

System Development Charge Methodology Update

October 24, 2018



Riley Ranch Nature Reserve 2017



Stone Creek Park 2017



Alpine Park trailhead 2015

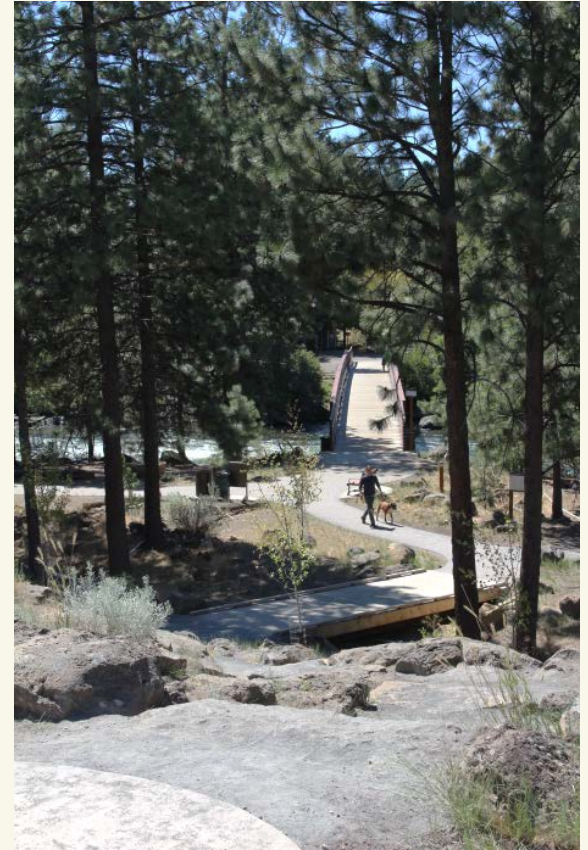
www.bendparksandrec.org



play for life

Today's Agenda

- Welcome and Introductions
- Project Background and Key Issues
- Overview of SDC Methodology Update Project
- Group Discussion on Key Issues
- Additional Topics?
- Next Steps and Outcomes



First Street Rapids Park 2015

Project Background

- Comp Plan completed this summer
 - Plan for the next 10 years
 - 3,000 attended meetings or made comments on the comp plan
- Need for SDC Update
 - Last update in 2009
 - Consider funding needs in context of new plan
 - How to equitably recover growth costs



Key Issues

- SDC costs
 - Project types
 - Levels of service (units per 1,000 population)
- Nonresidential SDC assessment
- Affordable housing
- SDC administration



Future Larkspur Community Center



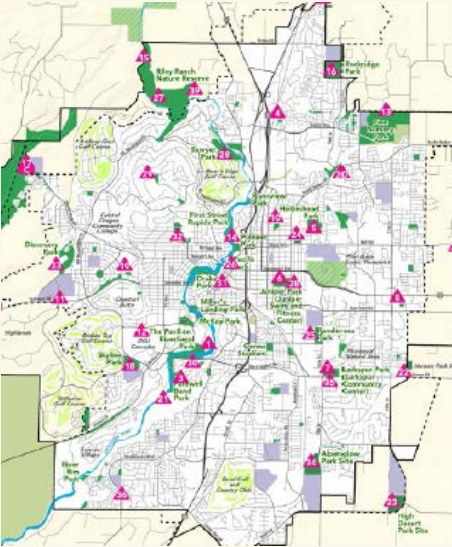
Rockridge Park 2017



OVERVIEW OF METHODOLOGY UPDATE

Basic SDC Formula

Project \$
“Cost Basis”



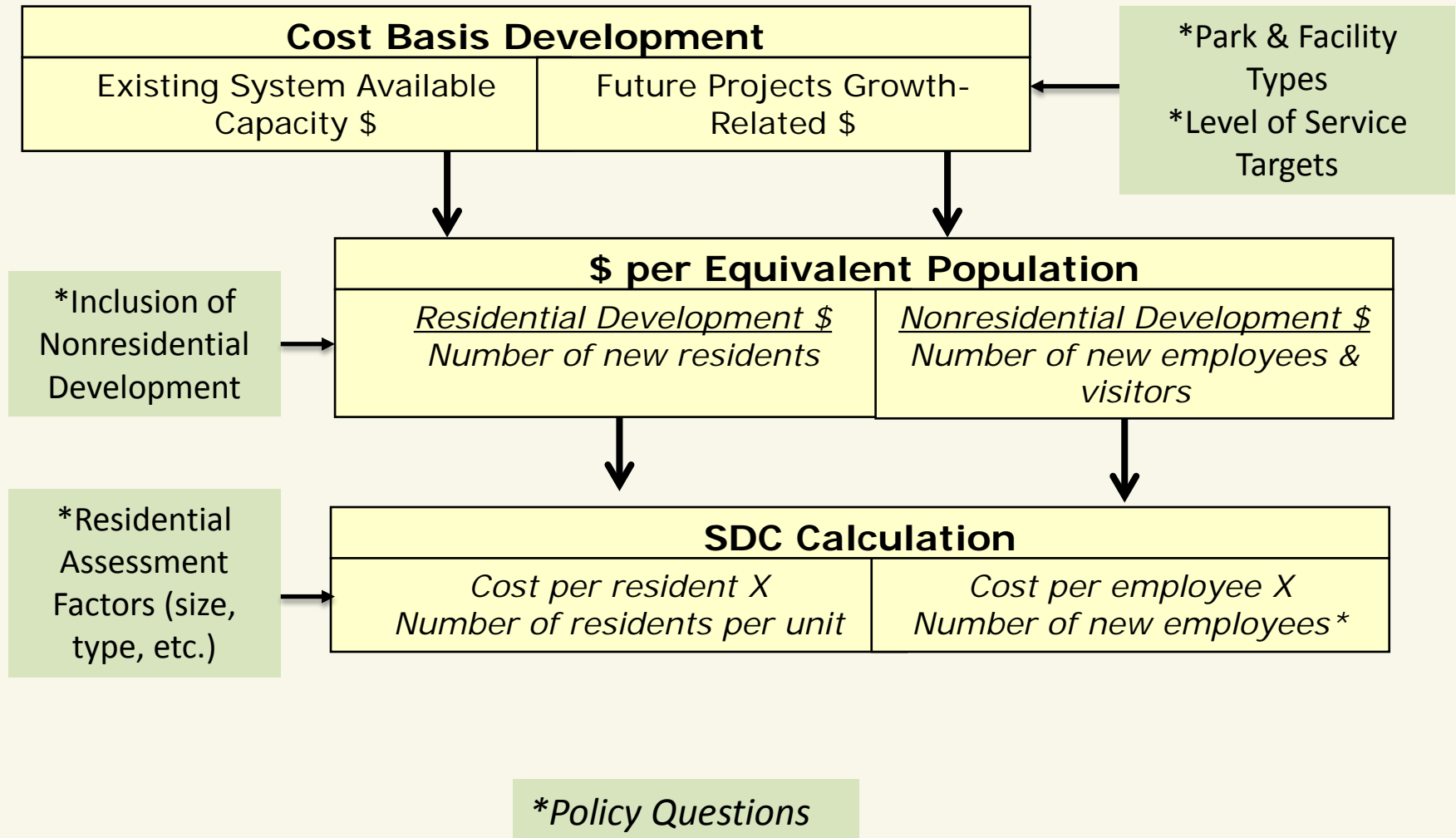
Persons
“Equivalent Population”



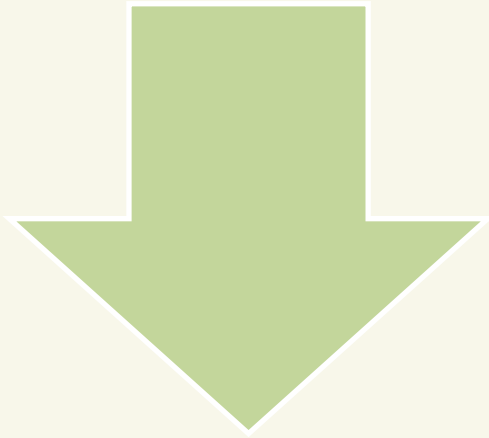
Cost \$/
Population
Equiv.

$$SDC = \$/Person \times \text{Number of persons served}$$

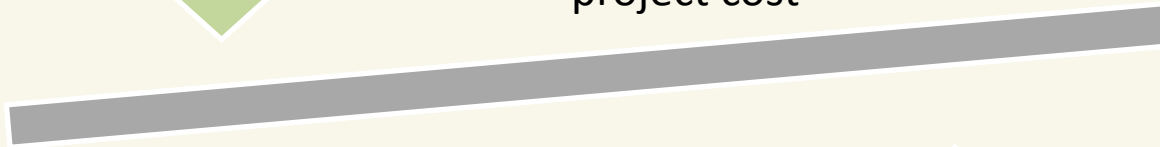
Overview of Methodology Update



Issues Impacting SDC Level



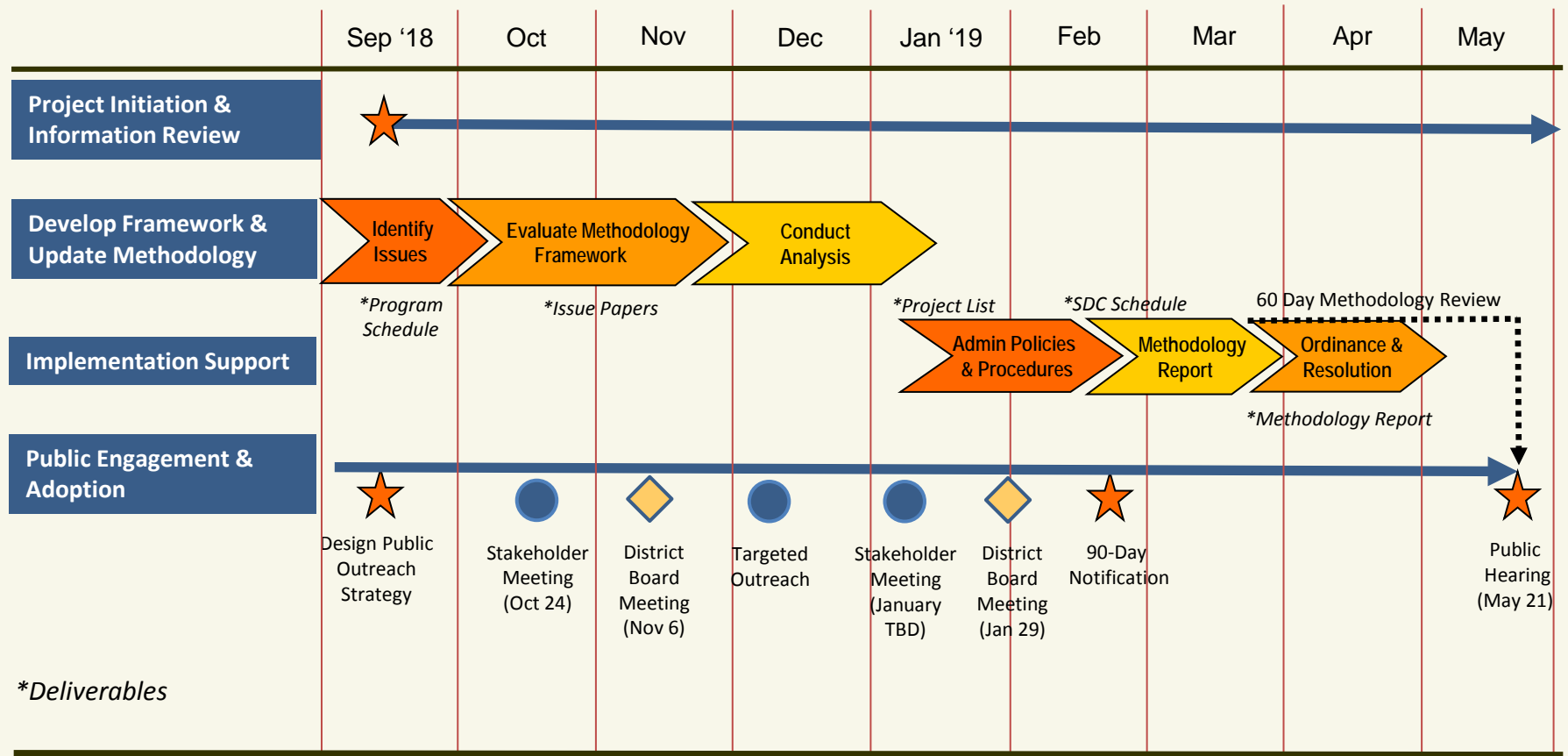
- Distributing costs over larger number of units (equivalent population vs. population)
- Growth needs met through existing vs. future capacity (excess capacity)
- Other funding sources applied to project cost



- Cost of land and improvements
- Addition of park or facility types
- Higher level of service target



Preliminary Timeline



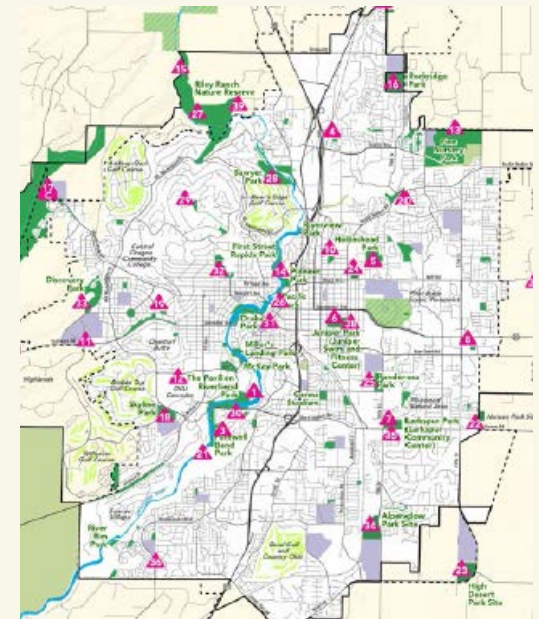
McKay Park 2016



GROUP DISCUSSION ON KEY ISSUES

Issue #1: Project Types and LOS Targets

- Legal Considerations
 - Any park or facility type allowable
 - Methodology must demonstrate growth capacity needs by fee component:
 - Existing excess capacity (reimbursement fee)
 - new capacity for growth (improvement fee)
- Local Policy - Comprehensive Plan Identifies:
 - Community priorities (project types)
 - Level of service targets (capacity needs)



Updated LOS by Park Type

Combination of existing & future facilities
needed to meet growth needs

Park Type	2018 Acres	Current Level of Service Target	Current Actual Level of Service	New Level of Service Target	2018 Current Need	2028 Estimated Need
Neighborhood and Community Parks	717	6.5 Acres/1,000 residents	8.1 Acres/1,000 residents	7.85 Acres/1,000 residents	16 Acres over target	170 Acres needed (already own 80)
Regional Parks	1,144	10 Acres/1,000 residents	12.7 Acres/1,000 residents	10 Acres/1,000 residents	243 Acres over target	14 Acres over target

Growth needs met entirely from existing
facility excess capacity

Updated Trails LOS

LEVEL OF SERVICE ANALYSIS FOR TRAILS	
2018 MILES OF TRAIL	70
CURRENT AND NEW LEVEL OF SERVICE TARGET	1.0 miles/1,000
2018 ACTUAL LEVEL OF SERVICE	0.7 miles/1,000
CURRENT NEED 2018	23 Additional Miles
PROJECTED NEED 2028	46 Additional Miles



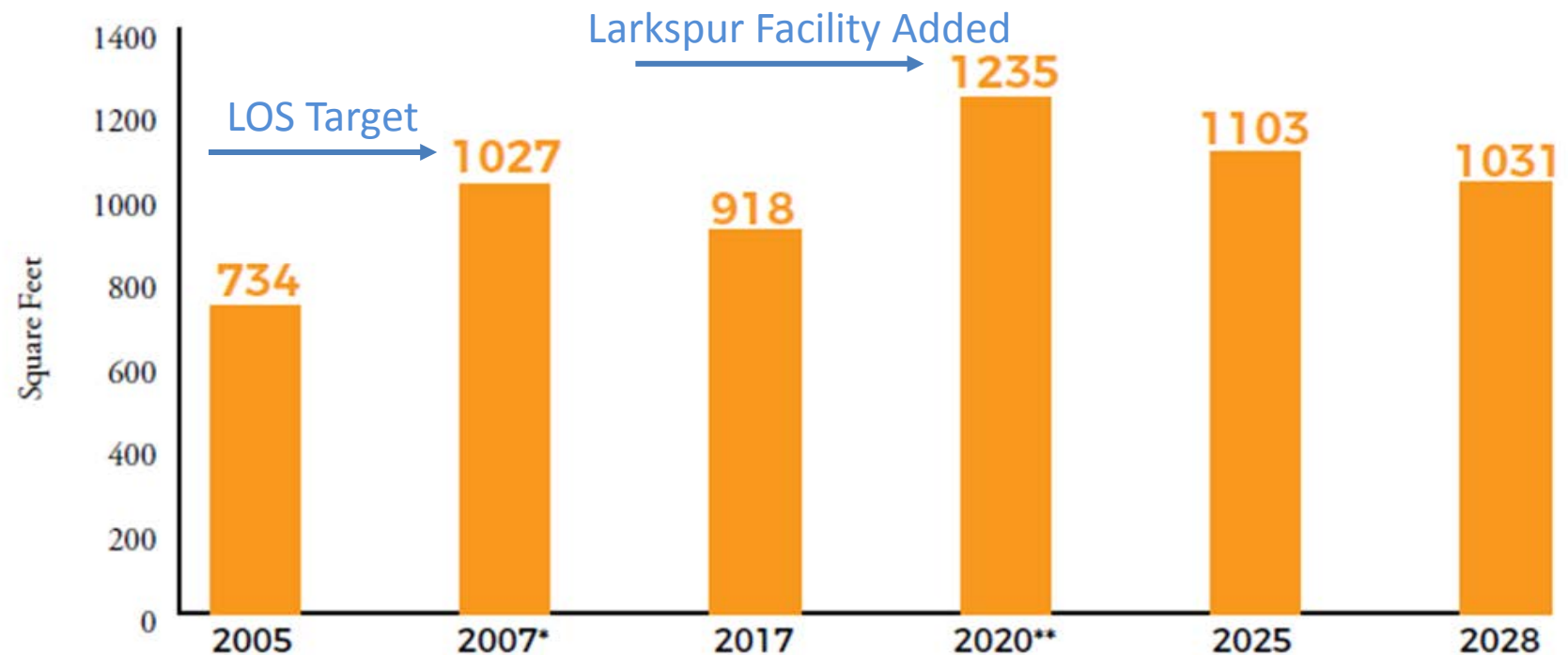
Central Oregon Historic Canal Trail 2018

Current Deficiency: some future improvements needed for existing development

Growth needs met entirely from future improvements

Indoor Recreation Facilities LOS

SQ. FEET OF INDOOR FACILITY PER 1,000 RESIDENTS



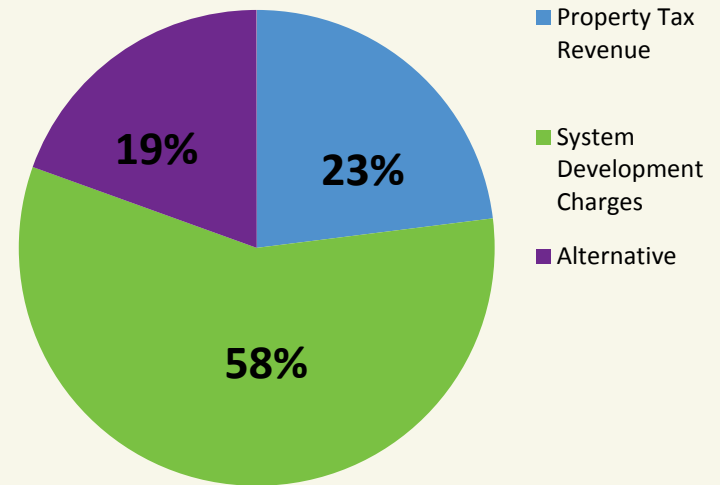
*Juniper Swim and Fitness Center Expansion completed in 2007

** Larkspur Community Center planned completion in 2020

Issue #1 Summary & Discussion

- Comp Plan
 - Consider funding for indoor recreation facilities
 - Consider acquisition and development funding to meet the target LOS for trails
- SDCs revenue critical to maintain LOS

Total Five Year FY 2019 - 2023 CIP Estimated Expenditures by Funding Source



* Example alternative funds include grants, contributions, partnerships, surplus property, user and facility fees

Issue #1: Project Types and LOS Targets Discussion

- What project types should SDCs fund?
- What are your concerns?
- Which options or expanded project types are MOST important to consider?



Eagle Park 2018



Deschutes River Trail

Issue #2: Affordable Housing

- Legal Considerations
 - Common practice for cities to waive SDCs for affordable housing and backfill with general fund revenue
 - City of Bend – SDC Exemptions for affordable housing that meets income affordability criteria
 - Park District funds are limited to park and recreation services
 - No limitations on residential assessment: “one size fits all” vs. variable fees
- Local Policy
 - Comp Plan: “Consider affordable housing when updating the SDC methodology in a way that will not lead to a reduction in the level of service for parks and recreation”

Affordable Housing Objectives & Options

Lower Fees for All Housing

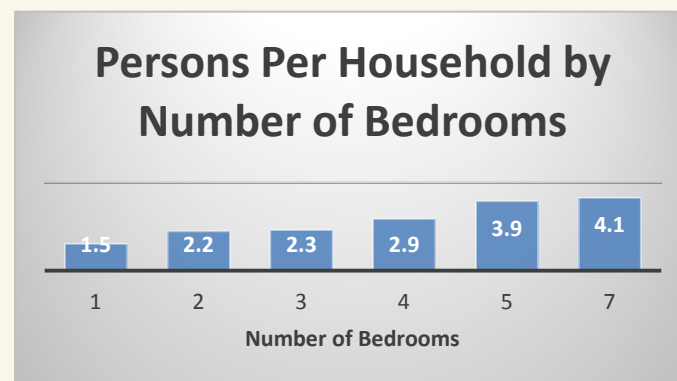
- Reduce SDC costs
- Increase population base (e.g., add commercial)

Incentivize Certain Housing Types

- Accessory dwelling units
- Smaller homes
- Single family vs. multi family

SDCs based on House Size or Type

- Accessory Dwelling Units
 - 1 bedroom occupancy (Salem)
 - % of single family (N. Clackamas Parks & THPRD = 50%)
 - Guest room rate (BPRD)
- Residential Tiers
 - City of Portland (5 tiers)
 - City of Eugene (considering 3 tiers)
- Single Family \$/sf
 - City of Newport (\$0.51/sf)
- Combined \$/bedroom and SF
 - City of Albany



Source: City of Salem

Dwelling Unit Size	Central City	Non-Central City
Less than 700 square feet	0.765	1.235
700 – 1,199 square feet	1.144	1.848
1,200 – 1,699 square feet	1.376	2.221
1,700 – 2,199 square feet	1.562	2.522
2,200 or more square feet	1.729	2.792

Source: City of Portland

Issue #2: Affordable Housing Discussion

- How can we address housing affordability within the context of SDCs?
- What models/ideas should be considered?
- What are your concerns?
- Which options are MOST important to consider?

Issue #3: Nonresidential SDC

- Legal Considerations
 - May apply to all types of development
 - N. Clackamas and THPRD both charge nonresidential SDCs
 - Cannot use actual number of employees as basis
- Local Policy
 - Consider as a way to shift costs away from residential development
 - Currently charge guest rooms (transient lodging facilities)

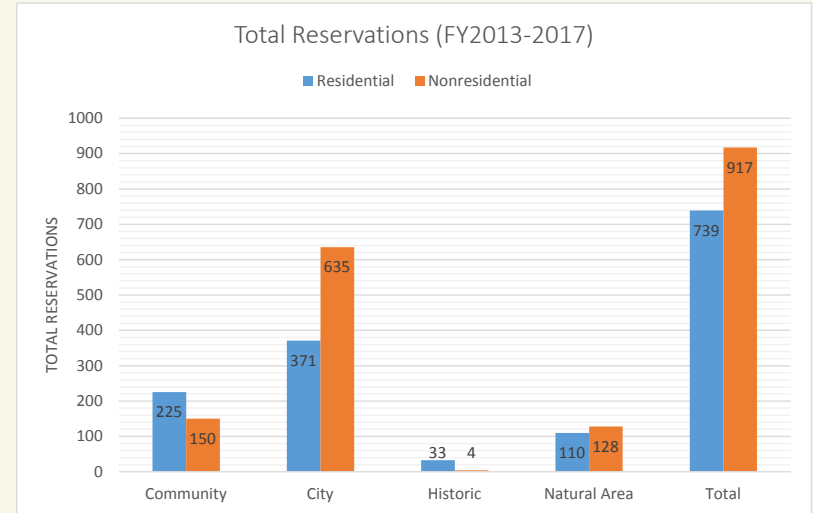


Old Mill District

THPRD = Tualatin Hills Park and Recreation District

Nonresidential Nexus Models

- Actual Use
 - Based on parks intercept survey
 - Park reservation data
- Hours of Opportunity
 - Theoretical approach: hours available for park use
- Tourist accommodation room charge
 - Hotel/motel only



Source: City of Salem

Survey Question	Response	Residents (n=1,454)	Nonresidents (n=288)	Total (n=1,742)
6	Origin nonresidential land use	7.4%	11.7%	8.1%
7	Destination nonresidential land use	18.0%	12.9%	17.2%
6/7	Both origin & destination nonresidential Land use	3.8%	13.2%	5.4%
4/5	Nonresidents staying overnight in commercial establishments*		3.1%	0.5%
	Overall	29.2%	40.9%	31.1%

Source: City of Eugene Parks User Survey

Nonresidential Assessment Issues

- Basis for estimating employees/visitors
 - Employment density (#/1,000 sf)
 - Visitors per room
- Basis for Equivalent Unit*
- Types of Facilities included
 - All vs. some exclusion (e.g., neighborhood parks)
- Exemptions
 - Schools
 - End of life care (no impact basis)

City	Nonresidential Equivalent
Palo Alto	0.2
San Francisco	0.2
Eugene*	0.4
Glendale	0.45
Redwood City	0.5
*Currently under review	
Source: Parks and Recreation Development	
Impact Fee Study (2013) and City of Eugene Parks	
SDC Study (2007)	

*Current methodology assumes 1:1 resident: visitor

Issue #3: Nonresidential SDC

Discussion

- What are your thoughts on a nonresidential SDC?
- What benefits and concerns do you see in adopting a nonresidential SDC?
- Do you have any comments on how to calculate/assess a potential nonresidential SDC?

Issue #4: Administrative Issues

- Legal Considerations
 - Credits for Qualified Public Improvements
 - Appeals/review procedures
 - Expenditure tracking and reporting
 - Fee updating
- Local Considerations
 - Consistency with City of Bend policies/procedures
 - Special considerations for districts
 - Clarification of development categories
 - Comprehensive plan indicates an update to SDC methodology every 5 years



Canal Row Park 2016



Financing & Deferrals

- Other Districts
 - NCPRD – Financing over 20 semiannual installments (secured by a lien on the property)
 - THPRD: Deferrals in some circumstances
 - Board resolution finding development meets special need of district (special financial treatment granted by other service providers)
 - Extreme circumstance or financial hardship – payment may be deferred until no later than occupancy of the 1st dwelling unit
- City of Bend
 - Categorical deferrals not to extend beyond occupancy (Multifamily)
 - Financing over 20 semi-annual installments

Issue #4: Administrative Issues Discussion

- Which administrative issues are most important to review as part of the SDC update?
- What are your concerns about the way the SDC program is currently administered?



Eagle Park 2017

Other Topics and Issues

- Are there any additional topics or issues that you would like to see addressed as part of the SDC update process?



Discovery Park 2015



Next Steps

- Evaluate methodological framework
 - Policy issues
 - Comp plan LOS targets
- Update project list and costs
- Engagement
 - Individual outreach
 - Board update on November 6
 - Next Stakeholder meeting in January
 - *Who else should we engage?*



Miller's Landing Park 2014



Thank you!

