
BEND METRO PARK AND RECREATION DISTRICT

A METHODOLOGY FOR CALCUALTING

PARK SYSTEM DEVELOPMENT CHARGES

1.0 Overview and Purpose

In February of 2008, the Bend Metro Park and Recreation District (District) Board of Directors undertook to update the District's System Development Charge (SDC) methodology per ORS 223.297 et seq. The purpose of the statute is to provide a uniform framework for SDCs that are imposed by governmental units for the purpose of making capital improvements that are necessary to meet increased service demand, resulting from new growth and development. Under the statute, the District is entitled to collect SDCs from projects that increase demand for park facilities. The methodology is in conformance with the statute in the application of fair-share cost allocations between current and future users and in the use of cost recovery based on rate-making principals and capital development cost estimates based on reliable information.

2.0 Background and Program Design

2.1 – Background

The City of Bend first developed a park SDC program in 1992 that was subsequently adopted by the District. That initial program was modified in December of 1997 with the adoption of Resolution No. 184, and in 1999 with the adoption of District Ordinance No. 1. From 1997 to 2003, Resolution No. 184 was the basis for the District's SDC fee structure, modified only as necessary to keep pace with inflation based on the Consumer Price Index for Bend, Oregon. The SDC program was substantially revised in 2003 with the adoption of District Ordinance No. 6, and the accompanying Resolution No. 220, adopting "A Methodology for Calculating Systems Development Charges." In January of 2008, the District hired Angelo Planning Group to re-evaluate the Park SDC program. That analysis has led to the development of the revised methodology presented in this report.

The District developed a Comprehensive Management and Development Plan in 1995. The plan was partially revised in 1998 and again in 2001. Most notably the neighborhood park element of the Plan was updated in April 2001. The Plan was again substantially revised and rewritten in 2005 and is now entitled the Parks, Recreation and Green Spaces Comprehensive Plan ("Comprehensive Plan"). The park classifications and development standards in the 2005 Comprehensive Plan differ from those used in the earlier SDC methodology. The Comprehensive

Plan guidelines are used in the new methodology to establish capital improvement costs and desired service delivery standards. Other important sources of information include the District's 2008 Neighborhood Park Plan and 2008 Trails Master Plan which are incorporated into the Comprehensive Plan. District records for recent property acquisitions and park development costs are also used.

A 15-member advisory committee helped develop the revised methodology. The advisory committee represented a broad spectrum of community interests, including citizens, builders, developers, and government agencies. The committee met nine times between February and August of 2008 to discuss current conditions and policy options for cost recovery, and to review initial drafts of the SDC ordinance, methodology, and fee schedule. The committee's recommendations were presented to the Board of Directors in the form of seven issue papers and decision summaries that are available upon request.

2.2 – Program Design

The District's SDC program is built around three program elements. The first of these is the methodology, which is embodied in this report. The methodology presents the assumptions and calculations on which the District's SDC fees are based, including documentation for how service levels were established, how future benefits were measured, and how an individual SDC fee may be calculated.

The second element is the SDC ordinance. The ordinance establishes a policy framework for the District's SDC program. It outlines how credits can be awarded and used, specifies how fees are set, updated, collected and spent, how individuals may challenge SDC expenditures, and other statutory requirements. The ordinance permits the District to pass separate resolutions to implement the program.

The third element of the program is the implementing resolution(s). These are adopted separately from the SDC ordinance because they address SDC program elements that may need to be modified more frequently than the enabling ordinance. The resolutions establish the current fee structure for the program, identify and adopt cost indexes and periodic data sources (e.g. Deschutes County Assessor records), identify capital improvement projects on which SDC revenue may be spent, adopt procedures for entering into developer recovery agreements, allow for fee waivers and deferrals, establish intergovernmental agreements for coordinating fee collection, and provide for administrative review of the fee schedule. The methodology is also adopted by resolution. This

structure provides an efficient administrative framework for adopting and implementing the SDC program.

2.3 – Definitions

The following terms are frequently used in the District’s SDC Methodology.

- Capital Improvement Plan (CIP) – a list adopted through resolution by the District Board that includes those projects on which Improvement Fee revenue may be spent. This element is referred to in ORS 223.309(1) as the required “master plan”.
- Improvement Fee – that portion of the park SDC fee which is based on the cost to develop new park and recreation facilities for the benefit of future District residents per ORS 223.299(2).
- Methodology – the report, assumptions, definitions, and calculations on which the SDC fee is based.
- Ordinance – the legislative measure passed by the District’s Board that enables the District to impose SDCs.
- Reimbursement Fee - that portion of the park SDC fee that pays back system development costs when excess capacity is present in the system per ORS 223.299(3).
- Resolution – a legislative measure passed by the District’s Board that implements various aspects of the SDC program by setting fees, adopting the CIP, and approving administrative procedures for the program, and the like.

3.0 Park and Recreation System Development Charge Methodology

3.1 – Overview

The District’s SDC methodology is intended to recover a portion of the cost to develop park and recreation facilities for the benefit of future District residents. The SDC methodology is conservative in that it does not recover anticipated development impacts for all system demands and facilities. For example, the methodology does not recover the cost to meet growth-induced demand for indoor recreation facilities, such as Community and Recreation Centers, and Community Meeting Facilities. Nor does it include the District’s inventory of Natural Areas (as defined in the Comprehensive Plan). The methodology also does not include an employment component that would recover the cost to provide park system improvements that benefit people who work in the District, but live outside the District boundaries. For other development, however, the

methodology is designed to measure the maximum service impact associated with that development and to fully recover the cost to maintain existing service levels as permitted by state law.

An important principal embedded in the SDC methodology is that the cost of park and recreation system improvements recovered through the fee only sustains the level of service that the District is currently providing. This principal ensures that future residents only pay their fair share of the cost to maintain existing service levels. If the District wishes to raise service levels above the current base, other revenue sources and funding strategies will need to be used.

This SDC methodology recovers the estimated capital improvement cost to maintain existing service levels for various park system components, including neighborhood and community parks, regional parks, and recreation trails. The methodology, however, does not impose any limitations on the District regarding the expenditure of SDC revenue, and the District may spend SDC revenue in whatever way it believes appropriate, provided the expenditures conform to limitations set by ORS 223.307. The statute provides significant flexibility to the District in the use of SDC receipts, thereby enabling the District to take advantage of opportunities as they arise, and to implement a Capital Improvement Plan (CIP) that may require the disproportionate investment of SDC revenues from one year to the next. Over the 12-year planning horizon, however, the goal of the methodology is to ensure that sufficient revenue is generated from the program to maintain existing levels of service for each park system element to which the SDC applies.

Finally, the SDC methodology only recovers fees from residential developments and from those commercial developments (i.e. hotels and motels) that provide guest lodging. This policy is based on the assumption that District residents and visitors generate the majority of demand for park service. Developers of residential care facilities that house infirm, terminally ill, or incapacitated people are afforded the opportunity to request a waiver of the fee. The District recognizes that people who work in the District but live elsewhere, also use the park system and that employment growth within the District may increase demand for services disproportionately to population growth. With this methodology, however, the District intends to recover system development costs from these non-residents only through participant fees and user charges.

3.2 – Existing and Forecast Population/Households

The Deschutes County Coordinated Population Forecast, Portland State University Population Research Center estimates, and census data were used to forecast the future service population for the District. The population forecast was used to determine the future need for new park and recreation facilities. The population of the District as of July 1, 2007 was estimated and the future population was projected for five-year intervals starting in 2010 (i.e., 2010, 2015, & 2020). The 2020 population forecast was used as the basis for calculating future demand for park facilities. A detailed summary of the analysis is included in Appendix A. Table 3.2.1 shows current and forecast population for the District.

Table 3.2.1 - District Population Estimate and 2020 Forecast

Bend Metro Park and Recreation District	2007	2020	Net Change
Population	77,600	102,200	24,600
Households (2.4 persons)	32,330	42,580	10,250

Sources: US Census Bureau; Deschutes County Planning Department; Portland State University Population Research Center; City of Bend Residential Lands Study; BMPRD data

The estimated household size in the District varies by housing type. The household size estimates used in the calculation for different housing types were derived from U.S. Census Bureau data for Bend in the year 2000 and are the same estimates used in the City of Bend, January 2005 Residential Lands Study. If household sizes in Bend have declined since 2000, which would be consistent with long-term trends, this could result in under estimating the number of households served. However, the difference should not be significant. The owner - occupied factor is applied to single family homes and the rental - occupied factor to multi family homes, manufactured homes, and condominiums.

For hotel and motel facilities, the population equivalency assumption is one occupant per guest room per night and is based on an analysis prepared for the City of Bend and the Bend Chamber of Commerce titled Select Visitor-Related Impacts in Deschutes County (Hill, 1993). During the 2008 revision, an attempt was made to ascertain more recent data, but none was found. The advisory committee agreed that Hill was the best source available.

The average household size in the District is estimated as follows:

- Detached Single Family Dwellings - 2.48 persons per household
- Attached Multi-family Dwellings - 2.32 persons per household
- Manufactured Home Dwellings in Parks – 2.32 persons per household
- Hotel/motel – 1 person per guest room

3.3 – Park and Recreation Service Categories and Current Levels of Service

The District’s Comprehensive Plan classifies park and recreation facilities based on function, size, and locational need. The Comprehensive Plan categories are simplified as follows.

- Neighborhood and Community Parks – developed park and recreation areas intended to provide active and passive recreation opportunities in residential areas. This category includes parks defined in the Comprehensive Plan as Neighborhood Parks, Community Parks and the subcategory Community River Parks. Neighborhood Parks are generally two to ten acres in size and have a service radius of one-quarter to one-half mile. Community Parks are generally between 20 and 100 acres in size, may include outdoor sport facilities, large picnic shelters, permanent restrooms, off-street parking and serve either entire quadrants of the District or have service radii of two miles.
- Regional Parks – large parks covering 200 to 600 acres or more in size that are typically located outside or at the margin of the urban growth boundary and provide opportunities for passive recreation, open space and natural areas. Regional parks serve the entire district and the surrounding area.
- Recreation Trails – multi-purpose recreation trails, as described in the District’s Trails Master Plan that connect community recreation facilities and are designed primarily for use by pedestrians and bicyclists.
- Urban Plazas – small and/or special area parks that vary significantly in size and function. No SDC is proposed for these facilities.
- Natural Areas – areas set-aside specifically for the conservation and preservation of undeveloped open space, but where some passive recreation is allowed. No SDC is proposed for these facilities.
- Indoor Recreation Facilities – Community and Recreation Centers and Community Meeting Facilities. No SDC is proposed for these facilities.

The District currently operates and maintains park and recreation facilities in each of these categories. Table 3.3.1 shows the inventory for relevant system elements, the current level of service for that element, and the District's adopted service standard for that element. Additional information about this analysis is included in Appendix B.

The existing inventory only includes developed park land; it excludes land, which has been acquired, but is not designated and/or improved for park use. Some park sites are partially improved. For these sites, only the improved portion was included in the inventory. Some parks also include open space and natural areas. Where these areas are intended as a permanent feature of the park, this acreage was included in the existing inventory. Also, park land that will be improved using dedicated revenue in the current fiscal year in accordance with the District's adopted budget is included in the developed park land inventory.

Table 3.3.1 - Level of Service (LOS) for Park and Recreation Facilities

Facility Category	Existing Inventory	Service Population	Existing LOS *	Comprehensive Plan Target LOS *
Neighborhood and Community Parks (acres)	472	77,600	6.1	7
Regional Parks (acres)	835	77,600	10.8	10
Recreation Trails (miles)	51	77,600	.66	1

* Acres per 1000 residents for parks and miles per 1000 residents for trails. The Comprehensive Plan target LOS for parks and trails represents the bottom of an acceptable range. The inventory only includes developed park sites.

3.4 - Park and Recreation Facility Needs Analysis

To calculate needed improvements to serve future residents, the appropriate service standard is multiplied by the future service population. For Neighborhood and Community Parks and for Recreation Trails, the existing level of service is below the District's adopted service standard; however future users are only required to pay an amount that maintains the level of service currently provided by the District. Therefore, the existing level of service is the standard by which future needs are calculated for these facilities.

For Regional Parks, the existing service standard is slightly higher than the adopted standard, which means there is a small amount of available capacity in the system that may be used by future residents. Future residents that use this capacity can be required to reimburse the District for the cost to develop this inventory of excess capacity. The available system capacity however is not sufficient to meet the needs of future residents over the planning horizon. The total future land-need can be calculated using the District's adopted Regional Park minimum service standard (10-acres per 1000 residents). The amount of new regional parkland that needs to be acquired is the difference between the future need and the available capacity. Table 3.4.1 shows how the need for additional park facilities is calculated. Additional information about this analysis is included in Appendix B.

Table 3.4.1 Park Facility Land Need Analysis (2008)

Park Type Category	LOS * Standard	Population Increase	Development Need	Available Supply **	Need to Acquire
Neighborhood Parks (acres)	1.64	24,600	40.26	8.00	32.26
Community Parks (acres)	4.45	24,600	109.37	175.00	0.00
Regional Parks (acres)	10.00	24,600	246.00	59.00	187.00
Recreation Trails (miles) ***	0.66	24,600	16.17	0.00	0.00

* Expressed in acres or miles per 1000 new residents; for the SDC program, LOS is based on the Comprehensive Plan minimum standard or existing service level, whichever is less.

** 8 acres of undeveloped neighborhood park land, 175 acres of undeveloped community park land and 59 acres of developed regional park land is excluded from the acquisition need.

*** No acquisition costs for trail right of way or easement are included in the calculation.

3.5 – Reimbursement Fee Calculation

The reimbursement fee is based on the estimated value of the existing capacity in regional parks. Most of the land for regional parks was donated to the District. For example, Shevlin Park was donated to the City of Bend in 1921 and later transferred to the District when it was formed in 1974. Tillicum Park was donated to the District in 1982. Many of the improvements within these parks also pre-date the time when the District obtained them, so these costs are excluded from the cost basis. The cost basis does include land purchases; most

notably those at Shevlin Park for access improvements. It also includes General Fund expenditures for access and other site improvements within the Regional Parks.

The reimbursement fee established with the 2003 methodology was based upon 327 acres of excess capacity in the regional park inventory. Because the District's population has grown faster than projected, the excess regional park capacity is now 59 acres. The 2008 methodology has been modified to describe an adjustment to the cost basis for the reimbursement fee to account for collections between 2003 and 2007. The amount of the reimbursement fee is reset to align with the planned service population for 2020, which reduces the amount of the reimbursement fee. The amount has been further reduced by discounting Adjusted Cost to its present value. The following calculations show the revised fee accounting for the amount of reimbursement fee collected since 2003.

2003 Cost Basis:	\$ 602,200
SDC Collections:	(\$ 385,500)
Adjusted Cost:	\$ 216,700
Service Population:	24,600
Cost/new resident:	\$ 8.81

3.6 – Improvement Fee Calculation

The method for calculating an improvement fee involves estimating the cost to develop park land and trails to satisfy future demand based on the needs identified in Section 3.4 and apportioning that cost to future residents using generally accepted rate-making principals. The cost to develop park facilities includes two components: the cost to acquire land and the cost to improve it.

The 2008 methodology for determining land acquisition costs has been simplified to include only one cost factor for park sites inside the UGB. The 2003 approach distinguished the price of land purchased near the Deschutes River, in urban neighborhoods, and outside the UGB. The simplified approach in the revised methodology is used because the planned expansion of the UGB makes it unlikely the District will purchase neighborhood or community park sites in rural areas to meet its future needs. In addition, the District has found that the marginal price difference between river sites and other urban sites is no longer easy to distinguish. Furthermore, the District has largely completed its Community River Park acquisitions identified in the 1995 Comprehensive Management and Development Plan for areas within the existing urban area. For these reasons, the land acquisition factor is now represented by a single dollar per acre value, which was developed using cost data from district

purchases of land within the UGB from 2003 through 2008. Additional information about this analysis is included in Appendix B.

A separate cost factor was prepared for land to be purchased for Regional Parks on the assumption that that land primarily would be acquired outside the UGB. It also was assumed there would be no acquisition cost for recreation trails. Although the District has purchased some trail easements and rights-of-way in the past, the City of Bend's Land Division Ordinance requires dedication of primary trail routes to the District by property developers. In addition, many parts of the planned trail system are within irrigation canal, rights-of-way. Reliable market data is not available for the cost to acquire public access privileges in these corridors. Therefore no cost is included for purchasing trail rights-of-way.

Table 3.6.1 - Park Land Acquisition Costs

	Estimated Cost
Inside UGB in residential areas (for all neighborhood and community parks)	\$145,000
Outside the UGB (for Regional Parks)	\$72,500

Per acre cost within UGB based on the District's 2003 - 2008 land purchases. Assumes that the per acre cost for regional park land outside the UGB will be ½ that for neighborhood/community parks within the UGB.

Average cost estimates were prepared for park land development costs. A different cost per acre for neighborhood parks was assumed than for community parks to reflect the difference in development intensity between neighborhood and community parks. On average, community parks have larger, more intensively developed, active-recreation areas, can include sport fields and other more expensive features and require significant investment in access and off-street parking improvements.

The methodology does not assume higher development costs for community river parks or sport complexes. Development costs in parks near the river are generally no different than in other areas of Bend. Sport complexes (i.e. parks developed solely for the provision of sport play) cost more to develop because they include specialized and more intensively built amenities than other

community park elements. Given that it is a user class that determines this special need, the additional cost of sport complexes is discounted as one that those special park users should bear. The District may finance the extra increment of improvement for sport complexes with other revenue sources rather than with SDCs. It is assumed however that 20% of system-wide community park development cost will be for community sport fields and this amount may be disproportionately distributed across the system.

Table 3.6.2 shows the factors used for calculating the cost to develop new park and trail facilities. The cost figures are based on District accounting records for construction projects completed in the three years prior to 2008.

Table 3.6.2 – Park and Trail Improvement Costs

Facility	Estimated Cost
Primary Recreation Trail (per mile)	\$ 112,500
Neighborhood Park (per acre)	\$ 224,500
Community Park (per acre)	\$ 255,500
Regional Park (per acre)	\$ 163,500

Source: Bend Metro Park and Recreation District

The overall cost to develop a mile of trail dropped by almost \$19,000 per mile over that in 2003 because the District's Trails Master Plan adopted in July, 2008 changed the proportion of planned trail surface types used to calculate the average cost per mile. The Master Plan calls for building a variety of new trails to connect park and recreation facilities and other community destinations. The cost is designed to generate enough revenue to maintain the District's current level of service and enable constructing trail improvements consistent with the District's adopted Plan. The cost does not include trails within new parks; instead, an allowance for in-park trail construction is included in the cost per acre for park development. The cost per mile reflects the mix of planned trail improvements by type of surface: paved, aggregate, and natural (i.e. the weighted-average cost for the construction of different types of trails). The planned distribution is 46% paved trails, 21% aggregate trails, and 33% natural surface trails. The cost per mile also recovers revenue for two planned trail bridges across the Deschutes River. The cost to build those facilities assumes an average cost of \$200,000 per bridge, which is approximately that of the South Canyon Trail Bridge constructed in 2005.

The estimated cost to develop an acre of park land increased an average of 34% from 2003. The proposed methodology differentiates between neighborhood and community park land. Community park development costs rose by 43% between 2003 and 2008. As discussed above, cost of a community park assumes that 20% of the park will be developed intensively with sports facilities. However, the District does not necessarily set aside 20% of each community park for sport field use; some community parks are dedicated largely to sports recreation (e.g. Big Sky Sports Park) while others may have virtually no sports facilities. Overall, the expectation is that sports facilities will make up 20% of the community park program investment. The cost to develop neighborhood parks increased 25% between 2003 and 2008. The table includes different factors for neighborhood and community parks to enable the analysis to separately program development costs with and without land acquisition.

The District did not develop any regional park land during the 2003 - 2008 timeframe so there are no current improvement cost figures. Instead the average rate of change for neighborhood and community park improvement costs (i.e. 34%) is applied to the 2003 unit cost for regional parks to adjust that figure.

Program costs for future park and trail facility development may be calculated by multiplying the estimated cost factors by the demand factors for each type of facility. Table 3.6.3 below shows how these costs were ascertained for the 2008 methodology. The model distinguishes between the cost to acquire park sites and the cost to improve them in order to exclude land purchased with SDC revenue that remains unimproved. (I.e. where there is no cost to acquire the land for future need, only the cost to improve that land is included in the development program.)

Table 3.6.3 Average Unit Cost for New Parks (2008)

<u>Park Type</u>	<u>Avg. Size</u>	<u>Land</u>	<u>Const.</u>	<u>Planning & Design (11%)</u>	<u>Average Facility Cost</u>
Neighborhood	5	725,000	1,122,500	123,475	1,970,975
Community	20	2,900,000	3,832,500	421,575	7,154,075
Regional	100	0	2,452,500	269,775	2,722,275

Table 3.6.3 Average Unit Cost for New Parks (2008) - continued

<u>Park Type</u>	<u>Avg. Cost/Acre</u> <u>* (no land)</u>	<u>Avg. Cost/Acre</u> <u>(with land)</u>
Neighborhood	249,195	394,195
Community **	212,704	N/A
Regional ***	27,223	99,723

* Development costs were calculated on a per acre basis for an average size park.

** Assumes 75% of community park is developed; no community park land cost due to existing inventory.

*** Assumes only 15/100 acres is developed.

Using these cost factors along with the need analysis in Table 3.4.1, the SDC capital improvement program can be developed.

Table 3.6.4 Estimated Program Cost - New Parks & Trails

<u>Park Type</u>	<u>Demand</u>	<u>Acquisition *</u>	<u>Development *</u>	<u>Total</u>
Recreation Trail (in miles)	16.17		\$ 1,819,100	\$ 1,819,100
Neighborhood (w/ land)	32.26	\$ 4,677,700	\$ 8,039,000	\$ 12,716,700
Neighborhood (no land)	8.00		\$ 1,993,600	\$ 1,993, 600
Community ** (no land)	109.37		\$ 23,263,400	\$ 23,263,400
Regional (w/land)	187.00	\$ 13,557,500	\$ 5,090,700	\$ 18,648,200
Regional (no land)	59.00		\$ 1,606,100	\$ 1,606,100
Total		\$ 18,235,200	\$ 41,811,900	\$ 60,047,100

* rounded to the nearest \$100

** no additional land is needed for community parks; includes only the forecast land improvement cost needed to serve new residents

Using these program costs, the cost per new resident can be calculated as:

Program Cost / Future Residents = Improvement Fee per Resident

\$60,047,100/24,600 = \$2,441/person

3.7 – Contribution Credits

The purpose of contribution credits is to recognize other payments that property owners paying SDCs may have made in the past or are likely to make in the future that contribute to the development of system capacity. These credits are intended to ensure that property owners do not pay twice for the same capital improvement.

The most common contribution credit is an improvement fee credit when there is a bond obligation balance for capital improvements to the system. Under these circumstances, future residents will contribute to the retirement of the obligation, in addition to paying SDCs, and are therefore entitled to a credit equal to the present value of the anticipated future contribution. The District, however, has no outstanding bond obligations, so no debt credit is necessary.

Another contribution credit recognizes payments by existing property owners who helped finance the development of excess capacity in the existing park system. This contribution credit generally applies to owners of vacant property whose past tax payments have been used to build system capacity for which they may be charged a reimbursement fee. The credit only applies to system elements that are subject to the SDC methodology.

In the District, the only system component that has capacity to serve future residents is Regional Parks, which in 2008 had 59 surplus acres and capacity to serve 5,900 additional residents at the adopted standard of 10 acres/1000 residents.

As noted above, most regional park land was donated to the District. The District purchased some land in Shevlin Park, but no bonds were sold to acquire this land. In addition, many capital improvements in Shevlin Park pre-date the District's formation in 1974. Later improvements were financed with General Fund revenue; however, financial records documenting the historic cost of these improvements are not available. An analysis was performed to estimate the replacement cost of existing improvements and the remaining useful life to establish a current value for them.

Using this approach, it is possible to calculate a contribution credit for the historic contribution by District taxpayers, but the amount would be very small and the basis for its determination so speculative that establishing a value for this credit seems unwarranted. The reasons are as follows:

- The SDC fee related to available system capacity is relatively small: \$8.81/person.
- The contribution credit would only apply to General Fund tax revenue used

for capital improvements in regional parks, which is a very small percentage of total general fund expenditures over time.

- The credit would only apply to general fund tax contributions from vacant land, which comprises a relatively small share of total tax collections.
- The credit allowance is very difficult to measure over time, given that many of the improvements pre-date the District's formation.
- Accounting records, tax rates, and land values have changed significantly over time, making any attempt to measure such benefits highly speculative, given the amount of contribution involved.

Given these limitations, no contribution credits have been calculated for the SDC program.

3.8 – Program Administration

ORS 223.307(5) allows the District to recover the cost of complying with the SDC statute and for administering the program. There are three cost categories associated with program administration: collection costs, in-house administrative costs, and professional services costs. Collection costs are charged by the City of Bend to offset their cost to collect and transfer SDC revenue on the District's behalf. The City charges the District 1% of the SDC amount to recover their collection cost. The collection amount, therefore, is 1% of the total capital cost of both the reimbursement and improvement fee, or \$600,471.

Staff administrative costs relate to staff time to administer the program, including calculating fee adjustments, preparing Board Resolutions, working with accountants, attorneys and professional advisors to update the fees, and preparing annual budget and accounting reports. Estimated annual costs are \$10,000.

Professional service costs relate to professional service fees to update the methodology, review legal requirements and adopt resolutions, defend the District against legal challenges, and prepare an annual audit for the program. On an annualized basis, those fees are expected to be \$8,000.

Table 3.8.1 shows a summary of the administrative costs associated with the SDC program.

Table 3.8.1 Estimated Program Administration Cost (2008)

Cost Category	Amount	Time	Total
Collection Fees	\$ 600,500	Fixed	\$ 600,500
Staff/Admin. Services	\$ 10,000	Annual	\$ 120,000
Professional Services	\$ 8,000	Annual	\$ 96,000
Total			\$ 816,500

Thus the cost per person related to administration is: $\$816,500 / 24,600 = \33.19 . The 2008 administrative cost per person increased by \$11.58 over 2003 because of the change in the forecast service population for 2020.

3.9 – SDC Fee Calculations

Using this information, the District's SDC fees may be calculated by multiplying the per person fee amount times the estimated average household size for single family and multi-family dwellings and guest rooms. The fees are as follows:

Table 3.9.1 - Park and Recreation System Development Charge Fees

Fee Calculation	Single Family Dwelling (2.48 persons)	Multi-Family Dwelling (2.32 persons)	Guest Room (1 person)
Reimbursement Fee	\$ 21.85	\$ 20.44	\$ 8.81
Improvement Fee	\$ 6,053.53	\$ 5,662.98	\$ 2,440.94
Administrative Costs	\$ 82.31	\$ 77.00	\$ 33.19
Total SDC Fee	\$ 6,157.69	\$ 5,760.42	\$ 2,482.94

3.10 – SDC Fee Adjustment

The District's SDC fees will be adjusted annually to keep pace with inflation. The inflationary adjustment is based on measures representative of the cost categories that make up the SDC fee; land acquisition and construction services. Two measures are proposed.

The Engineers News Record (ENR) publishes an index, called the U.S. 20-City Construction Cost Index, that measures the annual change in construction costs based on those found in select metropolitan areas located throughout the United

States. Previously the District used the Seattle, WA Construction Cost Index, also published by ENR, but has found that reliance on an index based solely in a single metropolitan area, is more prone to atypical cost fluctuations than one based on a national average. Moreover, the ENR now recommends that the 20-city average index be used for making adjustments to construction costs. Therefore, the annual percentage change in the 20-City index will be used to adjust that portion of the SDC fees attributable to construction costs.

For land acquisition costs, there is no published index that directly measures the change in land value in the District from year to year. However, the Deschutes County Assessor estimates the market value of all real property within the District each year, as well as the value of new construction added to the assessment role. By comparing the change in market value each year, and subtracting the estimated value of improvements added in that year, an estimate can be made for the overall change in land values within the District. While not a perfect measure of the change in value for the kind of land the district typically would buy for new parks (i.e. vacant residential land), it provides an approximation for the rate of change in property values overall, and may be used as an indication of the relative change in land acquisition costs. A more detailed explanation of this procedure is presented in Appendix C.

The annual adjustment in SDC fees will be made by applying the cost factors outlined above on a weighted-average basis. The initial percentage of the SDC fee to which the annual percentage increase (or decrease) in construction costs will be applied is 61%. The initial percentage of the SDC fee to which the annual percentage increase (or decrease) in land acquisition costs will be applied is 39%. The sum of these adjustments will then equal the total adjustment to the SDC fees for the following year. The time for measuring the relative change should be the same for both cost factors. Since the County Assessor publishes property values annually, while the ENR is a monthly index, the time period for determining the change in SDC fees should be September, when the Assessor publishes the real property market value information.

The 39%/61% weight ratio assigned to the land acquisition and construction cost factors was determined based on data obtained from District staff, and is representative of the system-wide costs attributable to each of the two components of park development. The weight ratio will be adjusted each year based on the percentage increase (or decrease) that is attributable to each of the cost factors. The new weight ratio for each factor will be equal to the ratio of each after-adjustment cost factor (for the land acquisition and construction cost factors) in comparison to the after-adjustment SDC fee as a whole. In conjunction with the review provided for in Section 11 of the SDC Ordinance, the

District should review the weight ratio assigned to the land acquisition and construction cost factors each year to ensure that the adjustments to the weight ratio do not result in substantial deviation from the annual proportionality of the two cost factors found by the District in actual practice.

In July of each year, corresponding with the District's budget cycle, the District will adjust SDC fees for the new fiscal year. The adjustment will be based on the rate of change in the two cost factors from September to September each year. The revised SDC fee schedule will be adopted by Board Resolution. The District Board may, by separate resolution, identify and adopt a substitute cost index or periodic data source for either the land acquisition or construction cost measures.

Apendices A. B. and C. to be added.