefit both residents and employees, the amount of time these facilities are available for use by employees is not the same as for residents; an employee does not create demands for facilities equal to those created by a resident. In order to equitably apportion the need for facilities between employees and residents, an employee-to-resident demand ratio was developed based on the potential time these facilities are available for use. First, estimates for the average number of hours per day these facilities are available for use were identified. Children's ages, adult employment status, work location (inside or outside the City), and seasonal variances were taken into account and are displayed in Table 3.3 (page 10).

TABLE 3.3**ESTIMATES OF AVERAGE DAILY
AVAILABILITY OF PARKS AND RECREATION FACILITIES**

	<u>Non-Employed Adult (18+)</u>	<u>5-17 Kids</u>	<u>Live In/ Work In</u>	<u>Live In/ Work Out</u>	<u>Live Out/ Work In</u>	<u>Total</u>
Summer (June-Sept)						
<u>Weekday</u>						
Before Work			1		1	2
Meals/Breaks			1		1	2
After Work			2		2	4
Other Leisure	12	12	2	2		28
Sub-Total	12	12	6	2	4	36
<u>Weekend</u>						
Leisure	12	12	12	12	0	48
Sub-Total	12	12	12	12	0	48
Summer Hrs/Day	12	12	7.71	4.86	2.86	39.43
Spring/Fall (April-May, Oct-Nov)						
<u>Weekday</u>						
Before Work			0.5		0.5	1
Meals/Breaks			1		1	2
After Work			1		1	2
Other Leisure	10	4	2	2		18
Sub-Total	10	4	4.5	2	2.5	23
<u>Weekend</u>						
Leisure	10	10	10	10	0	40
Sub-Total	10	10	10	10	0	40
Spring/Fall Hours/Day	10	5.71	6.07	4.29	1.79	27.86
Winter (December-March)						
<u>Weekday</u>						
Before Work			0.5		0.5	1
Meals/Breaks			1		1	2
After Work			0.5		0.5	1
Other Leisure	8	2	1	1		12
Sub-Total	8	2	3	1	2	16
<u>Weekend</u>						
Leisure	8	8	8	8	0	32
Sub-Total	8	8	8	8	0	32
Winter Hours/Day	8	3.71	4.43	3	1.43	20.57
Annual Wtd. Avg. Hours	10	7.14	6.07	4.05	2.02	29.29

The Annual Weighted Average Hours of availability was calculated for each category of residents and employees using the following formula:

$$(\text{Summer Hours/Day} \times 3 [\text{months}] + \text{Spring/Fall Hours/Day} \times 6 + \text{Winter Hours/Day} \times 3) / 12$$

Next, the Annual Weighted Average Hours (from Table 3.3) were applied to population and employment data (1990 Census) to determine the Total Annual Weighted Average Hours for each category of Resident and Employee. The results of these calculations are displayed in Table 3.4.

TABLE 3.4

**TOTAL ANNUAL AVAILABILITY
OF PARKS AND RECREATION FACILITIES**

	<u>Non-Employed Adult (18+)</u>	<u>5-17 Kids</u>	<u>Live In/ Work In</u>	<u>Live In/ Work Out</u>	<u>Live Out/ Work In</u>	<u>Total</u>
Population & Emp. Data (1990 Census)	3,421	2,955	2,137	4,980	10,229	23,722
Annual Wtd. Avg. Hours	<u>10</u>	<u>7.14</u>	<u>6.07</u>	<u>4.05</u>	<u>2.02</u>	<u>29.29</u>
Tot. Annual Wtd. Avg. Hrs.	34,210	21,107	12,975	20,157	20,702	109,151

Next, the available hours (from Table 3.4) were allocated between employment-related hours and residence-related hours, as displayed in Table 3.5.

TABLE 3.5

**TOTAL RESIDENCE AND EMPLOYMENT RELATED
AVAILABILITY OF PARKS AND RECREATION FACILITIES**

	<u>Hours</u>	<u>% of Total</u>
<u>Residence Related</u>		
Resident Non-Employee	75,474	69.15%
Resident Employee	<u>8,650</u>	<u>7.92%</u>
sub-total	84,124	77.07%
<u>Employment Related</u>		
Resident Employee	4,325	3.96%
Non-Resident Employee	<u>20,702</u>	<u>18.97%</u>
sub-total:	25,027	22.93%

Finally, the Employee-to-Resident Parks Demand Ratio was calculated by dividing the total of employment-related hours by the total for residence-related hours (from Table 3.5), with results summarized in Table 3.6.

TABLE 3.6

EMPLOYEE-TO-RESIDENT PARKS DEMAND RATIO

<u>Weighted Avg. Hrs. Residence-Related</u>	<u>Weighted Avg. Hrs. Employment-Related</u>	<u>Employee % of Resident</u>
84,124 (77.07%)	25,027 (22.93%)	29.7%

C. Facility Needs

The facility needs identified in the *Oregon City Parks and Recreation Master Plan* provided the framework for identifying the facilities required to serve new development (the growth-required portion of needs). The growth-required portion was determined based on the application of Level of Service (LOS) Standards expressed in "Units of Facility Per 1,000 Persons". LOS standards were developed for Neighborhood, Community, and Regional Parks; and for Trails/Pathways, and Swimming Pools. The LOS standards identified in Table 3.7 provide the objective criteria by which the growth-required portion of facility needs were identified.

TABLE 3.7

APPLIED LEVEL OF SERVICE (LOS) STANDARDS

<u>Facility Type</u>	<u>Service Area</u>	<u>Applied LOS Standard (Units per 1,000 persons)</u>
Neighborhood Park	1/2 mile radius	2.03 acres
Community Park	1 mile radius	1.70 acres
Regional Park	City	0.72 acres
Trails/Pathways	1/2 mile radius	0.66 miles
Swimming Pool	City	113.60 sq. ft.

The LOS standards identified in Table 3.7 are different from those included in the *Oregon City Parks and Recreation Master Plan* because they are based on the current (2000) and projected (2020) population for the entire Oregon City UGB, rather than just within the city limits and, with the exception of neighborhood parks, they also include employment impacts, which were not considered in the *Master Plan*.

Table 3.8 presents a summary of facilities needed to serve growth based on application of the LOS standards. LOS upgrade units to provide additional facilities included in the Master Plan for the year 2020 are also identified.

TABLE 3.8

**FACILITY NEEDS FOR POPULATION AND
EMPLOYMENT GROWTH AND LOS UPGRADES**

<u>Facility Type</u>	<u>Current Inventory/Need</u>	<u>Surplus or (Deficiency)</u>	<u>2020 Need (from Plan)</u>	<u>Growth Req. Units</u>	<u>LOS Upgrade Req. Units</u>
Neighborhood Park (acres)	35.58/51.91	(16.33)	101.08	49.17	0.00
Community Park (acres)	51.76/51.76	0.00	131.76	45.01	34.99
Regional Park (acres)	21.76/21.76	0.00	98.80	18.92	58.12
Trails/Pathways (miles)	3.00/20.00	(17.00)	37.40	17.40	0.00
Swimming Pool (sq. ft.)	3,449.00/3,449.00	0.00	12,968.00	2,999.00	6,520.00

There are currently deficiencies in the number of acres of neighborhood parks for current residents and in the number of miles of trails/pathways available to serve residents and employees. These types of facilities are designed to serve approximately a 1/2 mile radius of their locations. SDC revenues must be used only for improvements in growth areas, and may not be used to remedy existing deficiencies in areas where growth is not planned. The City may use SDC revenues for neighborhood parks and trails/pathways only in those areas of the City where growth is planned. Alternative non-SDC sources of revenue must be used to repair deficiencies.

D. Facility Costs

The Oregon City Parks and Recreation SDC Capital Improvement Plan (CIP), which is included as Appendix A, identifies facilities to serve both residential and non-residential development through the year 2020. Table 3.9, below, shows the breakout between residential and non-residential costs. Because each employee needs only 29.7% of the equivalent facilities required for a resident, the residential share of growth costs is 91.86% of the total for those facilities which benefit both residential and non-residential development (i.e., community parks, regional parks, etc.), and 100% for those facilities which benefit residential development only (e.g., neighborhood parks).

TABLE 3.9

**RESIDENTIAL AND NON-RESIDENTIAL
GROWTH-REQUIRED FACILITIES COSTS**

<u>Facility</u>	<u>Total Facilities Growth Costs</u>	<u>Residential Growth Costs</u>	<u>Non-Residential Growth Costs</u>
Neighborhood Parks*	\$ 8,604,750	\$ 8,604,750	\$ 0
Community Parks	7,652,000	7,029,127	622,873
Regional Parks	3,784,000	3,475,982	308,018
Trails/Pathways	3,215,520	2,953,777	261,743
Swimming Pool	<u>2,425,917</u>	<u>2,228,447</u>	<u>197,470</u>
Totals	\$25,682,187	\$24,292,083	\$1,390,104

* these facilities are considered to benefit residential population only.

4.0 RESIDENTIAL PARKS AND RECREATION SDC RATES

The City's Residential Parks and Recreation SDC rates are calculated using a series of sequential formulas which, when completed, yield the total SDC rates for each new dwelling unit in the City. The formulas identify:

- a) the residential facilities cost per capita (Formula 4a, below),
- b) the residential facilities cost per dwelling unit (Formula 4b, page 15),
- c) the compliance/administrative cost per dwelling unit (Formula 4c, page 16)
- d) the credit per dwelling unit (Formula 4d, page 17), and
- e) the residential SDC per dwelling unit (Formula 4e, page 17).

The Residential SDC is an "improvement fee" only and does not include a "reimbursement fee" component.

A. Formula 4a: Residential Facilities Cost Per Capita

The residential facilities cost per capita is calculated by dividing the unfunded residential portion of growth-required facilities costs (identified in Table 3.9, page 13) by the increase in the City's population expected to be created by new development during the next twenty years (from Table 3.2, page 9).

$$4a. \quad \begin{array}{c} \text{Residential} \\ \text{Facilities} \\ \text{Costs} \end{array} \div \begin{array}{c} \text{Population} \\ \text{Increase} \end{array} = \begin{array}{c} \text{Residential} \\ \text{Facilities Cost} \\ \text{Per Capita} \end{array}$$

Table 4.1 presents the calculation of the facilities cost per capita.

TABLE 4.1

FACILITIES COST PER CAPITA

<u>Unfunded Residential Facilities Costs*</u>	÷	<u>Population Increase</u>	=	<u>Residential Facilities Cost Per Capita</u>
\$23,992,083	÷	24,254	=	\$989

* Reflects projected \$300,000 unallocated fund balance in SDC account.

B. Formula 4b: Residential Facilities Cost Per Dwelling Unit

The Residential Parks and Recreation SDC is based on facilities costs per capita and is calculated based on the number of persons per dwelling unit. Dwelling units typically house different numbers of persons depending on the type of unit (i.e., single family, multi-family, etc.). To determine the appropriate number of persons per dwelling unit, official U.S. Census data gathered in 1990 was analyzed, and the resulting calculations are displayed in Table 4.2.

TABLE 4.2

AVERAGE PERSONS PER DWELLING UNIT

<u>Type of Unit</u>	<u>1990 Census Avg. Persons Per Dwelling Unit</u>
Single-Family	2.85
Multi-Family	2.00
Manufactured Housing	2.00

The residential facilities cost per dwelling unit is calculated by multiplying the average number of persons per dwelling unit (from Table 4.2) by the residential facilities cost per capita (from Table 4.1, page 14).

$$4b. \quad \begin{array}{c} \text{Persons Per} \\ \text{Dwelling Unit} \end{array} \times \begin{array}{c} \text{Residential} \\ \text{Facilities Cost} \\ \text{Per Capita} \end{array} = \begin{array}{c} \text{Residential} \\ \text{Facilities Cost Per} \\ \text{Dwelling Unit} \end{array}$$

The results of these calculations are displayed in Table 4.3:

TABLE 4.3

RESIDENTIAL FACILITIES COST PER DWELLING UNIT

<u>Type of Dwelling Unit</u>	<u>Average Persons Per Dwelling Unit</u>	X	<u>Residential Facilities Cost Per Capita</u>	=	<u>Residential Facilities Cost Per Dwelling Unit</u>
Single-Family:	2.85		\$ 989		\$ 2,819
Multi-Family:	2.00		\$ 989		\$ 1,978
Manufactured Housing:	2.00		\$ 989		\$ 1,978

C. Formula 4c: Compliance/Administration Cost Per Dwelling Unit

The City will incur compliance and administrative costs associated with the Residential Parks and Recreation SDCs. ORS 223.307(5) allows the City to recoup the direct costs of complying with Oregon law regarding SDCs. Recoupable costs include planning, consulting, engineering, and legal fees, as well as the cost of collecting and accounting for revenues and expenditures. The total compliance/administrative cost is estimated to be 5% of the residential facilities costs per dwelling unit. The compliance/administrative cost per dwelling unit is determined by multiplying the residential facilities cost per dwelling unit (from Table 4.3) by 5%

$$4c. \quad \begin{array}{c} \text{Compliance/} \\ \text{Administration} \\ \text{Rate} \end{array} \times \begin{array}{c} \text{Residential} \\ \text{Facilities Cost} \\ \text{Per Dwelling Unit} \end{array} = \begin{array}{c} \text{Compliance/} \\ \text{Admin. Cost Per} \\ \text{Dwelling Unit} \end{array}$$

Table 4.4 presents the compliance/administration cost per dwelling unit.

TABLE 4.4

COMPLIANCE/ADMINISTRATION COST PER DWELLING UNIT

<u>Type of Dwelling Unit</u>	<u>Residential Facilities Cost Per Dwelling Unit</u>	<u>X</u>	<u>Compliance/ Administration Rate</u>	<u>=</u>	<u>Compliance/ Admin. Cost Per Dwelling Unit</u>
Single-Family:	\$ 2,819		5%		\$ 141
Multi-Family:	\$ 1,978		5%		\$ 99
Manufactured Housing:	\$ 1,978		5%		\$ 99

D. Formula 4d: Residential SDC Credit Per Dwelling Unit

Bonds will likely be used as a source for funding a portion of capacity improvements needed to repair deficiencies in trails/pathways miles and neighborhood parks acreage, and a portion of bond repayments will be from property taxes paid by growth. Therefore, a credit must be calculated to provide for these payments in order to avoid charging growth to repair deficiencies.

A credit has been calculated for each type of dwelling unit using the following assumptions:

- \$3.0 million in G.O. bonds for park improvements issued in 2003, with another \$3.0 million in G.O. bonds issued in 2011.
- 20 year bond term, 5.5% interest,
- 6.0% annual increase in total property tax assessments,
- 3.0% annual increase in assessed property valuations,
- 3.0% annual inflation (decrease in value of money),
- Average 2000 property valuations for new construction at \$154,600 for single family, \$55,000 for multi-family, and \$85,000 for manufactured housing units (\$75,000 for unit, \$10,000 for lot)

$$4d. \quad \begin{array}{r} \text{Present Value} \\ \text{of Future Property} \\ \text{Tax Payments} \end{array} = \begin{array}{r} \text{SDC} \\ \text{Credit Per} \\ \text{Dwelling Unit} \end{array}$$

The amounts of these credits are shown in Table 4.5.

TABLE 4.5

CREDIT PER DWELLING UNIT

<u>Type of Dwelling Unit</u>	<u>Credit Per Dwelling Unit</u>
Single-Family:	\$ 607
Multi-Family:	\$ 216
Manufactured Housing:	\$ 177

E. Formula 4e: Residential SDC Per Dwelling Unit

The residential SDC rate per dwelling unit is calculated by adding the compliance/administration cost per dwelling unit (Table 4.4, page 16) to the residential facilities cost per dwelling unit (from Table 4.3, page 15), and subtracting the credit per dwelling unit (from Table 4.5).

$$4e. \quad \begin{array}{r} \text{Residential} \\ \text{Facilities Cost} \\ \text{Per Dwelling Unit} \end{array} + \begin{array}{r} \text{Compliance/} \\ \text{Admin. Cost} \\ \text{Per Dwelling Unit} \end{array} - \begin{array}{r} \text{Credit Per} \\ \text{Dwelling Unit} \end{array} = \begin{array}{r} \text{Residential} \\ \text{SDC Per} \\ \text{Dwelling Unit} \end{array}$$

The results of these calculations are shown in Table 4.6, page 18.

TABLE 4.6

RESIDENTIAL SDC PER DWELLING UNIT

<u>Type of Dwelling Unit</u>	<u>Residential Facilities Cost Per Dwelling Unit</u>	+	<u>Compliance/ Administration Cost/Unit</u>	-	<u>Credit Per Dwelling Unit</u>	=	<u>Residential SDC Per Dwelling Unit</u>
Single-Family:	\$ 2,819		\$ 141		(\$ 607)		\$ 2,353
Multi-Family:	\$ 1,978		\$ 99		(\$ 216)		\$ 1,861
Manufactured Housing:	\$ 1,978		\$ 99		(\$ 177)		\$ 1,900

5.0 NON-RESIDENTIAL SDC RATES

The City’s Non-Residential Parks and Recreation SDC rates are calculated using a series of sequential formulas which, when completed, yield the total SDC rates for each new employee added by new development in the City. The formulas identify:

- a) the Non-Residential Facilities Cost Per Employee (Formula 5a, below),
- b) the “Compliance/Administration” Cost Per Employee (Formula 5b, page 20),
- c) the Credit Per Employee (Formula 5c, page 20); and
- d) the Non-Residential SDC Per Employee (Formula 5d, page 21).

The Non-Residential SDC is an “improvement fee” only and does not include a “reimbursement fee” component. The SDC is based on costs required for new development only, and does not assume that costs are necessarily incurred for capital improvements when an employer hires an additional employee.

A. Formula 5a: Non-Residential Facilities Cost Per Employee

The Non-Residential Facilities Cost Per Employee is calculated by dividing the non-residential growth-related facilities costs (from Table 3.9, page 13) by the increase in the City's employment expected to be created by new development through 2020 (from Table 3.1, page 8).

$$\begin{array}{rcccl}
 \text{Non-Residential} & & \text{Employment} & & \text{Non-Residential} \\
 \text{5a. Growth-Related} & \div & \text{Increase From} & = & \text{Facilities Cost} \\
 \text{Facilities Costs} & & \text{Development} & & \text{Per Employee}
 \end{array}$$

Table 5.1 presents the calculation of the Non-Residential Facilities Cost Per Employee.

TABLE 5.1

NON-RESIDENTIAL FACILITIES COST PER EMPLOYEE

Non-Residential Growth-Related Facilities Cost	÷	Employment Increase From Development	=	Non-Residential Facilities Cost Per Employee
\$ 1,390,104		7,232		\$ 192

B. Formula 5b: Compliance/Administration Cost Per Employee

ORS 223.307(5) allows the City to recoup the direct costs of complying with Oregon law regarding SDCs. Recoupable costs include consulting, engineering, and legal fees as well as the cost of collecting and accounting for revenues and expenditures. The total compliance/administration cost is estimated to be 5% of collected SDC revenues. The Compliance/Administration Cost Per Employee is calculated by multiplying the Non-Residential Facilities Cost Per Employee (from Table 5.1, page 19) by 5%:

$$5b. \quad \begin{array}{l} \text{Non-Residential Facilities} \\ \text{Cost Per Employee} \end{array} \quad \times \quad 5\% \quad = \quad \begin{array}{l} \text{Compliance/Admin.} \\ \text{Cost Per Employee} \end{array}$$

Table 5.2 presents the calculation of the Compliance/Administration Cost Per Employee.

TABLE 5.2

COMPLIANCE/ADMINISTRATION COST PER EMPLOYEE

<u>Non-Residential Facilities Cost Per Employee</u>		<u>Cost Factor</u>		<u>Compliance/Admin. Cost Per Employee</u>
\$ 192	X	5%	=	\$ 10

C. Formula 5c: Non-Residential Credit Per Employee

The Master Plan identifies capacity improvements for both growth and non-growth needs. Bonds and property taxes will likely be used as a source for funding a portion of these improvements, and a portion of bond repayments and property taxes will be paid by new development. Therefore, a credit must be calculated to provide for these payments in order to avoid charging twice for the same facilities.

A credit has been calculated for each employee expected from new development using the following assumptions:

- \$3.0 million in G.O. bonds for park improvements issued in 2003, with another \$3.0 million in G.O. bonds issued in 2011.
- 20 year bond term, 5.5% interest,
- 6.0% annual increase in total property tax assessments,
- 3.0% annual increase in assessed property valuations,
- 3.0% annual inflation (decrease in value of money),
- Average 2000 property valuation for non-residential (office) development at \$34.60 per square foot,
- An average of 350 square feet per employee (office)

$$5c. \quad \begin{array}{l} \text{Present Value of} \\ \text{Tax Payments Per} \\ \text{Employee} \end{array} = \begin{array}{l} \text{Credit Per} \\ \text{Employee} \end{array}$$

The amount of this credit is shown in Table 5.3

TABLE 5.3

CREDIT PER EMPLOYEE

$$\begin{array}{r} \text{Present Value of Tax Payments} \\ \text{Employee} \end{array} = \begin{array}{l} \text{Credit Per} \\ \text{Employee} \end{array} = \$ 48$$

D. Formula 5d: Non-Residential SDC Per Employee

The Non-Residential SDC Per Employee is calculated by adding the compliance/administration cost per employee (Table 5.2, page 20) to the non-residential facilities cost per employee (from Table 5.1 page 19), and subtracting the credit per employee (from Table 5.3).

$$5d. \quad \begin{array}{l} \text{Non-Residential} \\ \text{Facilities Cost} \\ \text{Per Employee} \end{array} + \begin{array}{l} \text{Compliance/} \\ \text{Admin. Cost} \\ \text{Per Employee} \end{array} - \begin{array}{l} \text{Credit Per} \\ \text{Employee} \end{array} = \begin{array}{l} \text{Non-Residential} \\ \text{SDC Per} \\ \text{Employee} \end{array}$$

The results of these calculations are shown in Table 5.4.

TABLE 5.4

NON-RESIDENTIAL SDC PER EMPLOYEE

Non-Residential Facilities Cost Per <u>Employee</u>	+	Compliance/ Administration <u>Employee</u>	-	Credit Per <u>Employee</u>	=	Non-Residential SDC Per <u>Employee</u>
\$ 192		\$ 10		(\$ 48)		\$ 154

The parks and recreation for a particular non-residential development are determined by:

- 1) dividing the total building space (square feet) in the development by the number of square feet per employee (from the guidelines in Table 5.5, page 23), and
- 2) multiplying the result (from step 1) by the Non-Residential SDC Per Employee rate (Table 5.4).

For example, the parks and recreation for a 40,000 square foot office building for services such as finance and real estate would be calculated as follows:

- 1) 40,000 (sq. ft. building size) ÷ 350 (sq. ft. per employee) = 114 employees,
- 2) 114 employees X \$154 (SDC rate) = \$17,556.

For non-residential development where more than one SIC may be used, multiple SIC's may be applied based on their percentage of the total development.

TABLE 5.5

SQUARE FEET PER EMPLOYEE
(recommended guidelines from *Metro Employment Density Study*)

<u>Standard Industry Classification (SIC)*</u>	<u>Square Feet Per Employee</u>	<u>Standard Industry Classification (SIC)</u>	<u>Square Feet Per Employee</u>
Manufacturing:		Trucking 1,500	
General	700	Communications	250
Food Related	775	Utilities	225
Textile, Apparel	575		
Lumber, Wood Products	560	Retail:	
Paper and Related	1,400	General	700
Printing and Publishing	600	Hardware	1,000
Chemicals, Petrol,		Food Stores	675
Rubber, Plastics	850	Restaurant/Bar	225
Cement, Stone, Clay, Glass	800	Appliance/Furniture	1,000
Furniture and Furnishings	600	Auto Dealership	650
Primary Metals	1,000	Gas Station (gas only)	300
Secondary Metals	800	Gas Station (gas and service)	400
Non-Electrical Machinery	600	Regional Shopping Center	600
Electrical Machinery	375		
Electrical Design	325	Services:	
Transportation Equipment	500	Hotel/Motel	1,500
Other	400	Health Services (hospital)	500
		Health Services (clinic)	350
Wholesale Trade:		Educational	1,300
Durable Goods	1,000	Cinema	1,100
Non-Durable Goods	1,150	Personal Services	600
		Finance, Insurance,	
Warehousing:		Real Estate, Business Services	350
Storage	20,000		
Distribution	2,500	Government Administration	300

* Source: U.S. Department of Commerce Standard Industrial Classification Manual

6.0 CONCLUSION

The City's growth will require a combination of techniques, including system development charges, bond revenues, and other sources of funds to pay for capital facilities needed to serve the parks and recreation needs of current and future residents. As growth occurs and the demographics of the community change, the City's parks and recreation facility needs will also change and should be periodically monitored through the use of opinion surveys and similar techniques. The CIP should be reviewed and updated at least once every two years to reflect changes in parks and recreation facility needs. The System Development Charges methodology should also be periodically updated when significant changes are made to the CIP, and/or when cost estimates become outdated.