

# System Development Charge Methodology Update

January 16, 2019



*Riley Ranch Nature Reserve 2017*



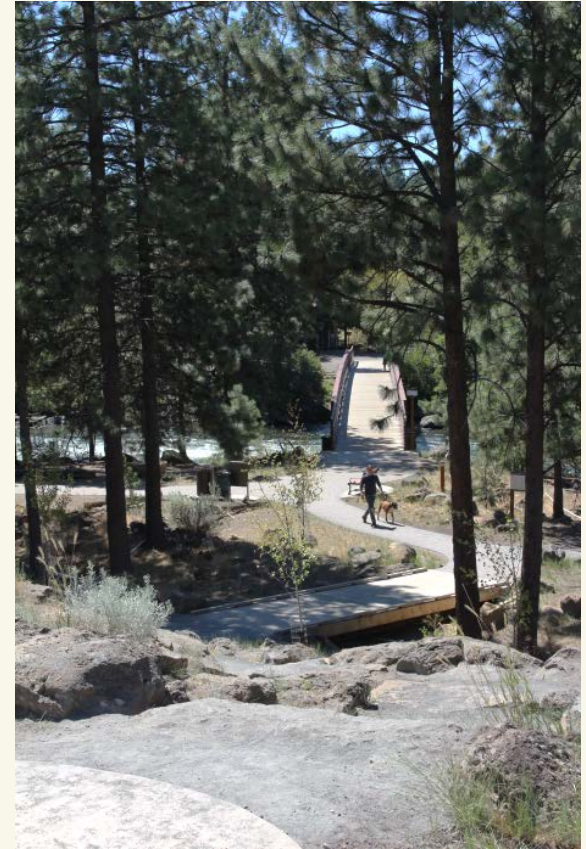
*Stone Creek Park 2017*



*Alpine Park trailhead 2015*

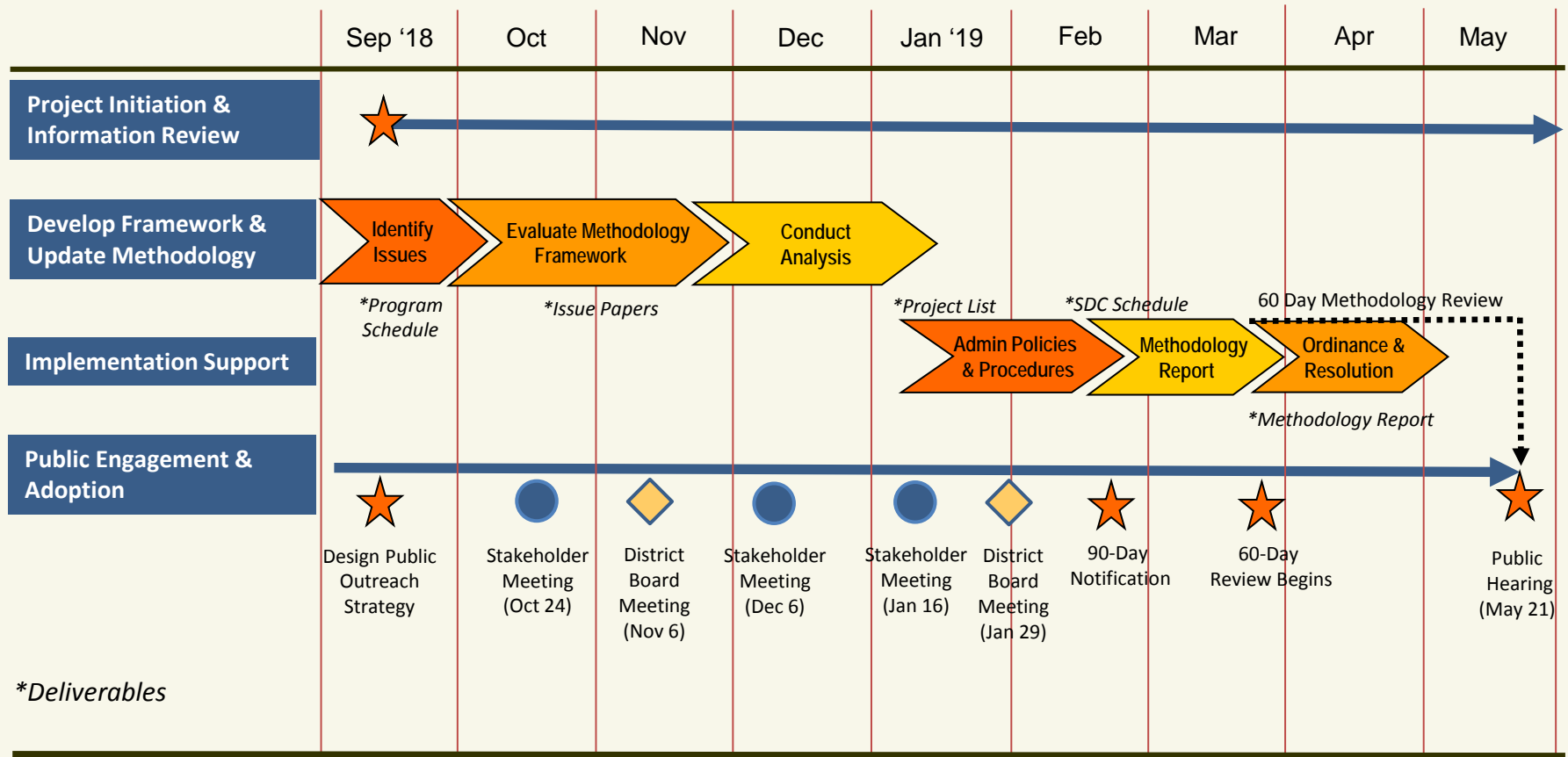
# Today's Agenda

- Welcome and Introductions
- Update on Progress
  - Stakeholder outreach
  - Preliminary LOS analysis
- Potential Nonresidential SDC
- Residential Assessment Options
- Final Reflections
- Next Steps and Outcomes



*First Street Rapids Park 2015*

# Project Timeline

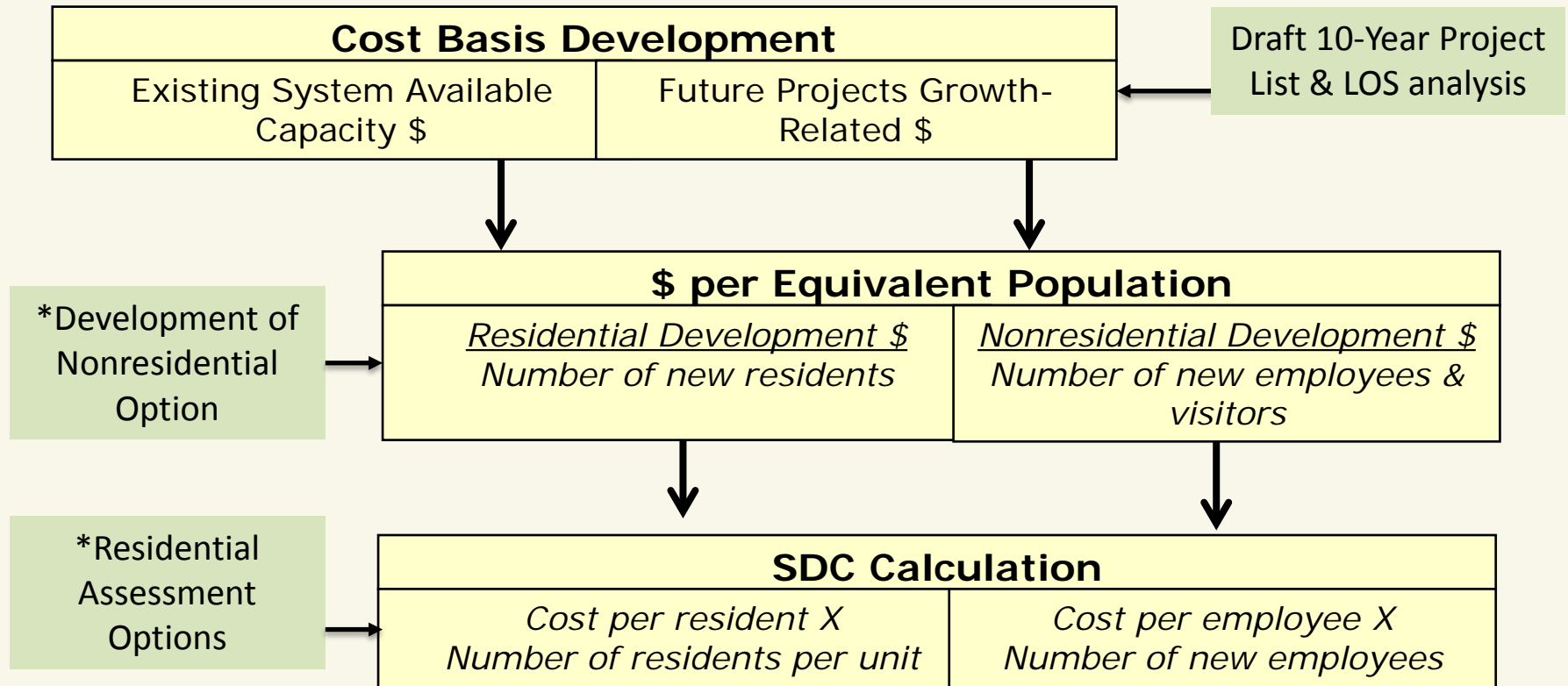


# Progress on Public Engagement

Date	Engagement
October 24, 2018	Stakeholder meeting
November 6	Board meeting
December 6	Stakeholder meeting
November and ongoing	Individual meetings
January 16 , 2019	Stakeholder meeting
January 29	Board meeting

- Meeting summaries
- Comment log
- Website: <https://www.bendparksandrec.org/about/sdc/>

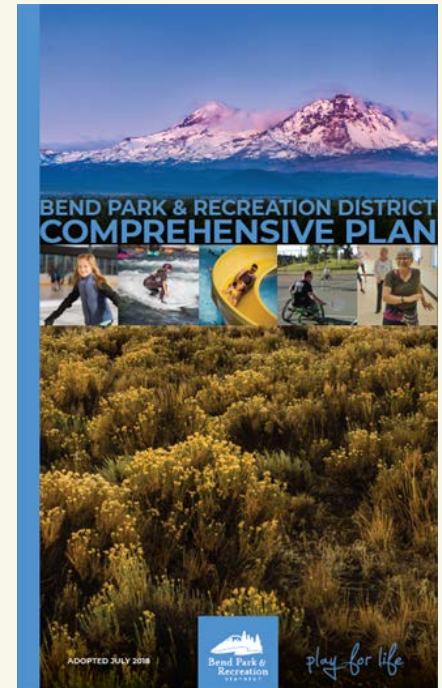
# Progress on Methodology



*\*Policy Questions*

# Presentation Numbers in Context

- Everything is *preliminary*!
- Project List
  - Based on Comprehensive Plan projects & priorities
  - Presented today in summary level detail only
  - Cost estimates developed by BPRD based on comparable projects
- Sample SDCs are not complete
  - Do not yet include compliance costs and bond credits
  - Provided for *relative* comparison of options only
- Demographic information and statistical analysis will be provided in more detail in methodology report



# Summary of SDC Project List \$\*

Project Types	Net Project Costs <sup>1</sup>	New SDC \$	Existing SDC \$
<b>New Park/Facilities</b>			
Community Parks	\$24,745,666	\$24,745,666	\$0
Neighborhood Park	\$47,044,914	\$47,044,914	\$0
Recreation Facilities <sup>2</sup>	\$14,428,529	\$12,766,966	\$1,661,563
Trails	\$5,966,623	\$4,765,482	\$1,201,141
Subtotal	\$92,185,732	\$89,323,028	\$2,862,704
<b>Capacity Improvements at Existing Parks</b>			
New or expanded amenities & access	\$9,325,206		\$9,325,206
Improved level of performance/development	\$5,977,468		\$5,977,468
Developer oversizing reimbursement	\$514,950		\$514,950
Subtotal	\$15,817,624	\$0	\$15,817,624
<b>Total</b>	<b>\$108,003,356</b>	<b>\$89,323,028</b>	<b>\$18,680,328</b>
<sup>1</sup> Net of budgeted fiscal year 2019 or prior funds and asset management and renovation project costs			
<sup>2</sup> Net of General Fund reserves for Larkspur (\$12 million)			

\*Includes approximately 80 projects for 10-year period (through 2028)

# Existing Inventory and Planned Project List Development

Type	Unit Type	Existing Developed Units	Planned Development <sup>1</sup>			Total Future Units
			Existing Acreage <sup>2</sup>	New	Total	
Parks	Acres					
Neighborhood & Community		717	75	99	174	891
Regional		1,144			0	1,144
Recreation Trails	Miles	69.8		23	23	92.7
Indoor Recreation Facilities <sup>3</sup>	SQ FT	130,901		37,603	37,603	168,504

<sup>1</sup> Based on Preliminary 10-Year SDC Project List

<sup>2</sup> Currently undeveloped acreage at Alpenglow (37), High Dessert (33), and Pine Nursery (5);  
Not included in existing developed acreage

<sup>3</sup> Existing includes Juniper, Senior Center, and Pavillion; future includes Larkspur addition and Art Center



# Existing and Future (2028) Levels of Service

Type	Unit Type	Population (Units/1,000)	
		Existing	Future
Parks	Acres		
Neighborhood & Community		8.0	7.9
Regional		12.7	10.1
Recreation Trails	Miles	0.77	0.82
Indoor Recreation Facilities	SQ FT	1,452	1,491

$$\frac{\text{Existing } Q + \text{Planned } Q}{\text{Future Population Served}} = \text{Future LOS}$$

**Where:**

Q = Developed Quantity only (does not include undeveloped acreage)  
 Population = resident population only (90,137 current, 113,004 future);  
 for purposes of this table, excludes visitors and employees

# LOS Implications for SDC Cost Basis

## Improvement Fee

- Existing LOS < Future LOS  
= current deficiency
- Portion of improvements  
meet existing population  
need

### Trails Example

Current LOS	0.77 mi/1,000
Future LOS	0.82 mi/1,000
Deficiency	0.05 mi/1,000
Existing Need	4.5 mi. (.05 X 90,137)

## Reimbursement Fee

- Existing LOS > Future LOS  
means excess capacity
- Portion of prior  
investments needed for  
growth

### Regional Park Example

Current LOS	12.7 ac/1,000
Future LOS	10.1 ac/1,000
Excess	2.6 ac/1,000
Future Need	241 ac. (10.1 X 23,890)

# Preliminary Improvement SDC Cost Basis

Type	New Parks/ Facilities
<b>Neighborhood &amp; Community</b>	\$71,790,580
SDC Share %	100%
SDC Share \$	\$71,790,580
<b>Regional</b>	\$0.00
<b>Recreation Trails</b>	\$5,966,623
SDC Share %	80%
SDC Share \$	\$4,765,482
<b>Indoor Recreation Facilities</b>	\$14,428,529
SDC Share %	88%
SDC Share \$	\$12,766,966
<b>All Parks</b>	
Total	\$92,185,732
<b>Improvement SDC Cost Basis</b>	<b>\$89,323,028</b>

- Limited to new parks and facility costs (Slide 7)
- Excludes capacity enhancements for existing development

Trails Example		
Existing Need	4.5	Slide 9
Project List Total	23	Slide 7
Existing Share	20%	

# Preliminary Reimbursement SDC Cost Basis

	Growth Units	Growth Costs		
Park Type	Existing Acreage <sup>1</sup>	Acquisition Cost	Less Outstanding Bond Principal	SDC Cost Basis
Community <sup>2</sup>	75	\$3,788,100	\$3,019,996	\$768,103
Regional <sup>3</sup>	241	\$6,484,904	\$2,583,745	\$3,901,159
<b>Total</b>		<b>\$10,273,004</b>	<b>\$5,603,742</b>	<b>\$4,669,262</b>

<sup>1</sup> Community park acreage = Existing Undeveloped Acreage (Slide 8); Regional park acreage from LOS calculation (Slide 10)

<sup>2</sup> Includes purchase cost of Alpenglou (37 ac) and Pine Nursery (5 ac); High Desert (33 ac) obtained through land swap

<sup>3</sup> Includes purchase cost of Riley Ranch (181 acres) and Shevlin Commons (43 acres)

Other Shevlin acreage donated

*McKay Park 2016*



# GROUP DISCUSSION ON KEY ISSUES

# Issue #1: Nonresidential SDC

- Accepted nexus between nonresidential development & park capacity needs
  - Usage equivalency relative to residents varies
  - Application varies (visitors and employees)
- Equivalency Models Used
  - Hours of opportunity
    - Seasonally adjusted
    - Not seasonally adjusted
  - Actual use



*Old Mill District*

# BPRD Model Framework

- Seasonally adjusted hours available; weighted based on BPRD demographics
- Includes outside District employees only
- Results on low end of industry range (0.1-0.5)

Category	Value	Factor
<b>Average Hours/person/day</b>		
Resident weighted average	7.55	
Nonresident employee	2.02	0.27
<b>Employees working in BPRD Area <sup>1</sup></b>		
Living Inside area	24,974	
Living outside area	22,076	0.47
Total	47,050	
<b>Residential Equivalency per Employee (0.28 X 0.47) =</b>		<b>0.126</b>
<sup>1</sup> U.S. Census 2015 On the Map Inflow Outflow analysis		

# Preliminary Cost per Person Comparison

Type	Preliminary Cost Basis <sup>1</sup>	Scenario	
		Residents + Visitors	All Development <sup>2</sup>
<b>Equivalent Population Growth</b>		<b>23,890</b>	<b>25,039</b>
		<b>\$/Person</b>	
Improvement SDC	\$89,323,028	\$3,739	\$3,567
Reimbursement	\$4,669,262	\$195	\$186
<b>Combined*</b>	<b>\$93,992,290</b>	<b>\$3,934</b>	<b>\$3,754</b>
<sup>1</sup> Does not include SDC Statute compliance costs			
<sup>2</sup> Includes employment growth (9,133) X 0.126			



# Sample Nonresidential SDCs (\$/1,000 SQFT of building area)

Category	\$/ Person <sup>1</sup>	Employees / 1,000 sq. ft. <sup>2</sup>	SDC/ 1,000 sq. ft.
Cost per Equivalent Population	\$3,754		
Cost per Employee	\$472		
Equivalent Population Factor	0.126		
Office		2.9	\$1,349
Retail		2.0	\$944
Institutional		1.7	\$787
Industrial		1.7	\$787
Warehousing		0.5	\$255
<sup>1</sup> Does not include compliance charge			
<sup>2</sup> Metro Urban Growth Report Appendix 6 (Rev. 10/2015)			
based on outer ring (lowest) densities			

# Sample Nonresidential SDCs (Actual Developments)

<b>Development Type</b>	<b>\$/1,000 Sq Ft</b>	<b>Size (1,000 sf)</b>	<b>Preliminary BPRD \$</b>
Office (4-story)	\$1,349	50	\$67,450
Industrial (3 tenants)	\$787	8	\$6,296

<b>Development Type</b>	<b>Size (1,000 sf)</b>	<b>Tualatin Hills</b>	<b>Eugene</b>	<b>Salem - Proposed</b>		<b>Portland (Non Central City)</b>
				Jul-19	Jul-20	
Office (4-story)	50	\$55,000	\$56,700	\$33,650	\$67,250	\$102,500
Industrial (3 tenants)	8	\$7,700	\$5,552	\$2,696	\$5,384	\$8,160

# Issue #1: Nonresidential SDC

## Discussion

- What are your thoughts on including a nonresidential SDC?
- Any reflections on the analysis, its outcomes, or the recommendation?

## Issue #2: Residential SDC Assessment

- Local and national data show increases in average occupancy for larger dwellings
  - Number of bedrooms and area of unit (SQFT)
  - Data availability differs by unit type (single family and multifamily)
- Scaling SDCs based on dwelling size may improve equity and address some affordability concerns
  - Does not address income qualified Affordable housing specifically

# Single Family Residential Options

			Preliminary \$/Dwelling Unit <sup>1</sup>	
Section		Avg. People per Dwelling Unit	Residents + Visitors	All Development
<b>PRELIMINARY Cost per Equivalent Population</b>			<b>\$3,934</b>	<b>\$3,754</b>
<b>A</b>	<b>Number of Bedrooms Category<sup>2</sup></b>			
	0 to 2 Bedrooms	1.92	\$7,554	\$7,207
	3 Bedrooms	2.37	\$9,324	\$8,897
	4+ Bedrooms	2.88	\$11,331	\$10,811
<b>B</b>	<b>Square Footage Category<sup>3</sup></b>			
	<1500 SQFT	2.02	\$7,947	\$7,583
	1500-3000 SQFT	2.5	\$9,836	\$9,385
	>3000 SQFT	2.74	\$10,780	\$10,286
<b>C</b>	<b>All Single Family Dwelling Sizes<sup>4</sup></b>	2.50	\$9,836	\$9,385
<b>D</b>	<b>2018 Inflation-Adjusted SDC All Single Family Dwelling Sizes</b>	2.48	\$8,513	\$8,513

Notes:

<sup>1</sup> Does not include compliance charge or bond credit

<sup>2</sup> 2017 American Community Survey (ACS) Public Use Microdata Sample (PUMS) for Deschutes Co.

<sup>3</sup> Based on Oregon Housing Activity Survey & RLIS Taxlot SQFT estimates for BPRD Tax Boundary

<sup>4</sup> 2017 ACS PUMS for Deschutes County, weighted average for all single-family households in Deschutes County (PUMA 00400).

# Multifamily Residential Options

			Preliminary \$/Dwelling Unit <sup>1</sup>	
Section		Avg. People per Dwelling Unit	Residents + Visitors	All Development
<b>PRELIMINARY Cost per Equivalent Population</b>			<b>\$3,934</b>	<b>\$3,754</b>
<b>A</b>	<b>Number of Bedrooms Category<sup>2</sup></b>			
	0 Bedrooms	1.08	\$4,249	\$4,054
	1 Bedrooms	1.19	\$4,682	\$4,467
	2 Bedrooms	1.93	\$7,593	\$7,245
	3+ Bedrooms	2.5	\$9,836	\$9,385
<b>B</b>	<b>Square Footage Category<sup>3</sup></b>			
	<750 SQFT	1.32	\$5,193	\$4,955
	750-1000 SQFT	1.67	\$6,570	\$6,269
	1000-1500 SQFT	1.99	\$7,829	\$7,470
	>1500 SQFT	2.02	\$7,947	\$7,583
<b>C</b>	<b>All Multifamily Dwelling Sizes<sup>4</sup></b>	1.70	\$6,688	\$6,382
<b>D</b>	<b>2018 Inflation-Adjusted SDC All Multifamily Dwelling Sizes</b>	2.32	\$7,964	\$7,964

Notes:

<sup>1</sup>Does not include compliance charge or bond credit

<sup>2</sup> 2017 American Community Survey Public Use Microdata Sample (ACS PUMS) for Deschutes & Lane Co

<sup>3</sup> 2017 Estimate from the ACS PUMS weighted by the distribution of households across bedrooms by square footage category using the 2017 American Housing Survey, Pacific region

<sup>4</sup> 2017 ACS PUMS for Deschutes County, weighted average for all multifamily

# Summary of Residential SDC Considerations

- Single family occupancy assumptions developed with local data; multifamily analysis requires outside area data to increase sample size
  - Tiers selected based on available data and sample size
- Average multifamily occupancy rate has decreased significantly, such that it is below smallest single family rates
- All options will require additional permit data/administration
  - Bedrooms provide a direct link to people; however, require explicit definition of what constitutes a bedroom
  - SQ FT options may be simplest up front, but consideration for house additions (e.g., adding an office or great room)

# Issue #2: Residential SDC

## Discussion

- What are your thoughts on tiering/scaling the SDC based on average household size?
  - Single family? Multifamily?
  - Is it more appropriate to use the square footage or bedroom basis for scaling the SDC?



# Final Reflections

- What key message or reflection do you have for the Board on the SDC update?



*Discovery Park 2015*



# Next Steps

- Technical Analysis
  - Final review
  - Development of compliance costs and credits
- Engagement
  - Individual outreach
  - Board update January 29, 2016
  - Additional processing of administrative issues
  - Methodology review



*Miller's Landing Park 2014*





# Thank you!

