



Proposed 2009 SDC Ordinance and Methodology Revisions

Background on Park SDC Fees

System Development Charges (SDC) are fees charged when a new residence is built. Through this fee, newcomers to the community pay their share of the costs to build the new parks, trails and recreation facilities necessary to serve the new resident. The district's SDC ordinance requires a review and update of the fee calculation every five years. This ensures that the population estimates, facility inventories, construction costs and land prices used in the calculation are up to date and accurate. A citizen advisory committee was appointed in February 2008 by the district board of directors to review potential updates to the SDC fee and methodology. The committee was made up of a broad range of people including realtors, builders, business owners, and representatives of neighborhood associations.

SDC Committee Findings

The SDC citizen advisory committee met nine times with a planning consultant and BMPRD staff to develop an accurate update to the 2003 SDC methodology and fee schedule. The committee found several significant factors to be out of date, some of which include:

1. Despite the recent downturn in the economy, both land and construction costs have risen dramatically in Bend during the past five-year period causing the values used in the 2003 SDC calculation to be inaccurate in predicting current costs. The fee revision includes updated and accurate cost data.
2. The current SDC ordinance allows for an annual inflationary adjustment. The inflationary index in use since 2003 balances the costs of land acquisition and those of the park construction. However, the proportional balance was fixed in 2003 at 10% land cost and 90% construction cost. The balance today is closer to 50% land and 50% construction. This has meant that the inflationary index has been inadequate to accurately readjust the fee in the face of rapidly rising land costs in Bend over recent years. The proposed changes to the index will allow the proportionality of land cost to construction cost to adjust on an annual basis.

The advisory committee agreed that the proposed changes to the SDC fee calculation are accurate and conform to the statutory requirements.

Regional Park Land and Indoor Facilities– Two Additional Factors for Consideration

Regional Park Land

In the 2003 SDC methodology, regional park land (larger parcels, mostly outside the UGB) was included for SDC funded land purchases. The advisory committee recommended removing the cost of regional park acquisition from the current SDC calculation. If regional park land remains in the calculation and the updated factors are applied then the total SDC fee for a single residential unit would be \$7,239. If it is taken out of the calculation then the fee would be \$5,043.

Indoor Facilities

Committee members were asked to consider whether the costs of developing future indoor facilities, like the Juniper Swim and Fitness Center, should be added to the SDC fee methodology. The current SDC methodology does not include the cost of future indoor facilities. It was determined that if the cost of indoor recreation facilities were added, the new fee for a single unit would rise an additional \$900. The committee recommended not adding indoor facilities to the calculation.

Board of Directors Review

The district's Board of Directors reviewed the committee's recommendations in work sessions on August 5, 28 and on September 2. On October 7 the board voted to approve draft revisions to BMPRD SDC Ordinance No. 6 "Systems Development Charges" and to Resolution No. 22 "A Methodology for Calculating System Development Charges." (Posted below). The board also scheduled a hearing on January 20, 2009 to accept public testimony on the proposed changes to the ordinance, methodology and fee schedule. Written comment will be accepted during the 90-day public review period will be held on the district website at [www.bendparksandrec.org/Planning Development/SDC](http://www.bendparksandrec.org/Planning_Development/SDC).

The Importance of SDC Fees

SDC fees have played an important role in Bend Park & Recreation's ability to keep up with growth in Bend. Twenty new neighborhood parks have been acquired and/or developed with SDC funds in the past ten years. Six large community park improvement projects have been SDC funded during the same time period. If equitable fees are not collected, new residents will not pay their fair share for future parks. Also, if adequate fees are not collected, the level of service BMPRD is able to provide will decline. The citizen advisory committee agreed that lowering Bend Park and Recreation's level of service would compromise the quality of life in Bend that current residents enjoy and that attracts new community members.