



Board of Directors

February 19, 2019

District Office Building | 799 SW Columbia | Bend, Oregon



5:30 p.m. MEETING CONVENED

BOARD PRESENT

Brady Fuller, Chair

Ted Schoenborn, Vice Chair

Nathan Hovekamp

Lauren Sprang

Ellen Grover

MEDIA

Stephen Hamway, The Bulletin

STAFF PRESENT

Don Horton, Executive Director

Michelle Healy, Planning and Park Services Director

Matt Mercer, Director of Recreation

Lindsey Lombard, Administrative Services Director

Sheila Reed, Executive Assistant

Brian Hudspeth, Development Manager

Michael Egging, Recreational Analyst

Sue Glenn, Recreation Services Manager

Jeff Hagler, Park Stewardship Manager

5:30 p.m. CONVENE MEETING

WORK SESSION

1. SDC Methodology Update Discussion (Project List) – *Michelle Healy, Deb Galardi and Lindsey Lombard*

Ms. Healy said that this is the third presentation to the Board about the SDC methodology update. She reviewed the agenda for the evening and asked the Board to provide the staff the direction for the update to the SDC methodology.

Ms. Healy said after the completion of the comp plan last year, with community feedback a prioritized list of projects for the next ten years was created. With this list it seemed appropriate to revisit the SDC methodology that has not been updated since 2009. At the last meeting, the project list was reduced by 11 million dollars; Ms. Healy reviewed the revised list and noted that a large part of the list is land to keep up with future growth.

Ms. Galardi spoke about the impact of removing 11 million dollars of projects from the list and showed the Board several scenarios of the different proposed SDC formulas and how each formula

for the fee has been lowered by this decision. She also mentioned that level of service has also decreased slightly.

Ms. Bodo said the City collects the SDC fees for the District. Staff has met with the City and County to discuss the impact that any changes may have on their staff as the collectors of the fees. The agencies responded with the following comments:

City

- The City staff agrees that all fees should be collected with the City as a one stop shop for builders
- The City expects that changes to the SDC methodology will result in an increase of City staff time if:
 - The methodology includes a tiered approach for residential
 - The methodology includes a nonresidential assessment
- The City prefers to scale by bedrooms for multifamily structures
- The City prefers to not add charges for residential additions
- The City requested that the changes made are not implemented until January 2020, to accommodate new update to their systems.

County

- The County expects that changes to the SDC methodology will result in an increase of County staff time if:
 - The methodology includes a tiered approach for residential
 - The methodology includes a nonresidential assessment
- The County identified ways to streamline processes
- The County recommended scaling by square foot for single family residential
- The County preferred tiers over regression

Ms. Bodo shared some of the more recent stakeholder and public feedback on the three following topics:

Project List:

- Appreciate reduction in project list
- Concern over total project list amount (do not want fee increases)

Residential SDC

- Appreciate residential tiers
- Consider affordable housing exemption
- Concern over hotel SDC increase

Nonresidential SDC

- Concern over nonresidential fee
 - competitiveness/affordability
 - Assumptions related to in District vs. out of District employees

Ms. Bodo said that there is still opportunity for public comment on the District website.

Next, Ms. Healy went through the methodology options and asked the Board for their direction on each.

Nonresidential SDC assessment: Charge SDC on nonresidential, and does that include neighborhood parks?

She noted that the staff is recommending that this not be added to the methodology. The feedback from the City says this is too difficult and only represents a small percentage of the fees anticipated. The Board felt that this option represented a more equitable approach, but questioned whether the assumed data is correct and really applicable. The Board decided that this is not the direction they would like staff to take at this time.

Residential SDC Assessment - Scale SDC based on dwelling size?

Single family based on regression coefficient, table of values for full range, or tiers?

Multifamily measured by bedrooms or square feet?

Staff recommends charging by square footage.

The Board discussed the tiered square footage approach and came to a consensus that this is the direction to take because it provides more flexibility and smaller homes would see a decrease in the SDC fees. The number of bedrooms will be used to scale multifamily homes, which is the method the City currently uses. The Board recognized that this approach may be more difficult for the City to collect for single family homes.

Overnight visitors and ADUs

Internal data shows that more visitors are using our parks. The hotel occupancy rate used to determine the recommended charge was updated to reflect the average percentage of occupancy throughout the year. The occupancy rate is 69% with 2.5 people per room based on the information provided by Visit Bend. The Board directed staff to proceed with the recommended SDC fee for hotels and ADUs.

Ms. Healy spoke about affordable housing and how it relates to the District SDC's. She said that in 2015 the City started looking at some exemptions for affordable housing. At the time, the District Board looked at the City request to exempt SDCs for affordable housing and decided not to participate and instead look at the program as a whole. As an organization, the District does do a lot to support affordable living beyond this issue. The District offers needs-based assistance which provides affordable childcare, free programming is offered in effort to reach all income levels, and the District provides the community with access to parks making this a great community in which to live. She also said the other piece that is important to understand is that a large portion of what the District provides is land based. This means that the District must compete with other developers in purchasing land at market value and is a big factor in the cost of projects. She said Bend would be a different place without the park system and it takes funds to make these investments. Ms. Healy also noted that the District projects incur many costs: off-site improvements like building road frontage improvements and extending utilities. The District also pays the SDCs charged by the city, pays prevailing wages and contributes to the affordable housing fee that is calculated on building permits. The Larkspur Center alone will pay almost one million dollars in sewer SDCs and close to \$50,000 for the affordable housing fee which further demonstrates the District contributions to affordable housing.

Affordable Housing

Ms. Bodo said the City approved SDC exemptions in 2015 with a one million dollar cap per biennium, water and sewer were 100 percent exempted and transportation was 75 percent exempted. In 2017, the City approved 100 percent exemption and removed the cap. The exempted homes are deed restricted to at or below 80 percent area median income as determined by the State Housing Council. Homeless shelters developments are also exempt. Exemption applications are evaluated by the Affordable Housing Advisory Committee, the City's program sunsets in 2023.

Ms. Bodo showed that based on the data provided by the City of Bend, Affordable Housing Manager, about 36 units would qualify annually for the exemption and the goal of the City is about 100 per year. Ms. Bodo showed the Board an estimate of the impact on revenue if the District offered this same exemption program.

Staff recommends exempting affordable housing, with an annual cap to start of 100 units, follow the same sunset date as the city, and coordinate with the city to exempt housing with long term deed restrictions.

Executive Director Horton said that the District will have to come up with other funding sources, grants, donations, land donations, and bonds to fill the gap. He said general funds cannot be used because the exemption is considered dollars spent and general fund money cannot be moved over to fill the gap.

The Board overall agreed that the exemption for affordable housing should be granted. The Board also agreed that partnering with the City and allowing them to be in control of the evaluation of qualifying exemptions was the best option. It was pointed out that the District does offer a lot to the community in making Bend more affordable by offering scholarships and providing programming that supports affordable living and quality of life. There was concern expressed that the level of service not be compromised since the community members that live in the smallest spaces need the park space more than others in the community. It was also mentioned that exempting the District SDC fee has little impact on lowering the cost of homes in Bend. The Board reached consensus that this is an option worth pursuing.

The Board reviewed the direction provided to staff and discussed the project list. When reviewing the facilities on the list, Director Fuller commented that the District is using saved reserves for the Larkspur project instead of putting the project on the SDC list and raising the costs. He further commented that this is an example of the District being good stewards of money. After reviewing the project list, the Board decided to keep the list as it is currently.

Ms. Bodo said that the SDC methodology will be discussed again at the April 16 meeting. Other items that staff will ask for direction on will be about deferrals and financing, other exemptions (memory care and end of life facilities) and staff will provide a draft of the ordinance for the SDC methodology.

6:50 p.m. BREAK/TRANSITION

7:00 p.m. BUSINESS SESSION

VISITORS

Justin Livingston: Mr. Livingston is a Bend City Councilor; he submitted a letter on behalf of the Bend City Council, this letter is attached to the minutes. Affordable Housing Committee asked the City

Council to weigh in on the affordable housing discussions and SDCs in general by the District. Mr. Livingston thanked the Board for the discussion around affordable housing and commented that he would have to change some of his prepared notes. He said the affordable housing program has been a successful program for the City. It has been in place for about 3 years and the City has exempted about 1.5 million dollars in water, sewer and transportation SDCs that have resulted in 221 units that have been built. Mr. Livingston said that this year the City has exempted \$565,000 for 63 units and roughly estimated that if the District had participated it would have amounted to \$470,000. All the funds for deed restricted homes get leveraged for grants. Mr. Livingston said the City has brought in 25 million in funds to build these projects.

Mr. Livingston expressed concern for the burden of administering a tiered system and said it may be too much for the city to handle and would likely have to add additional staff. He said if the tiered approach is approved, the City would have to re-evaluate at minimum the fee charged to collect the SDCs and whether or not they want to collect it at all.

Next, Mr. Livingston spoke about the collective impact that we all have on affordability and doing business in Bend. The City did a statistically valid poll last year and asked open ended question asking people about their biggest concern, transportation and housing were the biggest concerns overall. The question that the council has for the Board is during the comp plan process whether the District weighed the level of service of other partner agencies and was consideration given to the other needs in the community and to make sure that one special district isn't out of skew with the total needs of the community. He asked that the Board re-evaluate that.

He finished with addressing the nonresidential SDCs, recognizing that the Board is not inclined to include these in the methodology, and stated that the Bend Economic Development may want the Council to further to weigh in on this if necessary. He said with the near doubling of hotel SDCs, that this fee would that put pressure on the market to slow down or stop and may cause an increase in short term rentals in our neighborhoods which has other ramifications.

Barb Campbell: City Councilor, she thanked the Board for their discussion of exemptions on affordable housing. She said she that the predicted 100 units needed per year will be outpaced by the current rate of growth of 5-6 people a day. She continued to say that workforce housing continues to be a problem because these folks are not eligible for any federal aid or assistance housing. Ms. Campbell is afraid that these fees represent an overall increase in housing cost and further said that although she appreciates the efforts to spread the fees out with tiers, she thinks that the task may be too great for the City to handle.

Ms. Campbell said the purpose of the special district is to fund the beautiful park system. She said that this special district is set up so that every new person that moves to town equates to more money. She continued to say that the District has the special district tax base, general obligation bond funds and SDCs (that can only be used to expand) and a foundation that people can give donations. Ms. Campbell asked the Board to again look at the level of service, stating that the existing level of service is stated to be higher than the District's own desired level. She continued to say that she thinks the City is happy with the level of service that the District is providing, but she thinks that the methodology represents a growth in that service and said a lot of us would like to tell you that we can't afford it. She concluded by thanking the Board and encouraging them to run for re-election.

Karna Gustafson: Representing Central Oregon Builders Association (COBA), which has approximately 700 member companies. She referenced a letter that was sent earlier today (attached to the minutes) and said she would like to highlight some points. There were seven proposed recommendations: one of the recommendations is to remove some of the items on the project list that are outside the UGB. Since the boundary is not likely to grow fast enough and the direction of growth is undetermined, she respectfully requested that some of these projects be removed stating that this would lighten the pressure on the residential SDCs. She said that their association is remaining neutral on the tiered system and would not be commenting on it. Her final point was that SDC amounts do drive where housing is built. In 2017, Bend had over 935 single family permits issued and in 2018 only 695. In 2017, Redmond had 245 single family permits and in 2018 almost 500. She concluded that those permits that were not built in Bend moved to Redmond. She cited the total SDC costs as evidence of this shift. The total SDC fees in Redmond are \$14,000 and in Bend they are \$27,000.

Kathy Austin: Ms. Austin serves on the Affordable Housing Committee, but said she is not representing them tonight. Ms. Austin is an architect that has worked on affordable housing for over 25 years and very aware of the costs for developers as she has worked for a lot of nonprofits in her years. She said she spoke with a member of their committee today to ask what the subsidy cost is for the 100 percent deed restricted housing that Housing Works produces on a per unit in Bend. She was told that the subsidy range is typically \$55,000 - \$75,000 per unit. Ms. Austin went on to say that every dollar that is waived is leveraged about seven times of the amount that is reduced. She urged the Board to not just think about the dollar amount of the fee that the District waives, but to think about the impact of the multiplier and the significant difference that can be made with the reduction in fees. Ms. Austin said she is very pleased that the Board is considering the affordable housing exemption and she said it makes sense to do so with a cap and sunset date. As a citizen, Ms. Austin supports the tiered system and thinks it will make a difference in workforce housing. She encouraged the Board to look at levels of service as Bend continues to grow. She next asked the Board to consider bonds over SDCs due to the impact that a SDC fee has on a mortgage over time.

CONSENT AGENDA

1. Meeting Minutes – 02/05/2018
2. Approve Updated Fees and Charges Policy

Director Grover made a motion to approve the consent agenda. Director Hovekamp seconded. The motion passed unanimously, 5-0.

BUSINESS SESSION

1. Resolution No. 419-Providing Direction Resultant to the Oregon Consensus Report on South UGB Deschutes River Connection – *Don Horton*

Executive Director Horton reviewed Resolution No. 419 that was printed in the Board report. The resolution was as a result of direction given by the Board in response to the Oregon Consensus Report on the south UGB Deschutes river connection.

Director Grover amended the resolution to include language that better states the District's efforts to pursue and expand opportunities and trail connections throughout Bend to help build a shared community vision for the trail system.

The Board expressed that removing this connection opportunity at this time may be a missed opportunity. The District is in a better position to protect the area that could be subject to further development. The Board has heard from many in the community that they are disappointed to see this project removed. The Board did express optimism that focusing on the trails in a broader view and as a web for effective transportation is a more positive way to proceed with the work that the District is doing.

Director Schoenborn made a motion to adopt Resolution No. 419 with the amendment postponing the southern connection of the Deschutes River Trail project under the conditions identified in the resolution. Director Grover seconded. The motion passed unanimously, 5-0.

2. Accept Discovery Park Land Donation – Don Horton

Executive Director Horton presented a map of the area of the land that is being offered to the District as a donation for further park and trail development to Discovery Park. He said that this land was offered to the District four years ago and the District wanted to wait five years to accept the donation to be sure that the property would not settle. It has been four years with no issues, Executive Director Horton recommends that the District accept the donation at this time.

Director Grover made a motion to accept the donation of approximately 16.97 acres of natural area from West Bend Properties following the completion of a successful compaction test, phase I environmental report and clean title report. Director Schoenborn seconded. The motion passed unanimously, 5-0.

Executive Director Horton commented that Brooks Resources really values the community and this is evident by all that they give back to the community. Director Schoenborn recommended providing a letter on behalf of the Board to the editor of the local papers publicly thanking Brooks Resources for their community support.

EXECUTIVE DIRECTOR'S REPORT: Executive Director Horton said he wanted to bring up the latest mountain lion report. He said the District does not have a policy on what to do when lions are on BPRD property, but wanted to share the practices. Usually the District will close off the area until the lion leaves. The most recent closing was at Hillside Park, the park was closed and the lion left. The most recent lion that was just killed had shown signs of creating territory. Director Hovekamp has asked for a policy on this and the District is willing to do this if directed by the Board. Director Horton said that we do not want to make the decision if a lion should be taken out or not, this decision still needs to rest in the hands of ODFW. Director Hovekamp said that his thoughts on a policy would be a value based statement that says mountain lions are native wildlife and we have a stewardship role in protecting native wildlife on District property. He also recognized that the District does not have the authority to override ODFW. The Board discussed that every effort will continue to be made for public safety. The discussion continued to explore where this policy would fit with the core values and include other animals, recognizing that humans are encroaching on native habitat and we have the opportunity as the District to help manage this because we have resources that can help. The Board has asked staff to consider this discussion and bring ideas back to the Board.

Hidden Hills lot 70, Executive Director Horton went back to the developer after receiving direction from the Board to ask if the developer would support the District phasing in the railroad crossing bridge. The developer really likes the bridge and would like to see it built. The bridge is almost a two

million project now (was projected at \$600,000) and there is a duplication of access. Executive Director Horton does not think we should phase it if we are going to do it, should just reallocate money and get it built. The Board agreed and would like to pursue building the bridge and explore other funding with grants.

A letter was received from Central Oregon Conservation Network (COCN) asking the District to refrain from supporting the dredging of Mirror Pond.

Executive Director Horton let the Board know that staff will address the school district hours changing at the next Board meeting on March 5.

Executive Director Horton congratulated Director Grover for her election as managing partner at Karnopp Peterson LLP.

BOARD MEETINGS CALENDAR REVIEW

PROJECT REPORT

GOOD OF THE ORDER Executive Director Horton said he thinks the Board made the right choice for affordable housing and did not want his comments about funding the gap to be misunderstood. Director Hovekamp commented that the staff has done a great job with the SDC presentation. He also expressed his appreciation for constructive commentary with the Board. He expressed objection to positional lecturing from other agencies that haven't done as well as keeping up with growth as the District has, and said there is a point in which lines are crossed and felt that there was a little of that tonight. He said he likes the direction we are going. There was further agreement from the Board.

ADJOURN 9:18 p.m.

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Prepared by,
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