

System Development Charge Methodology Update

December 6, 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 plan
- Need for SDC Update
 - Last update in 2009
 - Consider funding needs in context of new comp plan
 - How to equitably recover growth costs



Key Issues

- SDC Project Types
- Nonresidential SDC assessment
- Affordable housing
- SDC administration



Future Larkspur Community Center



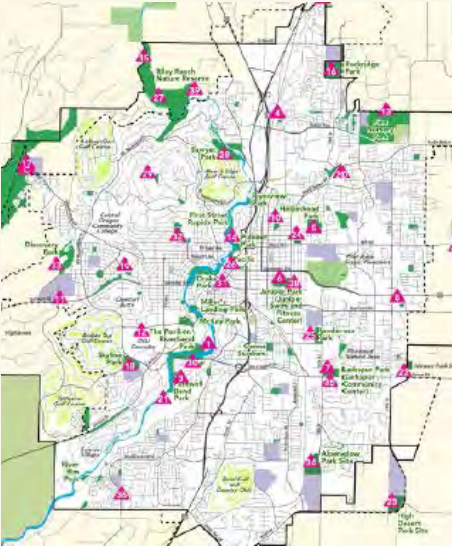
Rockridge Park 2017



OVERVIEW OF METHODOLOGY UPDATE

Basic SDC Formula

Project \$
“Cost Basis”



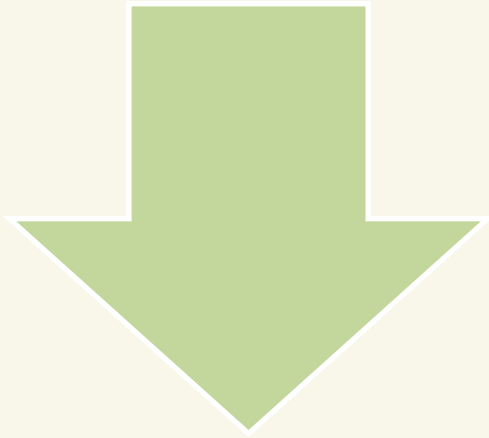
Persons
“Equivalent Population”



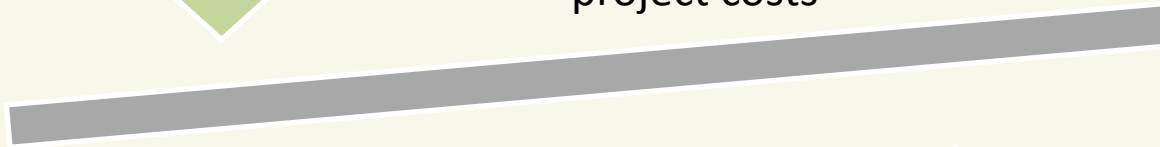
Cost \$/
Population
Equiv.

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

Issues Impacting SDC Level



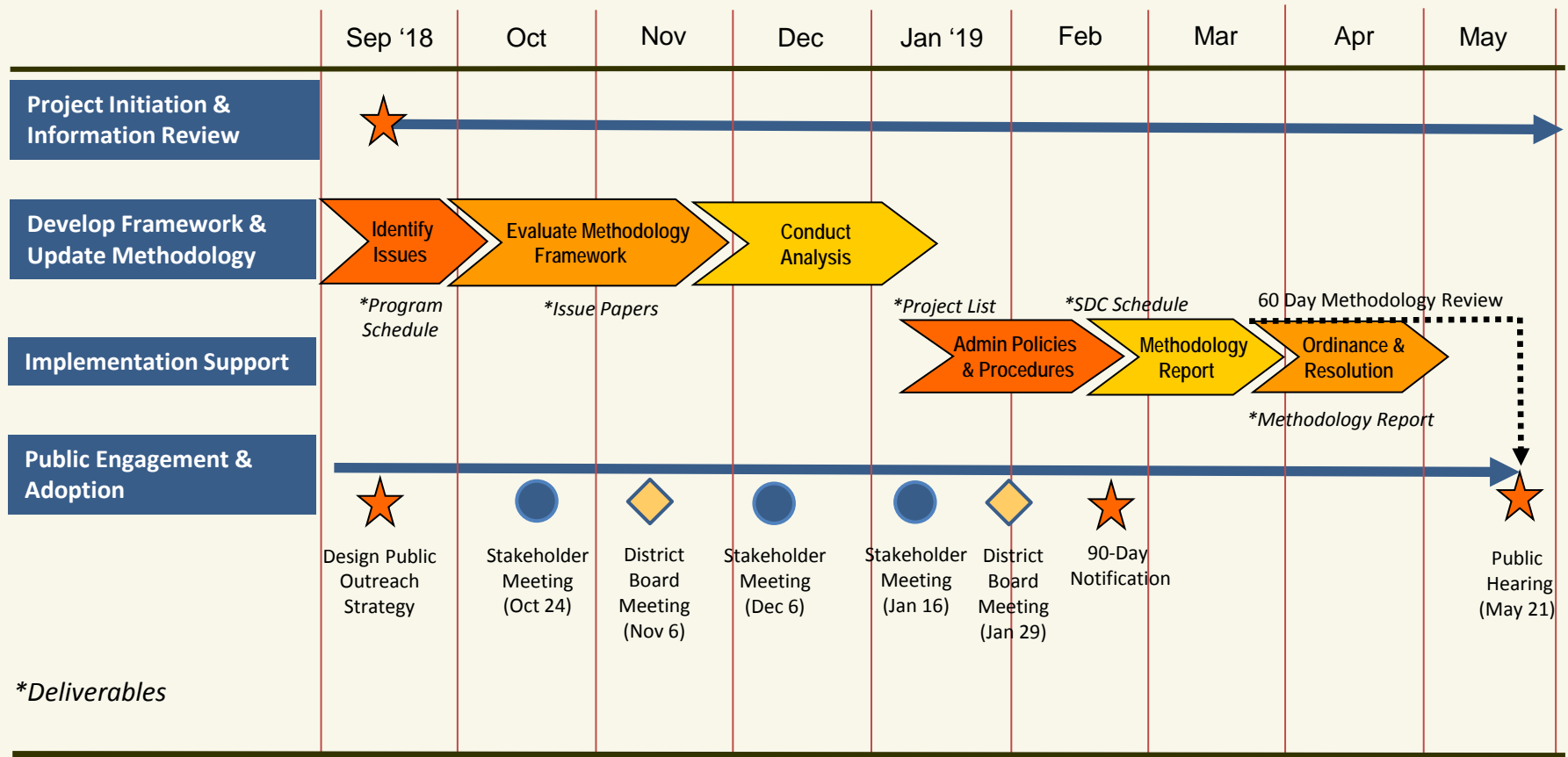
- Distributing costs over larger number of units (equivalent population vs. population)
- Growth needs met through existing vs. future capacity (excess capacity)
- Other funding sources applied to project costs



- Cost of land and improvements
- Addition of park or facility types



Preliminary Timeline



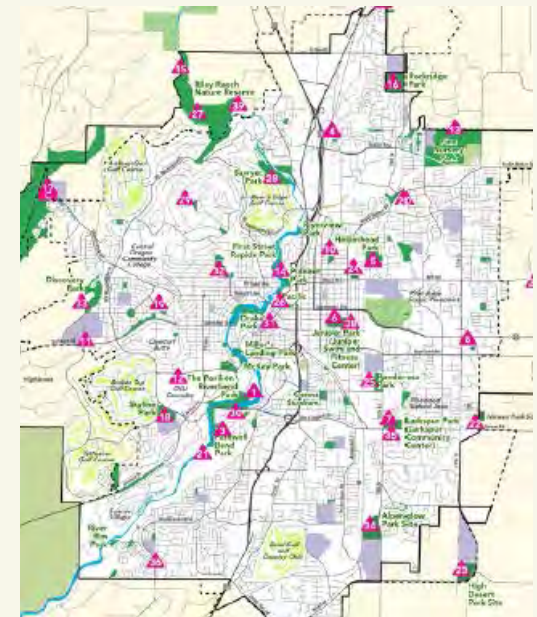
McKay Park 2016



GROUP DISCUSSION ON KEY ISSUES

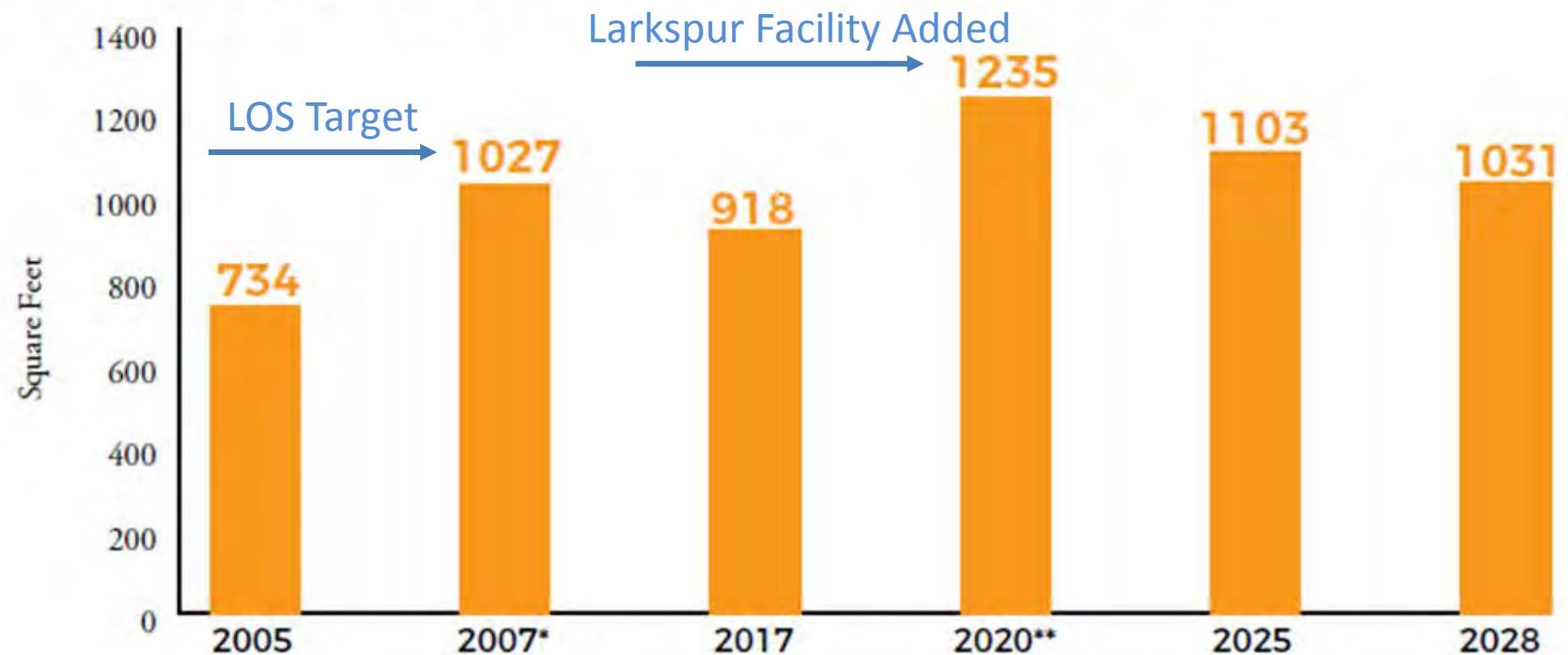
Issue #1: Project Types

- 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)



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: Project Type Discussion

- What project types should SDCs fund?
 - Should SDCs include funding for indoor recreation facilities?
- What are your concerns?



Eagle Park 2018



Deschutes River Trail

Issue #2: Nonresidential SDC

- Legal Considerations
 - May apply to all types of development (including commercial & industrial)
 - Examples: N. Clackamas and THPRD
 - Cannot use actual number of employees as basis
- Local Policy
 - Consider as a way to more fairly distribute costs to all types of development
 - Currently charge guest rooms (transient lodging facilities)

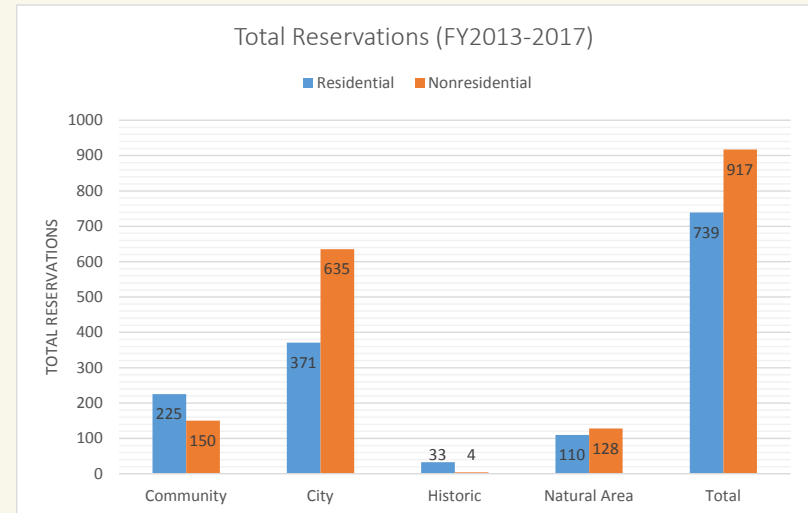


Old Mill District

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
 - Tourists treated same as residents



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

- Assumed usage equivalency factor
- Types of facilities included
 - All vs. some exclusion (e.g., neighborhood parks)
- Basis for estimating employees/visitors
 - Building type and size (typical # of employees/1,000 sf)
 - Guest rooms (# visitors per room)
- Exemptions
 - Schools
 - End of life care (no impact basis)

Seasonally Weighted Hours Available for Park Use

Category	Avg. Hours Available/Day
Population	
Kids	7.14
Non-Employed Adults (18+)	10.00
Employed Adults (18+)	
Work In City	6.07
Work out of City	4.05
Average	6.81
Nonresident Employees	2.02

Usage equivalency (straight average) = $2.02/6.81 = 0.30$

Sample Residential SDC Equivalencies

	BPRD	Tualatin Hills PRD ¹	N. Clackamas PRD ¹	Hood River PRD	Portland ²	Eugene ³
Single Family/ Unit	\$7,949	\$11,545	varies	\$5,724	\$6,465-\$14,615	\$4,246
<i>persons/ household</i>	2.48	2.55		2.74	1.24-2.79	2.64
\$/person	\$3,206	\$4,527	\$3,038	\$2,089	\$5,235	\$1,608
Nonresidential						
\$/new employee	\$0	\$385	\$60	\$0	\$759	\$344
Residential Equivalency	na	0.09	0.02	na	0.15	0.21
Lodging						
<i>Hotel/Motel Occupancy</i>	1.00			1.59		1.06
Lodging (\$/room)	\$3,206			\$3,327	na	\$1,697
Lodging (\$/sq ft)					\$1,025	
¹ Excludes neighborhood parks						
² Includes all parks						
³ Includes all parks, workers and visitors; usage based on survey						

Residential equivalency is generally a function of usage equivalency per employee (from use survey or hours available), proportion of workers from outside region, and park types included

Sample Nonresidential SDCs (Other Agencies)

	BPRD	Tualatin Hills PRD	N. Clackamas PRD	Hood River PRD	Portland	Eugene
Single Family/ Unit	\$7,949	\$11,545	varies	\$5,724	\$6,465-\$14,615	\$4,246
Nonresidential						
\$/new employee	\$0	\$385	\$60	\$0	\$759	\$344
Residential Equivalency	na	0.09	0.02	na	0.15	0.21
Nonresidential						
<i>Office Employees/sf</i>		1.67	2.70		2.7	3.3
Office SDC /1,000 sf	\$0	\$642	\$162	\$0	\$2,050	\$1,134
<i>Retail Employees/sf</i>		1.43	2.13		2.12	1.2
Retail SDC /1,000 sf	\$0	\$550	\$128	\$0	\$1,610	\$413
Lodging						
<i>Hotel/Motel Occupancy</i>	1.00			1.59		1.06
Lodging (\$/room)	\$3,206			\$3,327	na	\$1,697
Lodging (\$/sq ft)					\$1,025	

Nonresidential SDC level is a function of overall improvement costs, residential equivalency, and number of employees/1,000 sf

Example BPRD SDCs (Based on Current SDC*)

Development Type	\$/Employee ¹	Employees/ 1,000 sf ²	\$/1,000 Sq Ft
Office	\$452	2.70	\$1,220
Retail	\$452	2.10	\$949
Warehouse	\$452	0.50	\$226
¹ Portion of employees out of District (0.47) X usage equiv. (0.30) = 0.14 X \$3,206 (Current BPRD \$/per person)			
² For illustration only - based on Portland Metro Density Study			

*Assume all park types included

FOR ILLUSTRATION ONLY!

Issue #3: Nonresidential SDC

Discussion

- What are your thoughts on a nonresidential SDC?
- Do you have any comments on how to calculate/assess a potential nonresidential SDC?
 - Should all park types be included?
 - What equivalency basis seems reasonable?

Issue #3: Affordable Housing

- Legal Considerations
 - Affordable Housing: Common practice for cities to waive SDCs for housing that meets specific income criteria
 - City of Bend – SDC Exemptions for housing for households with income at or below 80% of area median income (deed restriction required)
 - Housing affordability: SDCs may be charged based on a “one size fits all” structure or based on house size
- 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”

Housing Affordability Objectives & Options

Lower Fees for All Housing

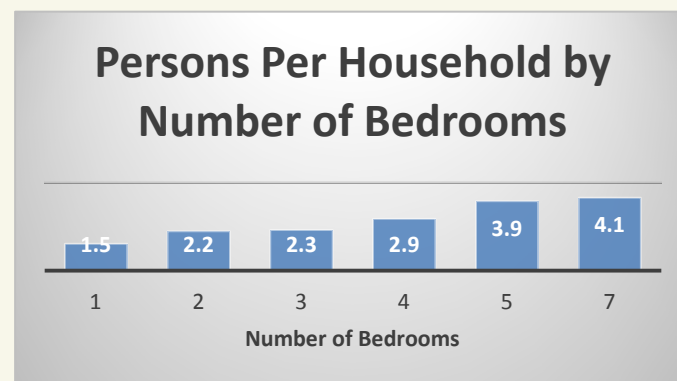
- Reduce SDC costs
- Increase population base (e.g., add commercial)

Reduce SDCs for 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 #3: 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 #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 District Examples
 - 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?
- Would any financing or deferral options be helpful to you?



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
- Update project list and costs
- Engagement
 - Individual outreach
 - Next Stakeholder meeting January 16, 2019
 - Board update January 29, 2019
 - *Who else should we engage?*



Miller's Landing Park 2014



Thank you!

