



Bend Metro Park & Recreation District

April 4, 2023

Board of Directors Agenda and Reports

www.bendparksandrec.org



play for life



Our Vision

To be a leader in building a community connected to nature, active lifestyles and one another.

Our Mission

To strengthen community vitality and foster healthy, enriched lifestyles by providing exceptional park and recreation services.

We Value

Excellence by striving to set the standard for quality programs, parks and services through leadership, vision, innovation and dedication to our work.

Environmental Sustainability by helping to protect, maintain and preserve our natural and developed resources.

Fiscal Accountability by responsibly and efficiently managing the financial health of the District today and for generations to come.

Inclusiveness by reducing physical, social and financial barriers to our programs, facilities and services.

Partnerships by fostering an atmosphere of cooperation, trust and resourcefulness with our patrons, coworkers and other organizations.

Customers by interacting with people in a responsive, considerate and efficient manner.

Safety by promoting a safe and healthy environment for all who work and play in our parks, facilities and programs.

Staff by honoring the diverse contributions of each employee and volunteer, and recognizing them as essential to accomplishing our mission.

play for life

District Office | Don Horton, Executive Director

799 SW Columbia St., Bend, Oregon 97702 | www.bendparksandrec.org | (541) 389-7275



Board of Directors

April 4, 2023

District Office Building | 799 SW Columbia | Bend, Oregon



AGENDA

The board will meet in person with a virtual link to the regular meeting. The public may provide public input in-person at the meeting or via the virtual Zoom link.

Please use the link below to join the webinar:

<https://us02web.zoom.us/j/84713219029?pwd=UGMwYUppTWg3MGtvQzZyeEYrdlh5dz09>

Passcode: 878721

Or Telephone:

US: +1 669 900 6833

Webinar ID: 847 1321 9029

Passcode: 878721

5:30 pm CONVENE MEETING

VISITORS

The board welcomes input from individuals at our public meetings about district-related issues. Members of the community who wish to make public comment may attend the meeting virtually. To provide a public comment, click on the "Raise Hand" option. You will be called into the meeting in the order received. Visitors should turn on their cameras and microphones. All remarks should be limited to 3 minutes or less and relevant to a topic on the agenda. If there are questions, follow up will occur after the meeting. Thank you for your involvement.

STAFF INTRODUCTIONS

Matt Roberts

Joe White

Josh Gibbs

Kristin Cunningham

Jenna Mattox

WORK SESSION

1. Volunteer and Community Engagement Report Update – *Kim Johnson (15 min)*
2. Needs Based Assistance Report for Fiscal Year 22-23 – *Matt Mercer (20 min)*

CONSENT AGENDA

1. Minutes: 3/21/2023
2. Extend Deadline for Bend FC Timbers Phase 2 Development

BUSINESS SESSION

1. 445 NE Penn Avenue Multiple Unit Property Tax Exemption (MUPTE) – *Michelle Healy and Rachel Colton (30 min)*
2. Award Professional Services Contract for Pine Nursery Park Phase 5 Project – *Bronwen Mastro (15 min)*
3. Approve Needs Based Assistance Plan for Fiscal Year 23-24 – *Matt Mercer (20 min)*

EXECUTIVE DIRECTOR’S REPORT

PROJECT REPORT – In Board Packet

BOARD MEETINGS CALENDAR REVIEW

GOOD OF THE ORDER

ADJOURN



Accessible Meeting/Alternate Format Notification

This meeting location is accessible. Sign and other language interpreter service, assistive listening devices, materials in alternate format or other accommodations are available upon advance request. Please contact the Executive Assistant no later than 24 hours in advance of the meeting at sheilar@bendparksandrec.org or 541-706-6151. Providing at least 2 business days’ notice prior to the meeting will help ensure availability.

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| BOARD AGENDA COMMUNICATION |
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|-------------------------------|---|
| AGENDA DATE: | April 4, 2023 |
| SUBJECT: | Volunteer/Community Engagement Report |
| STAFF RESOURCE: | Kim Johnson, Community Engagement Supervisor |
| PREVIOUS BOARD ACTION: | None |
| ACTION PROPOSED: | None |
| STRATEGIC PLAN: | |
| Pillar: | Community Relationships |
| Outcome: | Exceptional customer and community experiences |
| Strategy: | Provide exceptional experiences during each facet of the customer's interaction with the district |

BACKGROUND

Connecting residents with programs, events, facilities, parks and trails is central to the mission and values of the district. This includes providing opportunities for people to engage as supporters of district efforts.

The district offers opportunities for volunteers to engage in a wide variety of experiences that support programs, events, facilities and projects. Kim Johnson, community engagement supervisor, will provide a review of volunteer service over the past year and the current opportunities for engagement. She will also highlight a few of the great people who volunteer and share how their support makes a difference for patrons, staff and our community.

BUDGETARY IMPACT

None

ATTACHMENTS

1. 2022 Volunteer Engagement Summary
2. 2022 Volunteer Service Summary and Comparison



2022 Volunteer Engagement Summary

Bend Park & Recreation District welcomes, values and honors volunteers as essential partners in providing recreation services for our community. We strive to engage volunteers with opportunities that have purpose, match their interests, serve the needs of the district and our community, promote stewardship and enhance experiences for everyone.

The volunteer opportunities available with the district expanded over the course of 2022, and the volunteers joined in to support the return to pre-pandemic levels of service and beyond for most programs and services. In total, more than **1,574** volunteers contributed time, effort and expertise, providing over **47,923** hours of valuable service to the district and our community. The service hours contributed are the equivalent of **23** full time employees (FTE).

Volunteer service is assigned a value annually by The Independent Sector, a national non-profit organization that provides statistics on volunteerism. The values listed here reflect the data available as of April 2022 for the average wage plus benefits for non-management, non-agricultural workers. The value increased more than 4.9% over the previous year, reflecting inflation and the higher cost of labor.

- National Value of Volunteer Time - \$29.95 per hour
- Oregon Value of Volunteer Time - \$29.75 per hour

Support to Recreation Programs & Facilities

The number of volunteers involved with recreation programs, facilities and activities increased in response to added program offerings and growing levels of participation. More coaches, staff assistance, patron support and just extra hands were needed and volunteer involvement played a valuable role in meeting these needs and supporting quality experiences. In some instances, having volunteers involved meant that staff could increase opportunities and welcome more participants from the program waitlist.

Higher participant numbers for many youth sport programs mean that more volunteers are needed to coach those teams. It takes the continued and combined efforts of the sport program and community relations staff to recruit the number of volunteers needed, but thanks to willing families and strong community support for youth sports, enough qualified coaches were found for sport programs in 2022.

- **691** people served as volunteer coaches for youth sport teams. Their involvement is essential to making the programs possible for the **6,650** children who participated.
- **68** of these volunteers coached more than one team and/or more than one sport.

Volunteers are now a regular part of operations at **Larkspur Community Center and Juniper Swim & Fitness Center**, offering support to fitness and aquatics activities, facility use, programs and more.

- Volunteers serve as greeters at the customer service desk on the Bend Senior Center side of Larkspur most weekday afternoons. Their presence provides a welcoming face and friendly reminder to patrons to sign in for their facility use. These volunteers regularly offer tours and provide facility and district information for visitors.
- The vaccination clinics offered by Deschutes County continued throughout the year. Three committed volunteers have been there each session, contributing several hundred hours with line management and offering clinic and district information.
- Volunteers joined in as coaches for the novice swim program and both new and returning volunteers contributed their energy as support to fitness center participants and a variety of classes.

The district offers opportunity for teenage volunteers to be involved with recreation and swim programs, primarily in the summer months. These opportunities provide work experience and skill-building for the volunteers, program and participant support and serve the district as a tool for developing future employees.

- **28** students ages 12 to 15 participated as junior lifeguards and swim instructor aides. The volunteers supported recreation swim times and swim lessons at JSFC and Larkspur. A fall swim aide opportunity was offered with 4 students participating.
- Art Station camps, Cougar Camp and the Summer Buddies preschool program benefitted from the support of **30** incredible teen volunteers.

The return of community activities and events was a welcome change for 2022. Volunteers joined staff to provide the health & wellness fair at Larkspur Community Center, the July 4th Pet Parade, holiday open house at the Hollinshead Homestead, a grand opening celebration for Alpenglow Park and more. These opportunities offered the community places to once again connect and celebrate together.

Support to Parks and Trails

Strong interest in being involved with caretaking for parks and trails continues. Volunteers help with litter pick up, weed pulling, serve as extra “eyes and ears” to monitor and report maintenance, safety or community concerns and offer support to goose management efforts.

- **18** trail sections and natural areas and **28** parks and/or park amenities (including off leash areas) were supported by volunteers. Volunteer reports of vandalism and graffiti help staff in their ability to address these concerns quickly.
- The **14** volunteer hosts at Riley Ranch and Shevlin parks provided a positive presence, friendly reminders and contributed more than **981** hours to enhance visitor experience.
- Volunteer groups took on **16** seasonal weed removal, park clean up and planting projects.
- **3** new volunteers and their dogs joined the goose hazing program after participating in evaluation provided by a trainer who contributes her time in support of the effort.

2023 Volunteer Engagement Initiatives

- Build on the ambassador/host program at Riley Ranch and Shevlin Park and consider involving volunteers at other sites.
- Develop a volunteer program in collaboration with Deschutes Historical Museum to host a regular schedule for tour opportunities at the Hollinshead Homestead House.

2022 Volunteer Service Summary

| | 2022 | | 2021 | | 2020 | | 2019 | | Notes |
|---|--------------|---------------|------------|------------|---------------|------------|---------------|--------------|----------------------|
| | Volunteers | Hours | Volunteers | Hours | Volunteers | Hours | Volunteers | Hours | |
| Recreation | | | | | | | | | |
| Fitness & Swim - JSFC & LCC | | | | | | | | | |
| Fitness center & class support | 16 | 971 | 8 | 406 | | | 37 | 1417 | 2019 - JSFC only |
| Junior Lifeguard/Swim Instructor Aide | 28 | 620 | 28 | 520 | 2 | 18 | 60 | 1,490 | |
| Aquatics program support | 4 | 52 | | | 17 | 278 | 37 | 1,417 | |
| Childcare & preschool programs | 12 | 261 | | | 1 | 18 | 13 | 284 | |
| Larkspur Community Center/Bend Senior Center | | | | | | | | | |
| Facility activity support (not fitness & swim) | 16 | 1,313 | 18 | 629 | 30 | 539 | 45 | 1,418 | |
| The Pavilion | | | | | | | | | |
| Youth ice & roller sport programs | 39 | 635 | 15 | 173 | 12 | 86 | 14 | 136 | |
| Youth Sports | | | | | | | | | |
| Team coaches | 691 | 32,666 | 550 | 20,070 | 472 | 18,730 | 766 | 36,876 | |
| Recreation, Enrichment, Childcare | | | | | | | | | |
| Therapeutic Recreation | 2 | 56 | | | | | 6 | 147 | |
| Youth Recreation, Enrichment, Art camps | 18 | 986 | 15 | 450 | 10 | 50 | 55 | 1,113 | |
| BPRD Hosted Events | | | | | | | | | |
| July 4th Pet Parade | 35 | 105 | | | | | 65 | 193 | 2019 - inc. festival |
| Hollinshead tours, Winter Solstice, park openings | 9 | 30 | 11 | 35 | | | 10 | 36 | |
| Community Outreach & Engagement | | | | | | | | | |
| Outreach activities & events | 8 | 32 | 6 | 39 | 5 | 18 | 12 | 375 | |
| COVID initiatives - mask give away, drive-thru activities | | | | | 19 | 73 | | | |
| Parks & Trails | | | | | | | | | |
| Goose Management | 9 | 272 | 4 | 193 | 8 | 83 | 7 | 230 | |
| Riley Ranch & Shevlin Park Hosts | 14 | 981 | 12 | 841 | 13 | 485 | 10 | 711 | |
| Park & Trail Projects | | | | | | | | | |
| Individuals & Groups | 169 | 385 | 97 | 257 | 78 | 499 | 238 | 419 | |
| Adopt-a-Park, Trail, Off Leash Area | | | | | | | | | |
| Individuals & Groups | 483 | 7,459 | 171 | 3,642 | 202 | 2,579 | 223 | 5,289 | |
| Administration | | | | | | | | | |
| BPRD Board of Directors | 5 | 991 | 5 | 995 | 5 | 1,378 | 5 | 1,009 | |
| BPRD Budget Committee | 5 | 55 | 6 | 70 | 5 | 40 | 5 | 80 | |
| BPR Foundation Board of Directors | 6 | 64 | 5 | 50 | 5 | 40 | 5 | 40 | |
| BPRD Naming committee | 5 | 9 | | | | | | | |
| Volunteer Service Total | 1,574 | 47,943 | 6 | 951 | 28,370 | 884 | 24,914 | 1,613 | 52,680 |

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| BOARD AGENDA COMMUNICATION |
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| AGENDA DATE: | April 4, 2023 |
| SUBJECT: | Needs-Based Assistance Report for 22-23 |
| STAFF RESOURCE: | Matt Mercer, Recreation Services Director |
| PREVIOUS BOARD ACTION: | April 5 2022 - Approved Needs-Based Assistance Plan for Fiscal Year 2022-23 February 19, 2019 – Approved Revised User Fees and Charges Policy |
| ACTION PROPOSED: | None – for information only |
| STRATEGIC PLAN: | |
| Pillar: | Community Relationships |
| Outcome: | District services that are accessible to all |
| Strategy: | Develop solutions and required resources to mitigate identified barriers to participation and involvement. |

BACKGROUND

The Needs-Based Assistance Program (NBA), including the Recreation Scholarship Program, is the primary way in which the District facilitates access and participation in recreation programs for those with limited financial resources. The Board approved a revised User Fees and Charges Policy on February 19, 2019 which incorporated the previous stand-alone NBA Policy. The policy establishes the program goals and priorities and provides basic guidelines for implementation. The policy is implemented through an annual Board-approved Needs-Based Assistance Plan which is then funded through the budget process.

Staff will share in the board work session how NBA and Recreation Scholarship resources were used in the current fiscal year including outreach initiatives that supported the program. Staff will also discuss how the Summer Learning Grant resources were used to enhance efforts.

BUDGETARY IMPACT

Scholarship use for Fiscal Year 22-23 was budgeted at \$425,000. The budget assumed that the district would not receive any grant funding. Due the receipt of a Summer Learning Grant for \$380,000 (a portion of which supported additional scholarships), the district was able to provide a higher level of scholarship funding for the summer months as well as provide free summer family passes to eligible households. As a result, the district estimates that scholarship funding will be approximately \$680,000 for Fiscal year 22-23

STAFF RECOMMENDATION

Staff has prepared the Needs-Based Assistance Plan for Fiscal Year 23-24 for board consideration that will be the subject of a board agenda item in the regular business session.

ATTACHMENT

None



Board of Directors

March 21, 2023

District Office Building | 799 SW Columbia | Bend, Oregon



A video of the entire board meeting can be viewed on the website:
<https://www.bendparksandrec.org/about/board-meeting-videos/>

BOARD PRESENT

- Deb Schoen
- Nathan Hovekamp
- Jodie Barram
- Zavier Borja

BOARD ABSENT

- Donna Owens

STAFF PRESENT

- Don Horton, Executive Director
- Michelle Healy, Deputy Executive Director
- Julie Brown, Manager of Communications and Community Relations
- Kristin Donald, Administrative Services Director
- Matt Mercer, Director of Recreation
- Sheila Reed, Assistant to the Executive Director
- Brian Hudspeth, Development Manager
- Ian Isaacson, Landscape Architect
- Colleen McNally, Marketing Manager
- Kim Johnson, Community Engagement Supervisor
- Sasha Sulia, Superintendent of Park Operations
- Jeff Hagler, Park Stewardship Manager
- Kim O’Hagan, Park Steward
- Henry Stroud, Planner
- Rachel Colton, Planner

VISITORS

- Dan Pilver:** Mr. Pilver spoke about his support of opening a river access at Columbia Park. He said it would alleviate congestion at other river access points.
- Kevin Carolan:** Mr. Carolan stated his support of opening a river access at Columbia Park.
- Eric Staley:** Mr. Staley said he is opposed to river access. He spoke about the safety concerns and parking issues at the park.
- David Markey:** Mr. Markey said he supports the rehabilitation of the riparian area with no river access. He commented about the noise level of the area and the homes that are too close to the proposed access.
- Jodell Born:** Ms. Born stated her support for restoring the riparian area with no river access. Shared concerns for bridge jumping and animal habitat.
- Jason Bowerman:** Mr. Bowerman, representing the Bend Paddle Trail Alliance, shared his support for river access at Columbia Park. His comments included a statement that the district does not have the power to close off river access.

John Curtis: Mr. Curtis said he supports the river access at Columbia Park.

Adam Mendel: Mr. Mendel gave his support for river access at Columbia Park and stated that taking away the access will not prevent kids from bridge jumping and overall it would be safer to have another access point.

Jan Baker: Ms. Baker stated that this area is the narrowest part of the river with homes nearby. She encouraged the board to think about the neighborhood and supports revegetation. She shared that the noise level is high on the river.

Lev Stryker: Mr. Stryker said the river access was a big part of his family's experience in the park. He supports a safe and clear access point.

Ulla Lundgren: Ms. Lundgren said the waterways belong to the public and supports the river access in the park. She said more than 75% voted in favor of access and is disappointed to see that the district is recommending no access.

WORK SESSION

1. Bend Fire Bond –*Todd Riley and Betsy Tucker*

Chief Riley gave the history of past Fire Department levies that have been passed in the service district; he said the last levy no longer supports all the growth in Bend and the call volume has outpaced the growth in Bend. He showed a map that outlines the service areas including the vast ambulance service area. He shared the services that the Fire Department provides to the community and explained that staffing fire stations and ambulance staff is at stake if this levy is not passed. He said he is here tonight to educate the community on why this levy is necessary.

2. Communications Update –*Julie Brown and Colleen McNally*

Ms. Brown introduced the Community Relations team and shared what the team does for the district. She said there are two segments of the work, community relations and marketing.

Ms. McNally shared the Play for Life branding statement and showed some examples of brand materials. Ms. Brown shared the multiple channels that are used to inform the community including websites, social media, newsletters and paid advertising.

Ms. McNally explained the communications for recreation programs and facilities and how the website is used. She said the most popular website pages are the recreational facilities, Playbook, job openings and Bend Whitewater Park and river activities. She said the website launched in 2018, has multiple contributors and is over 300 pages and mentioned plans for an audit with focus groups to enhance user experience and web accessibility improvements.

Ms. Brown spoke about the social media accounts for the district, including 17 accounts, with an average of 101 posts, direct messages and replies per week, Spanish language Facebook and Instagram pages.

Ms. McNally said recruiting became a priority for finding staff over the last couple of years. Many things were tried to recruit new and needed staff including new marketing efforts, job opportunities webpage and specific landing webpages to support priority positions in Recreation, Park Services and Aquatics.

Ms. Brown reviewed the latest campaign for dogs in parks and influencing good behavior. The campaign includes a submitted Bulletin article, Playbook, enforcement events, media relations, partner relations, social media, giveaway items and advertising.

Ms. McNally reviewed what is next: a printed Playbook, river season communications, enhancing the customer experience, trails experiences, new parks and trails, and recreation support will continue.

3. Stewardship Update – *Jeff Hagler*

Mr. Hagler reviewed the pyramid of park safety, explaining that the stewards are the largest part of the pyramid, with help from Bend Patrol to a lesser extent and finally the police when needed. The park stewardship division is made up on one manager, two full-time stewards and two seasonal stewards.

Ms. O’Hagan explained the park stewardship goals:

- Education for voluntary compliance
- Foster a sense of safety for patrons
- Reduce illegal activity
- Create a positive presence in parks
- Build positive relationships

She said education is the first line of defense for minor rule violations using outreach techniques.

Mr. Hagler spoke about the enforcement of district rules for higher level rule violations and he explained the options: verbal warning, written warning, exclusion and police trespass. He said incidents are tracked in a database.

Ms. O’Hagan said other duties of the park stewards include: facility support, garbage cleanup, graffiti removal, sharps disposal, animal rescue, tour guide, outreach, lost and found, and business use in the parks.

Mr. Hagler said handing out resources and rewarding people for following the rules with dog bones and logo items is one of the best parts of the job.

Ms. O’Hagan said the stewards participate in trauma and informed care and empathy driven trainings. They offer community resource information for the houseless community, and attend local meetings with groups that serve them.

Mr. Hagler reviewed the latest dogs on leash campaign, there will be focused patrols and the use of e-bikes to cover more ground. He added that community use of e-bikes have escalated complaints about unsafe use. The stewards have implemented a “share the trails” campaign with new A-frame signs, slow down signs and promotional BPRD logo bike bells as giveaways.

Mr. Hagler spoke about the private security hired by the district. He said Trident Professional Security has day patrol officers working 24 to 40 hours a week depending on the season and Bend Patrol Services are the assigned night patrol officers working every day and are also available for 24 hour on-call service and dispatch service. He explained the role of private security is to patrol all properties, lock/unlock all gates, enforce minor and higher level rule violations. The role of police and sheriff departments are utilized for the highest level of offenses including criminal and escalated activities. Mr. Hagler shared the tracker reports, noting that graffiti and vandalism are the most frequent incidents encountered. He added that park volunteers are also helpful and provide an additional 981 hours annually. A park volunteer for Shevlin Park shared her positive experience in the volunteer program. Mr. Hagler shared that incidents on non-compliance have been on the rise. Executive Director Horton shared some photos of graffiti and destruction in Ponderosa Park that happened over the weekend.

CONSENT AGENDA

1. Minutes: 2/21/2023
2. Resolution No. 2023-02 to apply for LGGP grant for Sawyer Park

Director Borja made a motion to approve the consent agenda. Director Barram seconded. The motion was approved unanimously, 4-0.

BUSINESS SESSION

1. Millers, McKay and Columbia Parks project update and initial concept approval – *Ian Isaacson*

Mr. Isaacson said this project is just a piece of the river restoration project. He reviewed the parks in the project. He explained the criteria of the staff recommendations for each location and reviewed each project and staff recommendations.

The board asked questions about the river access in Columbia Park, staff explained that neighborhood parks do not get certain amenities to avoid drawing more of the public to them. This is due to lack of parking and the disruption that can be detrimental to the surrounding neighborhood.

Mr. Isaacson showed the two concepts for Miller's Landing Park and asked the board for their feedback based on the pros and cons of the concepts. Executive Director Horton discussed some of the features of the concepts with the board and pointed out the proximity to the neighborhood for the consideration of access. The board asked to hear further visitor comments from the audience.

Julia Cardwell: Ms. Cardwell said she lives in the area and uses Columbia Park daily with her family. She supports river access at Columbia. She added that crowds are already a reality and does not feel that the access will cause any more of a burden.

Lauren Mark: Ms. Mark said she is an ecologist and shared her support for river access to provide kids with a connection to nature. She stated that the ecological benefit of closing the access is quite small and shouldn't come at the expense of the neighbors.

Desiree Morris: Ms. Morris advocated for the river access. She spoke about the safety benefits for people to exit the river sooner if needed.

Karen Harding: Ms. Harding said there is not enough space for people to recreate and the project funding for this should come from the tax burden on the citizens.

Director Hovekamp thanked Mr. Isaacson for the opportunity to weigh in on the concept and commented that they are glad further public input planned. He favors both access points at Miller's Landing and an access point at Columbia Park. Director Schoen agreed with Director Hovekamp's comments. Director Borja shared his agreement. Director Barram said the price increase on every design is a challenge, she said if there is an option to do good work at a lower price, then she feels that is what they should do. She said she agrees with staff recommendation on McKay Park, prefers Miller's Landing concept one on both access points, and after public comment prefers a scaled back concept two at Columbia Park.

Executive Director Horton appreciated the comments about cost and pointed out that none of the projects have funding at this point and added this will be a long process. Mr. Isaacson said his preference is all access points will be open to all of the public and said at Columbia other considerations will need to be made for the access point.

Director Hovekamp made a motion to approve the staff recommendations for the development of preferred conceptual designs (concept 2) at McKay Park and Miller's Landing Park – Access Point #1, to approve the conceptual design providing for developed river access and improvements (concept 2) at Miller's Landing Park Access Point 2 and to move forward with providing developed river access improvement (concept 2) at Columbia Park.

Executive Director Horton and Director Barram requested the motion be revised to vote on each project individually. Director Hovekamp withdrew the motion.

Director Hovekamp made a motion to approve the staff recommendations for the development of preferred conceptual designs (concept two) at McKay Park. Director Borja seconded. The motion was approved unanimously, 4-0.

Director Hovekamp made a motion to approve the staff recommendations for the development of the preferred conceptual designs (concept 2) at Miller's Landing Park Access Point 1. Director Schoen seconded. Directors Schoen and Hovekamp voted in favor, Directors Barram and Borja opposed. The motion failed, 2-2.

Director Hovekamp made a motion to approve the conceptual design of providing a developed river access improvement at Miller's Landing Park (concept 2) Access Point 2. Director Borja seconded. Directors Schoen, Borja and Hovekamp voted in favor, Director Barram opposed. The motion passed, 3-1.

Director Hovekamp made a motion to direct staff to move forward with providing developed river access improvement (concept two) at Columbia Park. Director Borja seconded. The motion was approved unanimously, 4-0.

Executive Director Horton asked for the opportunity to bring a new concept for Miller's Landing Park access point 1 back to the board at a later date.

Director Hovekamp made a motion to approve the development of river access improvements at Miller's Landing Park access point 1, consistent with concept 2, allowing staff to continue the process of design evaluation. Director Borja seconded. The motion was approved unanimously, 4-0.

EXECUTIVE DIRECTOR'S REPORT

Executive Director Horton said there continues to be an escalation of graffiti in parks. He said summer registration has gone very well with one more day to go. He shared the registration numbers continue to escalate year over year and summer registrations are up over last year. He gave an update on the improvements at the Whitewater Park. He said the no leash rule is still in place, and helmets and pdfs will be available again this summer and a new higher resolution webcam is planned for installation. He said staff is meeting with the fire department to ensure proper training and protocols and signs in the park have been reviewed.

PROJECT REPORT

BOARD MEETINGS CALENDAR

GOOD OF THE ORDER

- Director Barram thanked the staff for all their work and entertaining her questions and comments.
- Director Borja thanked community members for showing up and thanked staff for their efforts.
- Director Hovekamp said it was a good discussion tonight and thanked staff for their reports.

- Director Schoen thanked Director Hovekamp for his motions and commented about the increase of program registration. She thanked staff for their reports and said she was heartened to see the amount of public comment and attendance at the meeting tonight.

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ADJOURN 9:17 pm



Prepared by,

Sheila Reed
Executive Assistant

Deb Schoen, Chair

Nathan Hovekamp, Vice-Chair

Donna Owens

Zavier Borja

Jodie Barram

BOARD AGENDA COMMUNICATION

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| AGENDA DATE: | April 4, 2023 |
| SUBJECT: | Extend Deadline for Bend FC Timbers Phase 2 Development |
| STAFF RESOURCE: | Matt Mercer, Recreation Services Director |
| PREVIOUS BOARD ACTION: | July 17, 2012: Approved MOU December 17, 2013: Authorized Ground Lease December 1, 2015: 2016: Authorized Updated Ground Lease with extension |
| ACTION PROPOSED: | Approval |
| STRATEGIC PLAN: | |
| Pillar: | Community Relationships |
| Outcome: | The District is strategic about partnerships |
| Strategy: | Partner when there is shared mission and broad community benefit. |

BACKGROUND

In August 2012, the district and Deschutes Academy Futbol Club (Bend FC Timbers) entered into a non-binding memorandum of understanding for the development of four soccer/multi-purpose fields at Pine Nursery Community Park. In May 2014, the district executed a Ground Lease with Bend FC Timbers that detailed the terms and conditions for the development, operation and maintenance of the fields. In May 2016, the district executed a second amendment to the Ground Lease that extended and further defined the project schedule, including breaking the project into phases and creating milestones for each phase. Timbers subsequently completed Phase 1 improvements consisting of two artificial turf fields and related improvements in July 2020. In the second amendment schedule, Phase 2 improvements, which consist of an additional two fields and related improvements, were to be substantially completed no later than May 31, 2025 with the first milestone being submission of preliminary construction drawings by March 31, 2023.

The COVID pandemic along with significant turnover in the Bend FC Timbers organization have combined to delay much of the groundwork required to ramp up for the Phase 2 project. As a result, the district is recommending that the Phase 2 substantial completion be delayed one year to May 31, 2026 and all milestones be adjusted accordingly by one year. This will provide Bend FC Timbers with adequate time to plan and prepare for a successful project and allow for some potential coordination with the district's final phase development at Pine Nursery.

BUDGETARY IMPACT

There is no budget impact. Pursuant to the Ground Lease, Bend FC Timbers is responsible for funding all development and maintenance costs.

STAFF RECOMMENDATION

Staff recommends that the Board of Directors approve the extension of the Phase 2 substantial completion as specified in the Second Amendment of the Ground Lease with Bend FC Timbers from May 31, 2025 to May 31, 2026 and extend all intermediate milestones by one year.

MOTION

I move to approve Amendment 3 of the Ground Lease with Bend FC Timbers which extends the Phase 2 substantial completion and associated milestones in Amendment 2 by one year.

ATTACHMENT

None

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| BOARD AGENDA COMMUNICATION |
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| AGENDA DATE: | April 4, 2023 |
| SUBJECT: | 445 NE Penn Avenue Multiple Unit Property Tax Exemption (MUPTe) |
| STAFF RESOURCES: | Rachel Colton, Park Planner Michelle Healy, Deputy Executive Director |
| GUEST PRESENTERS: | Allison Platt, City of Bend Jesse Russell, Hiatus Homes Ryan Andrews, Hiatus Homes |
| PREVIOUS BOARD ACTION: | April 5, 2022 Property Tax Exemption Program Follow-up; March 5, 2022 Property Tax Exemption Overview |
| ACTION PROPOSED: | Support a MUPTe exemption for the development at 445 NE Penn Avenue |
| STRATEGIC PLAN: | |
| Pillar: | Operations and Management Practices |
| Outcome: | Financial well-being supported by strong business practices |
| Strategy: | Plan for long-term financial health |

BACKGROUND

In August of 2022, the Bend City Council adopted a MUPTe program to support development and redevelopment goals in Bend's core and transit-oriented areas, and identified program requirements that would need to be met for projects to be eligible. The program is codified in the [Bend Municipal Code \(BMC\) Section 12.35](#), and the city has a [webpage](#) with more details about this program. A high-level overview of the program and topics relevant to the district follow.

- **Program** – MUPTe is a 10-year tax exemption on improvements (typically only residential) for multi-unit residential projects in the Core Area and transit-oriented areas that meet certain public benefit requirements.
- **Program Area** – MUPTe is only available to projects in certain areas of town, which are listed below and shown on [this map](#). Fiscal impacts to taxing districts differ based upon location, given that TIF areas already impact taxing district property tax revenue.
 - Entire Core Area Tax Increment Finance (TIF) area, including the Central Business District (CBD)
 - Some High Density Residential (RH) zoning adjacent to the Core Area TIF
 - Urban Dwelling Sites (HB3450) projects
- **Public benefits** – Applicants are required to provide a minimum of three public benefits as part of their MUPTe application, one of which shall be a priority public benefit as defined by the BMC.

- **Approval Process** – Property tax exemptions must be supported by a combined 51-percent of the taxing districts. The Bend City Council can approve the tax exemption via resolution subsequent to sufficient taxing district support.
- **Schedule** – The tax exemption would be approved for up to ten consecutive years beginning July 1 of the tax year after completion of construction.

City of Bend staff will provide a high-level overview of the MUPTe program at the board meeting.

Hiatus Homes Application

The Hiatus Homes MUPTe application that is the subject of this agenda item is located at 445 NE Penn Avenue in the High Density Residential (RH) zone, outside the Core Area TIF area. It is the first complete MUPTe application received by the city.

The applicant plans to build a three-story, 43,485 square foot building of 40 micro housing units. Thirty percent (12 units) will be designated middle income housing and rented at levels affordable to those making 120% of the Area Median Income (AMI) or less. The project will include three community rooms and a gym of approximately 260 sf and a rooftop deck of approximately 4,349 sf. Eighteen parking spaces will be provided on site and will serve the tenant and common area uses of the project. Six of these spaces will be served with Electric Vehicle (EV) charging infrastructure. The property is currently raw land with no buildings, so there is no residential or commercial displacement associated with this project. The city granted land use approval for the project in September 2022. This application is focused on the MUPTe request only.

This applicant proposes the following public benefits:

1. Middle Income Housing (Priority Public Benefit): The applicant plans to provide Middle Income Housing as their Priority Public Benefit. This requires the applicant to record a deed restriction limiting 30% of the units as only available to those making 120% Area Median Income (AMI) or less for the period of the tax exemption. The project includes 40 residential units; therefore 12 units are required to be deed restricted to middle income levels.
2. Stormwater: The applicant is required to develop the site to retain and treat stormwater from more than a 25-year storm water event by qualifying for the city’s Stormwater Credit program. City of Bend Utility Department confirmed that the project meets the requirements of the stormwater credit program and that the stormwater facilities will be designed to treat a 100-year stormwater event.
3. Electric Vehicle (EV) Charging: The applicant is required to provide at least 10-percent more parking spaces with EV charging infrastructure than the minimum required. Oregon Building Codes require that multifamily projects provide 20% of parking spaces with EV charging infrastructure. The applicant proposes to provide at least 30% of parking spaces with EV infrastructure.

The requested tax exemption for this project is currently in the taxing district review period which spans 45-days from March 21 through May 5. The project is scheduled for city council review on May 17, and the draft staff report for that council meeting is included as Attachment 1 of this board report.

BUDGETARY IMPACT

The MUPTE program requires that applicants submit two proformas – one with the MUPTE applied and one without it. Those proformas are then subsequently peer reviewed by an independent third-party financial consultant. These proformas must illustrate that the project would not be financially viable except for the tax exemption. This third-party review by PNW Economics is included as Attachment 2 of this report. The PNW Economics report found that the subject project would not be financially feasible if not for MUPTE.

If the requested tax exemption is approved and implemented at this project site, which is outside of the Core Area TIF area, the tax exemption would directly impact district property tax collections in the near term. Based on an estimated building value of \$9,503,121, the total estimated tax collection for this project between 2027 through 2037 is estimated to be \$1,200,000 for all taxing entities without the exemption, and \$60,000 with the exemption. The estimated impact of the exemption to the district over 10 years would be approximately \$112,744, or \$11,274 per year. If the project were to not move forward and the site were to remain undeveloped, the total tax collection for the 10-year period would be approximately \$67,000. However, if the project did not move forward, it is possible that an alternative project, not seeking a property tax exemption, could move forward at the site.

The collective scale of these impacts on the district’s finances as a result of the MUPTE Program is undetermined, since it depends upon the location and quantity of MUPTE applications received by the city. The implementing [ordinance \(NS-2447\)](#) for the MUPTE program requires that city staff re-evaluate the program annually to evaluate whether the program is still needed to support the financial feasibility of urban-scale multi-unit housing in the core and transit-oriented area of Bend. These findings and any associated recommendation will be presented to the city council annually, and may include additional details about projected financial implications for all taxing districts. Per the BMC, the MUPTE program will sunset on February 1, 2030.

System Development Charges (SDCs) would be collected for the project. The City’s online project portal includes estimated SDCs for the project based upon fiscal year 2021/2022 fees, which district staff has escalated based upon fiscal year 2022/2023 fees. Total estimated SDCs are included below:

| SDC Type | Fee (FY 22/23) | Total |
|-----------------|-------------------------------|---------------------|
| Water | \$33,681.00 for a 2” meter | \$33,681.00 |
| Sewer | \$5,667.00 per 4 units * (10) | \$56,670.00 |
| Street | \$9,269.00 per 4 units * (10) | \$92,690.00 |
| Parks | \$4,207.00/unit | \$168,280.00 |
| | | \$351,321.00 |

As is illustrated in the table, the district is estimated to receive approximately \$168,280 in SDCs from the project. SDCs are one-time fees charged on new development to help pay for the purchase of land and construction of new parks, trail and recreation facilities. Unlike general fund monies, which are largely comprised of property tax monies, SDCs cannot be used for maintenance and operations.

STAFF RECOMMENDATION

Staff recommends that the board support the applicant’s request for a ten-year tax abatement for a 40-unit residential development at 445 Penn Avenue as part of the City of Bend’s MUPTe program.

MOTION

I move to support the applicant’s request for a ten-year tax abatement for a 40-unit residential development at 445 Penn Avenue as part of the City of Bend’s MUPTe program.

ATTACHMENTS

1. Draft City Council Report for the May 17, 2023 meeting
2. 445 Penn Avenue Proforma Peer Review



CITY OF BEND
COMMUNITY AND
ECONOMIC DEVELOPMENT

**STAFF REPORT FOR
MULTIPLE UNIT PROPERTY TAX EXEMPTION**

PROJECT NUMBER: PRTX202300065
CITY COUNCIL DATE: May 17, 2023
**APPLICANT/
OWNER:** Hiatus Homes
Jesse Russell
740 NE 3rd Street 3-314
Bend, OR 97703

OWNER: Hiatus Capital Fund LLC
20856 SE Sotra Loop
Bend, OR 97702

**APPLICANT'S
REPRESENTATIVE:** n/a

LOCATION: 445 NE Penn Avenue Bend, OR; Tax Lot 171233BB00200
Between Revere and Olney Avenues and NE 4th & NE 5th Street

REQUEST: Multiple Unit Property Tax Exemption, 10-year tax abatement on residential improvements

STAFF REVIEWER: Allison Platt, Core Area Project Manager

RECOMMENATION: Approval

DATE: March 21, 2023

PROJECT & SITE OVERVIEW:

The project site is located at 445 NE Penn Ave in the High Density Residential (RH) zone, outside the Core Tax Increment Finance (TIF) Area. The project proposes (1) 3-story, 43,485 square foot (sf) building of 40 micro housing units. Thirty percent (12 units) will be designated middle income housing and rented at levels affordable to those making 120% Area Median Income (AMI) or less. The project will include three (3) community rooms and a gym of approximately 260 sf and a rooftop deck of approximately 4,349 sf. 18 parking spaces will be provided on site and will serve the tenant and common area uses of the project. Six of these spaces will be served with Electric Vehicle (EV) charging infrastructure. There will also be five (5) covered parking spaces. The property is currently raw land with no buildings, so there is no residential or commercial displacement associated with this project.

A land use decision was approved by the City for this project in September of 2022 (PLSPRE20210456).



Figure 1. Site Location



Figure 2. Project Rendering

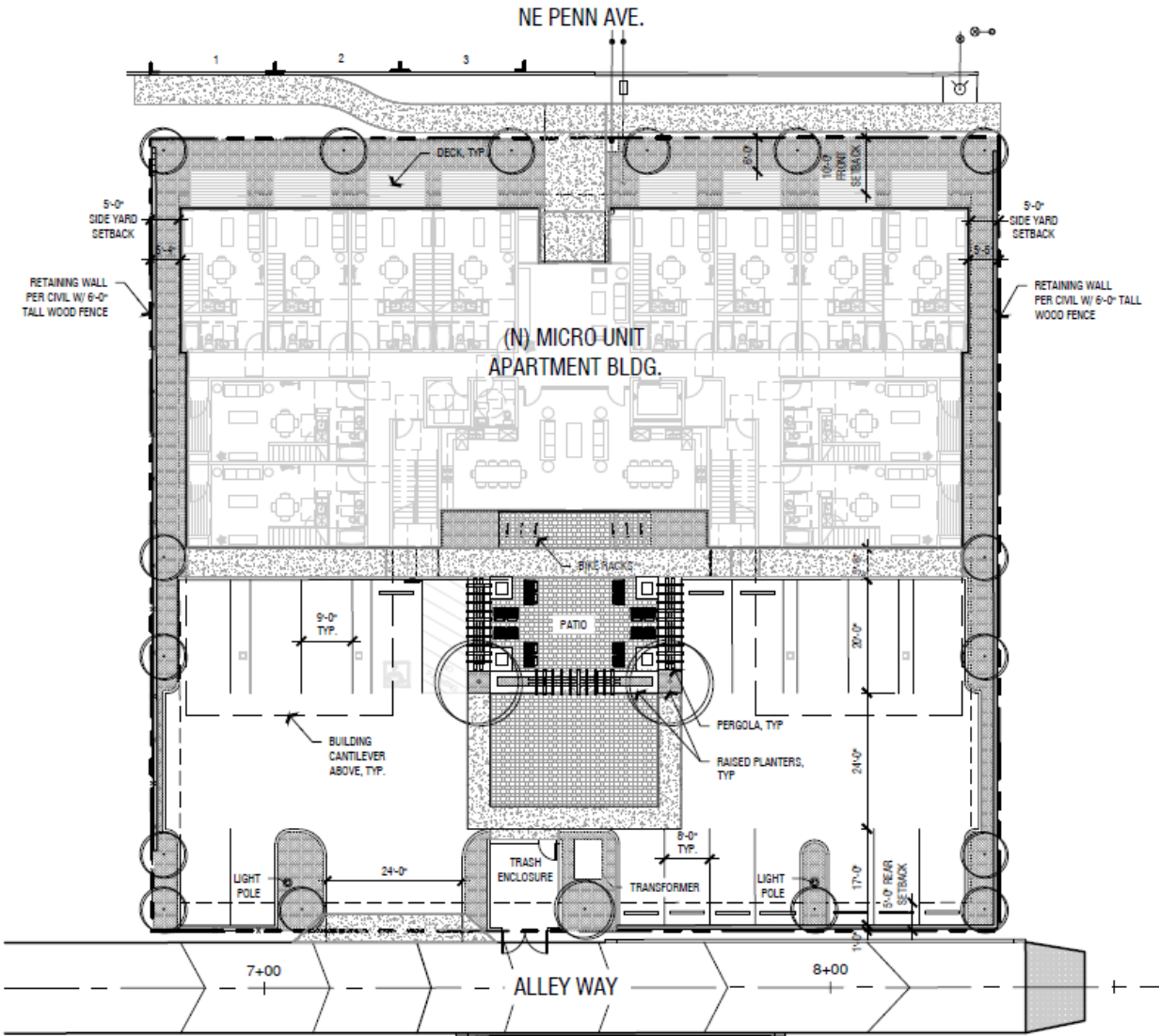


Figure 3. Site Plan

INFRASTRUCTURE NEEDED TO SERVE THE SITE

The project will be required to upsize an existing 2-inch water main located within Penn Street to an 8-inch water main to serve the site. In addition, the developer is required to improve the alley to provide access to the development. Infrastructure improvements are permitted under permit number PRINF202108539, demonstrating that the site will be served with the necessary infrastructure to serve the development. The applicant received a letter from City of Bend Private Engineering Division confirming this as part of their application.

ELIGIBILITY CRITERIA

APPLICATION OF THE CRITERIA:

LOCATION/ELIGIBLE ZONE REQUIREMENTS

This project is located within the High Density Residential (RH) zone between NE 4th Street and NE 5th Street which is an eligible zone for the MUPTE Program per BMC 12.35.015D(3).

MULTI-STORY REQUIREMENTS

Projects on lots that are greater than 10,000 sf are required to be three (3) or more stories in height to be eligible for the MUPTE Program per BMC 12.35.015(C). The proposed project is located on a 20,999 square foot lot and is proposed to be 3 or more stories and therefore satisfies this requirement.

HOTELS, MOTELS, SHORT TERM VACATION RENTALS ON SITE

The MUPTE Program requires that projects include a restriction on transient occupancy uses, including use by any person or group of persons entitled to occupy for rent for a period of less than 30 consecutive days (including bed and breakfast inns, hotels, motels, and short-term rentals). If Council approves this project, the applicant will need to demonstrate a restriction of uses on the property for the period of the exemption satisfactory to the City before staff certifies the exemption with the County Assessor's office.

DEMONSTRATION OF FINANCIAL NEED

The applicant submitted a proforma income statement both with and without the tax exemption to demonstrate that the project would not be financially viable but for the property tax exemption. These proforma were then reviewed by a City-hired third party independent financial consultant.

PNW Economics completed a review of the proformas in March of 2023. A summary of their findings is included as Attachment A. The review confirms that the Penn Avenue project, including 12 of 40 units rent-restricted to be affordable to households earning not more than 120% of Area Median Income (AM), is not financially feasible on its own.

Based on the findings of the proforma review, the applicant was asked to clarify the basis for their rental rates compared to current market averages. The applicant noted that their project rental rates were establishing by combining average rental values of 1-bedroom apartments (\$1,750) in Bend and added the value of typical "drop in co-working" amenity spaces (\$320) as well as rental appreciation (5.5%) to account for their future rental prices in 2024-2025. They believe their project will attract remote workers and offer unique and valuable amenities (more consistent with 1-bedrooms than studios) on site to attract these rental levels and target market. Their assumptions are further clarified in Attachment B.

JUSTIFICATION FOR ELIMINATION OF ANY EXISTING HOUSING AND BUSINESSES ON THE PROJECT SITE

The existing site is vacant and therefore there is no anticipated displacement of housing or businesses by the project and therefore no mitigation is proposed. This meets the requirements of the MUPTE Program.

PUBLIC BENEFIT REQUIREMENTS

MUPTE requires that applicants provide three public benefits including one priority public benefit to qualify for the MUPTE program, per BMC 12.35.025.

Priority Public Benefit

The applicant plans to provide Middle Income Housing as their Priority Public Benefit. This requires the applicant to record a deed restriction limiting 30% of the units as only available to those making 120% Area Median Income (AMI) or less. The project includes 40 residential units, therefore 12 units are required to be deed restricted to middle income levels. The applicant has met with City of Bend Housing Department staff and if the applicant receives approval for the exemption, they will need to demonstrate compliance with this public benefit in a form satisfactory to the City before staff certifies the exemption with the County Assessor's office.

Additional Public Benefits

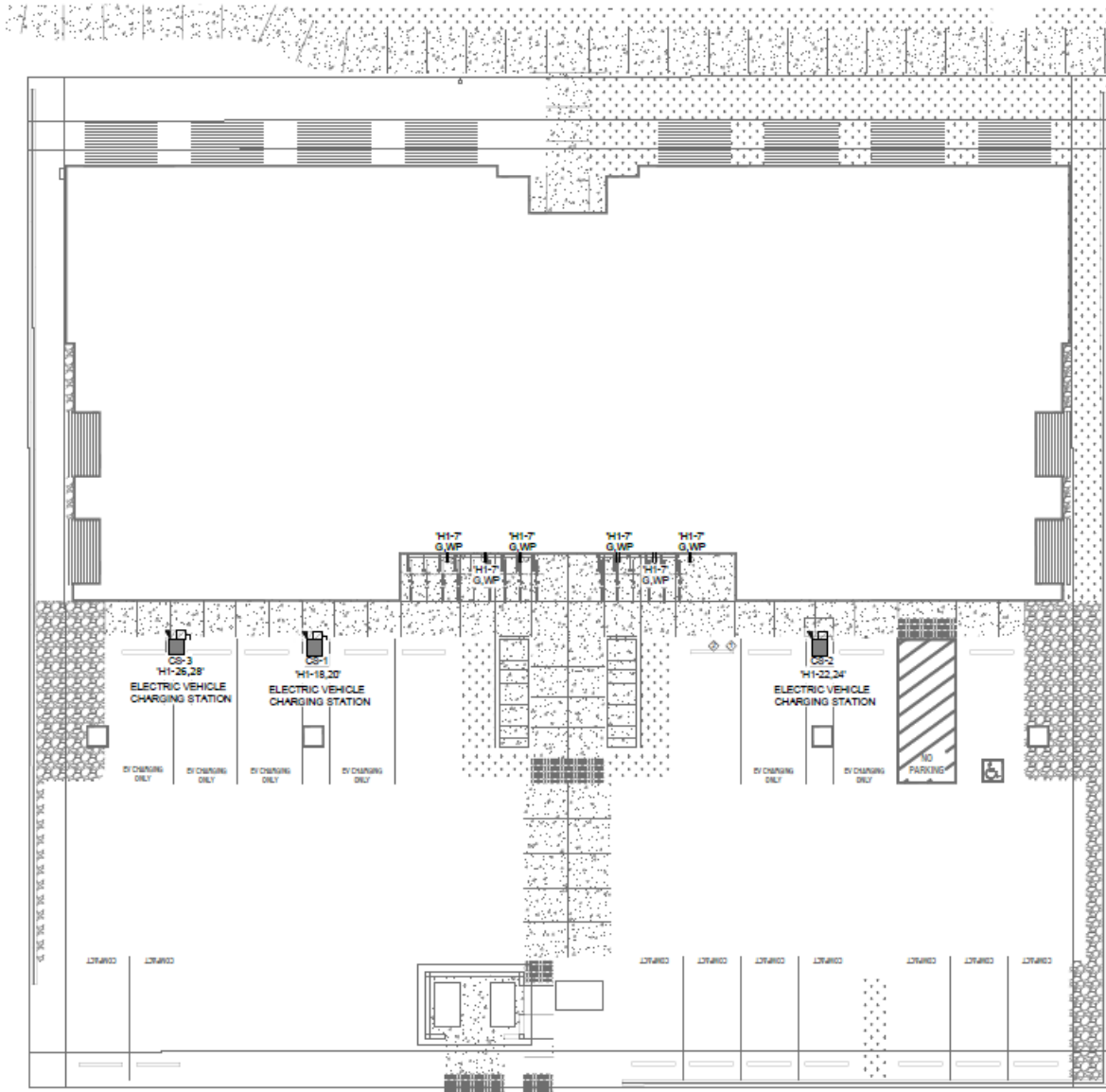
In addition to the Priority Public Benefit, the applicant is required to provide two additional public benefits. The applicant plans to utilize the following benefits to meet those requirements: 1) Stormwater; and 2) Electric Vehicle (EV) Charging.

Stormwater: The applicant is required to develop the site to retain and treat stormwater from more than a 25-year storm water event by qualifying for the City's Stormwater Credit program. City of Bend Utility Department staff have reviewed the stormwater materials provided by the applicant and have confirmed that the project meets the requirements of the stormwater credit program and that the stormwater facilities will be designed to treat a 100-year stormwater event.

Electric Vehicle (EV) Charging: Applicant is required to provide at least 10 percent more parking spaces with EV charging infrastructure, conduit for future electric vehicle charging stations, than the minimum required. Currently Oregon Building Codes require that multifamily projects provide 20% of provided parking spaces with EV charging infrastructure. Therefore, the applicant is required to provide at least 30% of parking spaces with EV infrastructure. The

applicant plans to provide 18 onsite parking spaces and therefore six (6) of these spaces must be provided with EV charging infrastructure.

The applicant provided a power plan for the site as part of their application that demonstrates the required six (6) spaces that will be served with EV charging infrastructure.



1 SITE - POWER PLAN
SCALE: 1/8" = 1'-0"



Figure 4. EV Charging Locations

ESTIMATED EXEMPTION: This project is estimated to receive a total 10-year tax exemption of approximately **\$1,140,000**.

Based on an estimated building value of \$9,503,121, the total estimated tax collection for this project between 2027 through 2037 is estimated to be \$1,200,000 without the exemption and \$60,000 with the exemption. If the project were to not move forward, total tax collection for the 10-year period of the site would be approximately \$67,000.

The estimated impact to each taxing district is shown below in Table 1.

| Taxing District | % of Tax Levy | Total 10-year Exemption | Average Annual Impact |
|---|----------------------|--------------------------------|------------------------------|
| Bend La Pine School District* | 41.3% | \$ 470,335 | \$ 47,033 |
| City of Bend | 22.0% | \$ 250,542 | \$ 25,054 |
| Deschutes County (All) | 14.2% | \$ 161,941 | \$ 16,194 |
| <i>Deschutes County</i> | 7.6% | \$ 86,095 | \$ 8,610 |
| <i>Countywide Law Enforcement</i> | 6.5% | \$ 74,251 | \$ 7,425 |
| <i>Countywide Extension</i> | 0.1% | \$ 1,594 | \$ 159 |
| 911 Service District | 2.2% | \$ 25,054 | \$ 2,505 |
| Bend Park and Recreation District | 9.9% | \$ 112,744 | \$ 11,274 |
| Central Oregon Community College | 4.3% | \$ 48,969 | \$ 4,897 |
| Library District | 5.5% | \$ 62,635 | \$ 6,264 |
| High Desert Education Service District* | 0.6% | \$ 6,833 | \$ 683 |
| Total | 100% | \$ 1,140,000 | \$ 114,000 |

* The Bend/La Pine School District and the High Desert Education Service District are funded through per pupil allocations from the State School Fund which is comprised of many sources, including property tax revenues. The State Legislature sets the per pupil allocations and funds the State School Fund accordingly. Therefore, tax exemptions have an “indirect” impact on the funding for those districts. Tax exemptions throughout the state all have an impact on the State School Fund.

TAXING DISTRICT REVIEW PROCESS

In order for the tax exemption to apply to the full taxable amount, approval by taxing district agency boards that comprise at least 50% of the combined tax levy is required. Since the City and School District tax rates combine equate to 63.3% of the combined tax levy for the 2022-23 assessment year, if the project is approved by those two districts, the project would be exempt from all taxes on residential and parking improvements. All of the Taxing District agencies will be provided with a 45-day comment period to review the application materials and this staff report beginning on March 21, 2023 through May 5, 2023. The following district reviews are scheduled for this project:

- April 4, 2023: Applicant Presentation to Bend Park and Recreation District Board
- April 12, 2023: Applicant Presentation to Deschutes County Board of County Commissioners
- May 9: Bend La Pine School District Board Review and Decision on Application

- May 17: City Council Review and Decision on Application

CONCLUSION: Based on the application materials submitted by the applicant, and these findings, the proposed project meets all applicable criteria for City Council approval.

CONDITONS TO BE MET IF APPROVED, IN ADVANCE OF EXEMPTION CERTIFICATION WITH TAX ASSESSOR’S OFFICE:

1. Applicant must provide proof of a deed restriction that prohibits the use of hotels, motels, and short-term vacation rentals on the site for the period of the exemption.
2. Applicant must provide proof of a deed that restricts income levels for 30% of the units at 120% Area Median Income or less for the period of the exemption.
3. Applicant must demonstrate that EV Charging infrastructure and stormwater facilities are provided as approved for the MUPTE Program in future inspections prior to Certificate of Occupancy.

ATTACHMENTS

- **Attachment A:** Review of Financial Feasibility Penn Avenue Project Hiatus Development, PNW Economics
- **Attachment B:** Project and Rental Information provided by applicant.
- **Attachment C:** Application Materials

**REVIEW OF FINANCIAL
FEASIBILITY
PENN AVENUE PROJECT
HIATUS DEVELOPMENT
MUPTTE PROGRAM
APPLICATION**

Prepared for: City of Bend, Oregon

Prepared by: PNW Economics, LLC

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1. Executive Summary

Introduction

PNW ECONOMICS, LLC was retained by the City of Bend to review the Hiatus Development Penn Avenue Project Multi-Unit Property Tax Exemption (“MUPTE”) program application as part of City review of the project application. Specifically, PNW ECONOMICS was tasked with:

- Reviewing project application assumptions including rent income, non-rent income, operating expenses, bank underwriting assumptions, and other pertinent assumptions;
- Evaluating projected return on investment for the project without MUPTE and with MUPTE, which grants a ten-year property tax exemption for the project in order to incentivize its financial performance such that investment and development is possible and positively contributes to the Bend economy in place of property underutilization; and
- Communicating all analysis and findings appropriately for review by community members and elected officials.

This document represents completion of these tasks for review by the City of Bend and its partners and stakeholders.

Summary of Findings

An independent pro forma analysis was conducted by PNW ECONOMICS for the proposed Penn Avenue project in midtown Bend. The following table provides a concise summary of the outcome of not awarding and awarding a MUPTE to the project, which comprises 40 apartment units.

Table 1 – Penn Avenue Project Measures of Return With & Without MUPTE: 40 Units

| 40 One-Bed Units | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 |
|----------------------------------|----------|----------|----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| 12 Units at 120% of AMI | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 |
| NO MUPTE | | | | | | | | | | |
| + MUPTE | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Extended Internal Rate of Return | -7.3% | 6.5% | 6.6% | 6.7% | 6.8% | 6.9% | 6.9% | 6.9% | 7.0% | 7.0% |
| Cash-on-Cash Return | -5.1% | 4.8% | 5.3% | 5.9% | 6.4% | 7.0% | 7.6% | 8.3% | 8.9% | 9.6% |
| YES MUPTE | | | | | | | | | | |
| + MUPTE | \$92,713 | \$95,494 | \$98,359 | \$101,310 | \$104,349 | \$107,480 | \$110,704 | \$114,025 | \$117,446 | \$120,969 |
| Extended Internal Rate of Return | 1.7% | 11.7% | 10.7% | 10.1% | 9.7% | 9.4% | 9.2% | 9.1% | 8.9% | 8.8% |
| Cash-on-Cash Return | -1.9% | 4.8% | 5.4% | 6.0% | 6.6% | 7.2% | 7.8% | 8.4% | 9.1% | 9.8% |

Without MUPTE Conclusion: The Penn Avenue project, including 12 of 40 units rent-restricted to be affordable to households earning not more than 120% of Area Median Income (AM), is not financially feasible on its own.

- 30% of available units would earn below-market rents, reducing potential project Net Operating Income.

- The project would cost the same to build with or without income-restricted units and have similar terms of finance.
- Less rent revenue and no reduction in development costs or project financing costs translates into a lower Cash Flow project with too-low measures of rate of return, starting with Extended Internal Rate of Return (XIRR).
- Being unable to offer a competitive rate of return for the risk, the project would be highly unlikely to attract the necessary equity to make up the total cost of the project that cannot be debt financed (35%).

With MUPTE Conclusion: The Penn Avenue project, including 12 of 40 units rent-restricted to be affordable to households earning not more than 120% of Area Median Income (AM), approaches financial feasibility with the MUPTE and only with the tax exemption compared to the No MUPTE scenario.

- 10.1% to 11.7% Extended Internal Rate of Return (XIRR) with a MUPTE exceeds the 10% benchmark to attract equity investment;
- XIRR with the MUPTE exceeds the long-term stock portfolio average of 8% annually; and
- XIRR with the MUPTE certainly exceeds the 6.5% to 7.0% XIRR without the MUPTE.

In final completion of this analysis, both the second-largest and third-largest bank failures in US History happened over the same March 2023 weekend. Over the next two years, economic turbulence and lending standards are likely to be affected by these large bank failures: ¹

- Lending standards will likely tighten beyond already experienced. In other words, projects are likely to be able to borrow even less of their total cost and will need to seek a greater share of financing through equity investment. Accordingly, the affirmative findings of MUPTE need in this analysis may prove even more pronounced should the Penn Avenue’s lending situation constrict and the project requires even more equity investment share.
- The Penn Avenue project’s sole focus on Studio units, though only 40 total units, places it in some economic risk as in the rental market, households will tend to double-up/roommate in larger units vs. solo rent studio units when economic circumstances are unfavorable or uncertain. The entire mix of Penn Avenue are Studio units and may see more difficult lending circumstances due to this factor.

Review of all development and financial assumptions in the MUPTE Application for the Penn Avenue project yielded the following other general finds and comments:

- The Penn Avenue project has proposed unit rents that are across the board higher than any identified comparable in Bend. In fact, even the 120% of AMI rents at Penn Avenue exceed

¹ PNW Economics would like to thank Greg Manning, Principal of Pioneer Project Partners, LLC for current lending market feedback and bank failure impacts upon commercial real estate lending in Oregon.

studio units and 1 bed unit rents at very new projects on the west side of Bend, where rents would be expected to be at least as high as new product in the eastside Midtown area. It would be appropriate for the City of Bend to seek clarification of rents at Penn Avenue within this context.

- Development costs of the project are seemingly consistent with current construction market conditions in Suburban Portland.

Otherwise overall, it was found that the Penn Avenue MUPTE Application financial analysis used reasonable assumptions overall and much of the independent pro forma and cash flow analysis in this report utilizes similar assumptions as the Applicant. Differences in assumptions are noted in this document.

2. Financial Feasibility Analysis

This report is a set of new, independent pro formas conducted by PNW ECONOMICS given review of the Penn Avenue project MUPTE application. In that application, the Applicant presents sophisticated pro forma/cash flow analysis that does not necessarily provide apples-to-apples comparison of a No MUPTE/Yes MUPTE comparison. For instance, terms of financing of the project with the income-restricted units (Yes MUPTE) is different than terms of financing without those units (No MUPTE). In practice, that would potentially be true as a project without income-restricted units will generate higher Net Operating Income, which then could potentially allow a project to borrow a higher percentage of its total development cost.

But by comparing Yes MUPTE vs. No MUPTE development scenarios that let terms of financing be dynamic depending upon the revenue generated by the project, it is difficult from a policy perspective to isolate the need of the MUPTE to achieve the intended public good: 30% of proposed units affordable to households that earn up to 120% of Area Median Income.

This report therefore conducts pro forma analysis isolating as much as reasonably possible about project development financing and other details in order to demonstrate whether or not the project can deliver the public good – 12 income-restricted units – with or without the MUPTE. This report also makes some conservative assumptions about development financing that do not necessarily identically match assumptions by the Applicant. Modified assumptions are not dramatically different, but are intended to offer fundamentally conservative and apples-to-apples analysis to help better answer the MUPTE policy question. Assumptions are outlined below.

Financial Feasibility (“Pro Forma”) Assumptions

Debt vs. Equity & Project Financing

Table 2 provides a summary of project permanent financing assumptions considered in this analysis. The Applicant considered various lending scenarios, including a 72% Loan to Value scenario. But for conservative independent analysis, this report assumes the total project cost will be able to get 65%

financed with the remaining 35% of total project cost needing to come from equity investment sources.

Table 2 – Penn Avenue Project Permanent Debt Finance Assumptions

| | 40 Units | |
|--------------------------------------|-----------------|----------------|
| | 65% LTV | 72% LTV |
| Total Development Cost | \$ 12,698,256 | \$ 12,698,256 |
| Permanent Loan | \$ 8,253,866 | \$ 9,142,744 |
| Equity | \$ 4,444,390 | \$ 3,555,512 |
| Percent Financed | 65% | 72% |
| Annual Interest Rate | 6.00% | 6.00% |
| Amortization (Years) | 30 | 30 |
| Annual Permanent Debt Service | (\$593,833) | (\$657,784) |

Development Costs

At a total development cost of \$12,698,256 for 40 units in a three-story “low-rise” structure, total cost per door for the Penn Avenue project is \$317,456. PNW Economics recently reviewed total costs per door for two 52-unit, three-story projects in suburban Washington County for context. Those projects averaged \$267,850 per door in 2022. Escalating by a modest 10% over the past twelve months translates into \$294,635 per unit in total cost.

The projects used for context were more modest construction design for underserved rural markets in Washington County. Accordingly, three-story rural apartment buildings would be expected to have a construction cost discount. Based on this comparison, total development costs and costs-per-unit at the Penn Avenue project are viewed as reasonable.

Assumed Rents & Escalation

Table 3 provides a summary of apartment rents utilized in the pro forma analyses in this section. Rents assumed are planned rents for each of the unit types as proposed by the Applicant. Annually after 2023, rents are assumed to escalate by 3% annually.

Table 3 – Penn Avenue Project Market Apartment Rent Assumptions – 40 Units

| Unit Type | Unit Mix | | Average Unit Size (Sq. Ft.) | Monthly Rent | Rent per Square Foot |
|---------------------------|-----------------|-------------------|------------------------------------|---------------------|-----------------------------|
| | Units | Percentage | | | |
| Lofted One bed | 24 | 60% | 474 | \$2,050 | \$4.32 |
| Lofted One bed Deck | 4 | 10% | 474 | \$2,250 | \$4.75 |
| MUPTE Units: 120% AMI | <u>12</u> | <u>30%</u> | <u>474</u> | <u>\$1,888</u> | <u>\$3.98</u> |
| Subtotals/Averages | 40 | 100% | 474 | \$2,021 | \$4.26 |

Rents overall appear somewhat high compared to market. During review of the Applicant pro forma, the following rents were identified for most-comparable, though not perfectly comparable units at other newest competitive projects in Bend:

- **The Nest** (1609 SW Chandler Avenue, Bend): 490 square foot Studio/1 bath for \$1,719 average (\$3.51 per square foot)
- **Solis at Petrosa** (63190 Deschutes Market Road): 620 square foot 1 bed/1 bath for \$1,850 average (\$2.98 per square foot).
- **The Eddy Apartments** (801 SW Bradbury Way): 640 square foot 1 bed/1 bath for \$1,800 average (\$2.81 per square foot).

The Penn Avenue project's unit mix most resembles The Nest's Studio/1 bath unit in terms of size (474 sq. ft. vs 490 sq. ft. at The Next). That newer unit rents for \$300 less monthly than the Penn Avenue "market rate" unit average of \$2,150 per month. In fact, The Nest's Studio unit rents cheaper than the 120% of AMI units at Penn Avenue, planned to rent at \$1,888.

The Solis at Petrosa and The Eddy both advertise available larger 1 bed/1 bath units that are not entirely comparable to Studio-sized units. But both projects larger 1 bed/1 bath units also rent cheaper than both the full market units at Penn Avenue and the 120% of AMI units planned under the MUPTE program.

The rent difference is not clearly explained, as the Penn Avenue project location should be viewed as a generally inferior location compared to the locations of the projects mentioned in this comparison. New development and redevelopment in Bend has intensely been done on the west side of the City, proximate to the river. The Penn Avenue location, located on the east side of town in the Midtown area, is less amenity-filled and is more distant from employment concentrations and amenities both downtown and generally on the west side. PNW ECONOMICS, therefore, would anticipate rents at Penn Avenue to *at most* be equal to rents or rents per square foot, but likely below project rents located on the west side.

Conclusion: Both full market rents and income-restricted rents at the planned Penn Avenue project are higher than new market-rate rents at better-located units on the west side of Bend in newer and revitalized areas. Accordingly, it would be appropriate of the City of Bend to ask the Applicant to clarify both full market rents (\$2,150 average) as well as 120% of AMI rents (\$1,880) within this competitive context.

Should market and restricted rents be adequately clarified, assuming higher rents in the pro forma will tend to make the need for a MUPTE less likely. That is, higher rent income will tend to increase cash flow for a project after debt service is accounted. Project rents that were inexplicably low relative to market would run the risk of overstating MUPTE need. That is certainly not the case here.

Non-Rent Revenues

Table 4 summarizes the various sources of revenue for the project in addition to standard rent planned for the occupancy for units. All revenue categories are standard or increasingly common for new, urban-style apartment development.

Table 4 – Penn Avenue Project Market Apartment Non-Rent Assumptions

| Income Source | Penn Avenue | Annual Income | |
|--------------------------------|-------------|---------------|------------------|
| | | Units | 2023 |
| Parking | \$180 | 17 | \$36,720 |
| Electric Vehicle Parking | \$300 | 3 | \$10,800 |
| Bike Storage Boxes | \$20 | 12 | \$2,880 |
| Electric Bike Charging | \$30 | 15 | \$5,400 |
| Utilities | \$113 | 40 | \$54,240 |
| Total Non-Rent Revenue: | | | \$110,040 |

Operating Expenses

Apartment Operating Expenses

Table 5 below provides a comparison of annual operations expenses per unit anticipated by the Applicant. For context, annual per-unit operating expenses for recent urban apartment MUPTE applicants in the City of Eugene are provided purely for context. Based upon these findings, it was assumed that operations expenses at the project are reasonable if not somewhat low.

Table 5 – Penn Avenue Project Operating Expenses Per Unit vs. Comparable Projects

| | Per Unit Expenses Annually | |
|----------------------|----------------------------|-----------------|
| | Penn Avenue | Eugene Projects |
| Before Property Tax | | |
| Expenses: Stabilized | \$4,679 | \$6,700 |

For pro forma financial analysis in the next section of this report, PNW ECONOMICS assumes operating expenses supplied by the Applicant. While a bit lower, lower estimated expenses will tend to give more optimistic financial performance projections that would tend to reduce the importance of tax exemption on the bottom line, all things equal.

Property Taxes

Table 6 provides estimates for property taxes that will be paid on both the land as well as expected improvements value on a “Cost of Replacement” basis – the total development cost of improvements alone if built new.

Parcel taxable assessed value (TAV) data is directly from the Deschutes County Assessor’s Office parcel database online (DIAL). Taxable assessed value estimated for the value of improvements assumes total improvement development costs as expressed by the Applicant and then converted to Measure 50 TAV via the Deschutes County 2023 Multifamily Exception Value Ratio of 0.461. Finally, the tax rate of

\$15.8378 per \$1,000 of TAV was utilized for Tax Code Area 1001 that includes the project address of 445 NE Penn Avenue in Bend, Oregon.

Table 6 – Penn Avenue Project Estimated Property Tax: Land & Improvements in FY 23

| | | | | | | | |
|---------------|------------------|--------------|-----------------------------|---|---------------------|-----------------|-----------------|
| | | | | Cost of Replacement - Improvements | \$12,698,256 | | |
| | | | | Exception Value Ratio - Multifamily (7) | <u>0.461</u> | | |
| | | | | FY 23 Taxable Assessed Value | \$5,853,896 | | |
| | | | | Taxable Assessed Value (FY 23) | | | |
| Parcel | Account # | Acres | Zoning | Land | Improvements | Total | |
| 445 NE Penn | 105177 | 0.48 | RH High Density Residential | \$128,880 | \$0 | \$128,880 | |
| | | | | Tax Code Area 1001 (per \$1,000 TAV) | <u>15.8378</u> | <u>15.8378</u> | <u>15.8378</u> |
| | | | | Total Property Tax - Land Only | \$2,041 | \$0 | \$2,041 |
| 445 NE Penn | 105177 | 0.48 | RH High Density Residential | \$128,880 | \$5,853,896 | \$5,982,776 | |
| | | | | Tax Code Area 1001 (per \$1,000 TAV) | <u>15.8378</u> | <u>15.8378</u> | <u>15.8378</u> |
| | | | | Total Property Tax - Combined | \$2,041 | \$92,713 | \$94,754 |

Financial Feasibility Analysis of the Penn Avenue Project

Introduction to Terms

To evaluate whether or not a project is financially feasible, that is whether or not the project meets investment rates of return benchmarks, a pro forma analysis is conducted. A pro forma is simply a financial modeling exercise to examine how a development project performs as a business investment over a specified period of time.

Variables that are modeled, or estimated, in this report are as follows:

Apartment Rent Income: The annual rent income if all apartment units in a project were occupied and charging full, assumed market rent. This grows by 3% each year.

Gross Project Income: The sum of Apartment Rent Income, Retail Lease Income (not present in this project), and Other Income streams such as parking, storage fees, electric vehicle parking fees, bike storage fees, electric bike charging fees, and utility revenue that represent utilities paid by the development and reimbursed with charges to units as part of rent.

Vacancy: 5% of apartment space and retail space is assumed to always be vacant and represent income loss.

Lease-Up Vacancy & Concessions: This category of expense reflects different sources of loss to revenue as a result of project vacancy and discounts to apartment rents to realize and keep an average 5% vacancy rate.

- In year 1 of the project only, PNW Economics assumes a standard 20% loss in potential rent income will occur due to new units being vacant prior to first occupancy (“absorption”) as it leases up to at least 95% occupancy.

Effective Gross Income: Gross Project Income less Vacancy and Lease-Up Vacancy & Concessions.

Apartment Operating Expense: Annual operating expenses of \$4,679 per apartment unit starting in year 1 and growing by 3% annually thereafter. In year 1 only, apartment operating expenses are reduced by the 20% absorption vacancy described in the Lease-Up Vacancy & Concessions definition.

Retail Operating Expense: The Penn Avenue project does not include retail space and, therefore, retail space operating expense.

MUPTE: When included, MUPTE is a 10-year exemption from local property taxes levied on the value of the improvement constructed in place, in this case the Penn Avenue project. Based on an estimated cost-of-replacement of \$12.7 million in 2023 dollars and a local, existing total property tax rate of \$0.0158378 (Tax Code Area 1001), the estimated MUPTE exemption beginning in year 1 would be \$95,494. This would increase by an assumed 3% annually, consistent with the annual maximum under Oregon property tax law.

Net Operating Income (NOI): Effective Gross Income less Apartment Operating Expense plus the MUPTE (if assumed).

Construction Loan Interest: The interest (assumed to be 10.0%) paid on a construction loan for development of the property that is “taken out” or paid off by permanent, long-term debt financing. Such interest is only paid during the duration of construction activity until permanent financing is secured.

Equity: The share of total development cost that is funded by invested dollar assets rather than by debt.

Debt Service: The annual, fixed debt service payment made by the developer for permanent debt financing of the project.

Before Tax Cash Flow: Net Operating Income Less Debt Service.

Cash-on-Cash Return: Before Tax Cash Flow divided by development equity (\$4.44 million in this analysis). Cash-on-Cash Return is also known as Return on Equity and usually needs to be at least 6%-7% in early years of a project to be a satisfactory investment for equity partners in a project. This can vary depending upon developer and equity partners, however.

Loan-To-Cost (LTC): The amount of debt a project can take on as a percentage of its cost to develop. This analysis assumes a 65% LTC ratio. In the current lending environment, commercial lenders have required at least 35% equity share of total project cost, for maximum LTC of 65%. In the current environment, LTC will likely continue to decrease through 2023-24.

Capitalization (“Cap”) Rate: The percentage rate factor utilized to translate capitalize the Net Operating Income of an asset into its market value. The better an asset and/or the stronger the market for that asset, lower the cap rate tends to be. The weaker the asset and/or the worse the market for that asset, the higher the cap rate tends to be.

Value (Market Value): Net Operating Income divided by the Cap Rate. The market value of the real estate asset when potentially sold on the commercial real estate market, or purely for appraisal purposes.

Net Proceeds: (Market) Value in any particular year less cumulative payments of principal on the permanent loan.

Project Profit: In any particular year, Net Proceeds less Initial Equity invested by equity sources.

(Equity) Investor Distribution: One half of Project Profit in any particular year.

Yield: The rate of return in any specific year that factors initial equity investment outflow, investor distributions inflow, and number of years the investor(s) has committed equity including pre-development years.

Extended Internal Rate of Return (XIRR): The total rate of return on equity invested when factoring in the cumulative time investors have held interest in a project during development and during project operations, as well as investor cash-out of their initial investment. XIRR is calculated when inflows and outflows occur at some monthly basis rather than cumulative annual basis. When transactions are more simply accounted on an annual basis, Internal Rate of Return calculation is more standard. A 10% XIRR (IRR) is considered a minimum rate of return to make the risk of a real estate development attractive to the equity investment required for a project to be financed.

Penn Avenue Project Pro Forma Without MUPTE

Table 7 reports the cash flow analysis of the pro forma for the Penn Avenue project without a MUPTE.

Table 7 – Penn Avenue Project Net Operating Income & Cash Flow Without MUPTE

| | Ann. Esc. | Year 1 2024 | Year 2 2025 | Year 3 2026 | Year 4 2027 | Year 5 2028 | Year 6 2029 | Year 7 2030 | Year 8 2031 | Year 9 2032 | Year 10 2033 |
|---------------------------------------|-----------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Apartment Rent Income | 3% | \$999,380 | \$1,029,362 | \$1,060,242 | \$1,092,050 | \$1,124,811 | \$1,158,556 | \$1,193,312 | \$1,229,112 | \$1,265,985 | \$1,303,964 |
| <i>Other - Parking</i> | 3% | \$30,257 | \$38,956 | \$40,125 | \$41,329 | \$42,569 | \$43,846 | \$45,161 | \$46,516 | \$47,911 | \$49,349 |
| <i>Other - EV Parking</i> | 3% | \$8,899 | \$11,458 | \$11,801 | \$12,155 | \$12,520 | \$12,896 | \$13,283 | \$13,681 | \$14,092 | \$14,514 |
| <i>Other - Bike Storage</i> | 3% | \$2,373 | \$3,055 | \$3,147 | \$3,241 | \$3,339 | \$3,439 | \$3,542 | \$3,648 | \$3,758 | \$3,870 |
| <i>Other - Electric Bike Charging</i> | 3% | \$4,450 | \$5,729 | \$5,901 | \$6,078 | \$6,260 | \$6,448 | \$6,641 | \$6,841 | \$7,046 | \$7,257 |
| <i>Other - Utilities Revenue</i> | 3% | <u>\$44,694</u> | <u>\$57,543</u> | <u>\$59,270</u> | <u>\$61,048</u> | <u>\$62,879</u> | <u>\$64,765</u> | <u>\$66,708</u> | <u>\$68,710</u> | <u>\$70,771</u> | <u>\$72,894</u> |
| Other Income | | \$90,673 | \$116,741 | \$120,244 | \$123,851 | \$127,567 | \$131,394 | \$135,335 | \$139,395 | \$143,577 | \$147,885 |
| Gross Project Income | | \$1,090,053 | \$1,146,103 | \$1,180,486 | \$1,215,901 | \$1,252,378 | \$1,289,949 | \$1,328,647 | \$1,368,507 | \$1,409,562 | \$1,451,849 |
| - Stabilized Vacancy | 5% | (\$54,503) | (\$57,305) | (\$59,024) | (\$60,795) | (\$62,619) | (\$64,497) | (\$66,432) | (\$68,425) | (\$70,478) | (\$72,592) |
| - Lease-Up Vacancy & Concessions | -20% | (\$163,508) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| = Effective Gross Income (EGI) | | \$872,042 | \$1,088,798 | \$1,121,462 | \$1,155,106 | \$1,189,759 | \$1,225,452 | \$1,262,215 | \$1,300,082 | \$1,339,084 | \$1,379,257 |
| <i>Apartment Operating Expense</i> | 3% | (\$149,722) | (\$183,128) | (\$188,622) | (\$194,281) | (\$200,109) | (\$206,112) | (\$212,296) | (\$218,665) | (\$225,225) | (\$231,981) |
| <i>Property Tax (Land)</i> | 3% | (\$2,102) | (\$2,165) | (\$2,230) | (\$2,297) | (\$2,366) | (\$2,437) | (\$2,510) | (\$2,586) | (\$2,663) | (\$2,743) |
| <i>Property Tax (Improvements)</i> | 3% | (\$95,494) | (\$98,359) | (\$101,310) | (\$104,349) | (\$107,480) | (\$110,704) | (\$114,025) | (\$117,446) | (\$120,969) | (\$124,598) |
| - Operating Expenses | | (\$247,318) | (\$283,653) | (\$292,162) | (\$300,927) | (\$309,955) | (\$319,254) | (\$328,831) | (\$338,696) | (\$348,857) | (\$359,323) |
| + MUPTE | | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| = Net Operating Income (NOI) | | \$624,724 | \$805,145 | \$829,299 | \$854,178 | \$879,804 | \$906,198 | \$933,384 | \$961,385 | \$990,227 | \$1,019,934 |
| - Construction Loan Interest (10.0%) | | (\$556,182) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| - Debt Service (65% Loan-to-Cost) | | (\$296,917) | (\$593,833) | (\$593,833) | (\$593,833) | (\$593,833) | (\$593,833) | (\$593,833) | (\$593,833) | (\$593,833) | (\$593,833) |
| = Before Tax Cash Flow | | (\$228,374) | \$211,312 | \$235,466 | \$260,345 | \$285,971 | \$312,365 | \$339,551 | \$367,552 | \$396,394 | \$426,101 |

Analysis finds the following:

- Lease-up vacancy and collections loss (assumed to average 20%) costs the project roughly \$220,000 in Effective Gross Income (EGI) in the analysis, reflecting that the project will take some time in its first year to fill up.

- Operating expenses are estimated to grow from roughly \$150,000 in Year 1 to almost \$232,000 annually by project Year 10.
- The property tax bill for improvements put in place is estimated to grow from roughly \$95,500 in Year 1 to almost \$125,000 by Year 10. Property tax bill growth is due solely to the Measure 50 3% taxable assessed value growth rate cap.
- Net Operating Income (NOI), calculated as EGI less Operating Expenses (which include property taxes), is estimated to grow from nearly \$625,000 in Year 1 to roughly \$1.02 million by Year 10.
- Except for the first year, when the project is assumed to only be 80% occupied due to active lease-up and construction loan interest is attributed, Cash Flow is positive and grows from roughly \$211,000 in Year 2 to approximately \$426,000 by Year 10. Again, Cash Flow is calculated as that year's NOI less any debt service payments. Debt service for the project is significant, estimated to be roughly \$600,000 annually.

Given the above cash flow findings, Figure 8 provides Measures of Return for the Penn Avenue project without a MUPTE. Two measures of return are displayed at the bottom of Table 8: Extended Internal Rate of Return (XIRR – utilized by the Applicant) and Cash-on-Cash Return, another measure of attractiveness of a project to equity investors for context.

Table 8 – Penn Avenue Project Measures of Return Without MUPTE

| Value - 5.5% Cap Rate | 5.5% | \$11,358,623 | \$14,639,002 | \$15,078,172 | \$15,530,517 | \$15,996,432 | \$16,476,325 | \$16,970,615 | \$17,479,734 | \$18,004,126 | \$18,544,249 |
|--|------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Equity Holding Period (Year) | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| Interest Payment | | (\$495,232) | (\$488,968) | (\$482,328) | (\$475,289) | (\$467,829) | (\$459,920) | (\$451,538) | (\$442,652) | (\$433,233) | (\$423,249) |
| Principal Payment | | (\$98,601) | (\$104,865) | (\$111,505) | (\$118,544) | (\$126,004) | (\$133,913) | (\$142,296) | (\$151,181) | (\$160,600) | (\$170,584) |
| Net Proceeds | | \$3,203,358 | \$6,588,602 | \$7,139,277 | \$7,710,166 | \$8,302,086 | \$8,915,892 | \$9,552,477 | \$10,212,777 | \$10,897,769 | \$11,608,478 |
| Less: Initial Equity | | <u>\$4,444,390</u> | <u>\$4,444,390</u> | <u>\$4,444,390</u> | <u>\$4,444,390</u> | <u>\$4,444,390</u> | <u>\$4,444,390</u> | <u>\$4,444,390</u> | <u>\$4,444,390</u> | <u>\$4,444,390</u> | <u>\$4,444,390</u> |
| Project Profit | | (\$1,241,032) | \$2,144,212 | \$2,694,888 | \$3,265,776 | \$3,857,696 | \$4,471,502 | \$5,108,088 | \$5,768,387 | \$6,453,380 | \$7,164,088 |
| Investor Distribution | | (\$620,516) | \$1,072,106 | \$1,347,444 | \$1,632,888 | \$1,928,848 | \$2,235,751 | \$2,554,044 | \$2,884,194 | \$3,226,690 | \$3,582,044 |
| Yield | | -3.0% | 3.7% | 3.9% | 4.0% | 4.1% | 4.2% | 4.2% | 4.3% | 4.3% | 4.3% |
| Equity Holding Period (Years) | | | | | | | | | | | |
| Equity + Investor Distribution | | \$3,823,874 | \$5,516,496 | \$5,791,833 | \$6,077,278 | \$6,373,238 | \$6,680,141 | \$6,998,433 | \$7,328,583 | \$7,671,080 | \$8,026,434 |
| 50% of Cash Flow | | (\$114,187) | \$105,656 | \$117,733 | \$130,173 | \$142,985 | \$156,182 | \$169,775 | \$183,776 | \$198,197 | \$213,050 |
| Extended Internal Rate of Return (XIRR) | | -7.3% | 6.5% | 6.6% | 6.7% | 6.8% | 6.9% | 6.9% | 6.9% | 7.0% | 7.0% |
| Cash-on-Cash Return | | -5.1% | 4.8% | 5.3% | 5.9% | 6.4% | 7.0% | 7.6% | 8.3% | 8.9% | 9.6% |

Without a MUPTE, the 40-unit Penn Avenue project, including 12 units with rents restricted to 30% of 120% of AMI, is estimated to have a **maximum Extended Internal Rate of Return (XIRR) of 7.0%** for any equity holding period in the first ten years.

In other words, when investors place their own equity into this project, no matter how quickly after the project fills up or how long after they hold and receive cash disbursements as return before they ultimately cash out, those investors considering this project are estimated to never earn more than 7.0% on their money.

7.0% maximum XIRR, or equivalently Internal Rate of Return (IRR), is insufficiently low because they have choices that will be far better. Investors weigh different opportunities for best choice, their risk, and the relative return for that risk. Considering that a balanced, traditional stock portfolio will tend to average 8% growth annually, a 7.0% XIRR is below that and an investor would be better off simply investing in traditional stock funds or finding another equity investment opportunity with measurably better XIRR/IRR.

Given that real estate development is significantly riskier than traditionally stock portfolios, particularly a project that is unprecedented in the market area where it will be located, XIRR/IRR needs to be higher than just 8% to pay higher return for the higher risk taken. PNW ECONOMICS agrees with the Applicant that a 10% XIRR/IRR minimum is a reasonable benchmark of whether equity investment will be interested in a real estate development project. 10% would reflect a 2% risk premium over lower effort, lower risk traditional stock portfolio rate of return.

Conclusion: The Penn Avenue project, including 12 of 40 units rent-restricted to be affordable to households earning not more than 120% of Area Median Income (AM), is not financially feasible on its own.

- 30% of available units would earn below-market rents, reducing potential project Net Operating Income.
- The project would cost the same to build with or without income-restricted units, and cost the same to finance making the same annual debt service payments.
- Less rent revenue and no reduction in development costs or project financing costs translates into a lower Cash Flow project with too-low measures of rate of return, starting with Extended Internal Rate of Return (XIRR).
- Being unable to offer a competitive rate of return for the risk, the project would be highly unlikely to attract the necessary equity to make up the total cost of the project that cannot be financed (35%).

Penn Avenue Project Pro Forma WITH MUPTE

Table 9 reports the cash flow analysis of the pro forma for the Penn Avenue project with a MUPTE. All operations findings are the same as the Without MUPTE scenario, except for the addition of the property tax exemption each year equal to the value of the property taxes paid on improvements put in place.

Table 9 – Penn Avenue Project Net Operating Income & Cash Flow WITH MUPTE

| | Ann. Esc. | Year 1 2024 | Year 2 2025 | Year 3 2026 | Year 4 2027 | Year 5 2028 | Year 6 2029 | Year 7 2030 | Year 8 2031 | Year 9 2032 | Year 10 2033 |
|---------------------------------------|-----------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Apartment Rent Income | 3% | \$999,380 | \$1,029,362 | \$1,060,242 | \$1,092,050 | \$1,124,811 | \$1,158,556 | \$1,193,312 | \$1,229,112 | \$1,265,985 | \$1,303,964 |
| <i>Other - Parking</i> | 3% | \$30,257 | \$38,956 | \$40,125 | \$41,329 | \$42,569 | \$43,846 | \$45,161 | \$46,516 | \$47,911 | \$49,349 |
| <i>Other - EV Parking</i> | 3% | \$8,899 | \$11,458 | \$11,801 | \$12,155 | \$12,520 | \$12,896 | \$13,283 | \$13,681 | \$14,092 | \$14,514 |
| <i>Other - Bike Storage</i> | 3% | \$2,373 | \$3,055 | \$3,147 | \$3,241 | \$3,339 | \$3,439 | \$3,542 | \$3,648 | \$3,758 | \$3,870 |
| <i>Other - Electric Bike Charging</i> | 3% | \$4,450 | \$5,729 | \$5,901 | \$6,078 | \$6,260 | \$6,448 | \$6,641 | \$6,841 | \$7,046 | \$7,257 |
| <i>Other - Utilities Revenue</i> | 3% | \$44,694 | \$57,543 | \$59,270 | \$61,048 | \$62,879 | \$64,765 | \$66,708 | \$68,710 | \$70,771 | \$72,894 |
| Other Income | | \$90,673 | \$116,741 | \$120,244 | \$123,851 | \$127,567 | \$131,394 | \$135,335 | \$139,395 | \$143,577 | \$147,885 |
| Gross Project Income | | \$1,090,053 | \$1,146,103 | \$1,180,486 | \$1,215,901 | \$1,252,378 | \$1,289,949 | \$1,328,647 | \$1,368,507 | \$1,409,562 | \$1,451,849 |
| - Stabilized Vacancy | 5% | (\$54,503) | (\$57,305) | (\$59,024) | (\$60,795) | (\$62,619) | (\$64,497) | (\$66,432) | (\$68,425) | (\$70,478) | (\$72,592) |
| - Lease-Up Vacancy & Concessions | -20% | (\$163,508) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| = Effective Gross Income (EGI) | | \$872,042 | \$1,088,798 | \$1,121,462 | \$1,155,106 | \$1,189,759 | \$1,225,452 | \$1,262,215 | \$1,300,082 | \$1,339,084 | \$1,379,257 |
| <i>Apartment Operating Expense</i> | 3% | (\$149,722) | (\$183,128) | (\$188,622) | (\$194,281) | (\$200,109) | (\$206,112) | (\$212,296) | (\$218,665) | (\$225,225) | (\$231,981) |
| <i>Property Tax (Land)</i> | 3% | (\$2,102) | (\$2,165) | (\$2,230) | (\$2,297) | (\$2,366) | (\$2,437) | (\$2,510) | (\$2,586) | (\$2,663) | (\$2,743) |
| <i>Property Tax (Improvements)</i> | 3% | (\$95,494) | (\$98,359) | (\$101,310) | (\$104,349) | (\$107,480) | (\$110,704) | (\$114,025) | (\$117,446) | (\$120,969) | (\$124,598) |
| - Operating Expenses | | (\$247,318) | (\$283,653) | (\$292,162) | (\$300,927) | (\$309,955) | (\$319,254) | (\$328,831) | (\$338,696) | (\$348,857) | (\$359,323) |
| + MUPTE | | \$95,494 | \$98,359 | \$101,310 | \$104,349 | \$107,480 | \$110,704 | \$114,025 | \$117,446 | \$120,969 | \$124,598 |
| = Net Operating Income (NOI) | | \$720,218 | \$903,504 | \$930,609 | \$958,528 | \$987,283 | \$1,016,902 | \$1,047,409 | \$1,078,831 | \$1,111,196 | \$1,144,532 |
| - Construction Loan Interest (10.0%) | | (\$556,182) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| - Debt Service (65% Loan-to-Cost) | | (\$296,917) | (\$593,833) | (\$593,833) | (\$593,833) | (\$593,833) | (\$593,833) | (\$593,833) | (\$593,833) | (\$593,833) | (\$593,833) |
| = Before Tax Cash Flow | | (\$132,880) | \$309,671 | \$336,776 | \$364,694 | \$393,450 | \$423,069 | \$453,576 | \$484,998 | \$517,363 | \$550,699 |

Analysis finds the following:

- Effective Gross Income for the project under this scenario is identical to the No MUPTE scenario. That is, after a first year of reduced revenue due to units being vacant prior to full lease-up, EGI is positive in Year 2 and grows to \$1.452 million by Year 10 in this analysis.
- Identically to the No MUPTE scenario, operating expenses are estimated to grow from roughly \$150,000 in Year 1 to almost \$232,000 annually by project Year 10.
- **Value of the MUPTE:** The 10-year property tax exemption for this project (based on the value of property tax on improvements), if awarded, is estimated to **grow from roughly \$95,500 in Year 1 to almost \$125,000 by Year 10.**
- Net Operating Income (NOI), calculated as EGI less Operating Expenses (which include property taxes, but exempted in the With MUPTE scenario), is estimated to grow from roughly \$720,000 in Year 1 to almost \$1.145 million by Year 10 due to the enhancement of the MUPTE.
- After the project is entirely leased up (by 2025), Cash Flow is positive and grows from roughly \$310,000 in Year 2 to approximately \$551,000 by Year 10.

Given the above cash flow findings, Figure 10 provides Measures of Return for the Penn Avenue project WITH a MUPTE. The same two measures of return are displayed at the bottom of Table 9: Extended Internal Rate of Return (XIRR – utilized by the Applicant) and Cash-on-Cash Return

With a MUPTE, the 40-unit Penn Avenue project, including 12 units with rents restricted to 30% of 120% of AMI, is estimated to have a **maximum Extended Internal Rate of Return (XIRR) of 11.7%**, with XIRR calculated to exceed the benchmark of 10% through the fourth year of the project.

Table 10 – Penn Avenue Project Measures of Return WITH MUPTE

| | | | | | | | | | | | |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Value - 5.5% Cap Rate | 5.5% | \$13,094,882 | \$16,427,348 | \$16,920,168 | \$17,427,773 | \$17,950,607 | \$18,489,125 | \$19,043,799 | \$19,615,113 | \$20,203,566 | \$20,809,673 |
| Equity Holding Period (Year) | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | |
| Interest Payment | (\$495,232) | (\$488,968) | (\$482,328) | (\$475,289) | (\$467,829) | (\$459,920) | (\$451,538) | (\$442,652) | (\$433,233) | (\$423,249) | |
| Principal Payment | (\$98,601) | (\$104,865) | (\$111,505) | (\$118,544) | (\$126,004) | (\$133,913) | (\$142,296) | (\$151,181) | (\$160,600) | (\$170,584) | |
| Net Proceeds | \$4,939,616 | \$8,376,948 | \$8,981,274 | \$9,607,423 | \$10,256,260 | \$10,928,691 | \$11,625,661 | \$12,348,156 | \$13,097,210 | \$13,873,901 | |
| Less: Initial Equity | <u>\$4,444,390</u> | <u>\$4,444,390</u> | <u>\$4,444,390</u> | <u>\$4,444,390</u> | <u>\$4,444,390</u> | <u>\$4,444,390</u> | <u>\$4,444,390</u> | <u>\$4,444,390</u> | <u>\$4,444,390</u> | <u>\$4,444,390</u> | <u>\$4,444,390</u> |
| Project Profit | \$495,227 | \$3,932,558 | \$4,536,884 | \$5,163,033 | \$5,811,871 | \$6,484,302 | \$7,181,271 | \$7,903,766 | \$8,652,820 | \$9,429,512 | |
| Investor Distribution | \$247,613 | \$1,966,279 | \$2,268,442 | \$2,581,517 | \$2,905,935 | \$3,242,151 | \$3,590,636 | \$3,951,883 | \$4,326,410 | \$4,714,756 | |
| Yield | 1.1% | 6.3% | 6.1% | 5.9% | 5.7% | 5.6% | 5.5% | 5.4% | 5.4% | 5.3% | |
| Equity Holding Period (Years) | | | | | | | | | | | |
| Equity + Inventory Distribution | \$4,692,003 | \$6,410,669 | \$6,712,832 | \$7,025,906 | \$7,350,325 | \$7,686,540 | \$8,035,025 | \$8,396,273 | \$8,770,800 | \$9,159,145 | |
| 50% of Cash Flow | (\$66,440) | \$154,835 | \$168,388 | \$182,347 | \$196,725 | \$211,534 | \$226,788 | \$242,499 | \$258,681 | \$275,349 | |
| Extended Internal Rate of Return (XIRR) | 1.7% | 11.7% | 10.7% | 10.1% | 9.7% | 9.4% | 9.2% | 9.1% | 8.9% | 8.8% | |
| Cash-on-Cash Return | -3.0% | 7.0% | 7.6% | 8.2% | 8.9% | 9.5% | 10.2% | 10.9% | 11.6% | 12.4% | |

In other words, the annual exemption of property tax payments, which are calculated to grow from roughly \$95,400 in Year 1 to \$124,600 by Year 10, make a significant difference to the rate of return for investors who will be needed to make this project happen under known market conditions.

- 10.1% to 11.7% XIRR (IRR) with a MUPTE exceeds the 10% benchmark to attract equity investment;
- XIRR with the MUPTE exceeds the long-term stock portfolio average of 8% annually; and
- XIRR with the MUPTE certainly exceeds the 6.5% to 7.0% XIRR without the MUPTE.

Conclusion: The Penn Avenue project, including 12 of 40 units rent-restricted to be affordable to households earning not more than 120% of Area Median Income (AM), approaches financial feasibility with the MUPTE and only with compared to the No MUPTE scenario.

| |
|-----------------------------------|
| BOARD AGENDA COMMUNICATION |
|-----------------------------------|

| | |
|-------------------------------|--|
| AGENDA DATE: | April 4, 2023 |
| SUBJECT: | Award Professional Services Contract for Pine Nursery Park Phase 5 Project |
| STAFF RESOURCE: | Bronwen Mastro, Landscape Architect Brian Hudspeth, Development Manager Justin Sweet, Business Analyst |
| PREVIOUS BOARD ACTION: | February 21, 2006 Approved Plan for Pine Nursery Development; June 7, 2022 Approved Capital Improvement Plan |
| ACTION PROPOSED: | Approve Professional Services Contract |
| STRATEGIC PLAN: | |
| Pillar: | Operations & Management Practices |
| Outcome: | A balance between caring for existing infrastructure and new development |
| Strategy: | Ensure the district is maintaining its adopted level of service targets |

BACKGROUND

Pine Nursery Park is a 148-acre community park that has been built in several phases since 2006. This project will complete the remaining features identified in the approved development plan for the park. The project will evaluate the potential to develop additional athletic fields, athletic field lighting, artificial turf infields, pickleball and/or tennis courts, pedestrian trail lighting, access improvements, maintenance and infrastructure improvements, irrigation and landscaping.

The district's 2018 Comprehensive Plan, which is the guiding plan for the next ten years of parks and recreation in Bend, identifies Phase 5 at Pine Nursery to be a high priority project. This project is included in the district's 2023-27 Capital Improvement Plan (CIP) for implementation.

On January 19, 2023, the district advertised a formal Request for Proposal (RFP) for Professional Design Services for the Pine Nursery Phase 5 Project. The scope of services in the RFP included survey, concept design, design development, construction document, permitting, cost estimating, and construction administration services.

The district received five proposals on February 23, 2023. A review committee comprised of district staff evaluated the proposals. Following the committee's initial review, they asked the five proposers for supplemental information. This additional information was further evaluated and scored by the committee. The three proposers with the highest cumulative scores were then invited to submit fee proposals. This was the first RFP process using the district's amended public contracting rules that were adopted by the Board on January 17, 2023. The amendments to the

public contracting rules, in accordance with state law and administrative rule, allows the district to evaluate fee proposals submitted by architects and engineers.

After evaluating fee, the district entered into negotiations with the highest scoring proposer, Cameron McCarthy. The district has worked with Cameron McCarthy on several projects previously - the most recent being the Larkspur Community Center project.

It is expected that concept design and stakeholder engagement will begin in summer 2023. Because this project is continuation of a previously approved plan, public outreach will focus on providing information about planned improvements and sharing impacts to park use during construction. User groups significantly impacted by the improvements will be engaged early and often in the design process. Construction documents are anticipated to be complete in summer 2024 with construction to follow later that fall.

BUDGETARY IMPACT

The 2023-2027 Capital Improvement Plan (CIP) allocates \$5,000,000 for the project, all system development charge funds. This current fiscal year the CIP allocates \$400,000 to begin the design. To date, no money has been spent on the project leaving \$5,000,000 allocated to complete the project. The negotiated fee for the professional design services with Cameron McCarthy is a cost not to exceed \$593,165.

STAFF RECOMMENDATION

Staff recommends approval of the Pine Nursery Phase 5 Professional Design Services contract with Cameron McCarthy with a cost not to exceed of \$593,165. Staff further recommends the board approve a 10% contingency of \$59,316.50 for a total design budget not to exceed \$652,481.50.

MOTION

I move to authorize the executive director to negotiate and execute a professional services agreement for Pine Nursery Park Phase 5 to Cameron McCarthy with a cost not to exceed \$593,165, and to approve an additional 10% contingency of \$59,316.50, for a total design budget not to exceed \$652,481.50.

ATTACHMENT

None

| |
|-----------------------------------|
| BOARD AGENDA COMMUNICATION |
|-----------------------------------|

| | |
|-------------------------------|---|
| AGENDA DATE: | April 4, 2023 |
| SUBJECT: | Needs-Based Assistance Plan Approval for 23-24 |
| STAFF RESOURCE: | Matt Mercer, Recreation Services Director |
| PREVIOUS BOARD ACTION: | April 5, 2022 - Approved Needs-Based Assistance Plan for Fiscal Year 2022-23 February 19, 2019 – Approved Revised User Fees and Charges Policy |
| ACTION PROPOSED: | Approve FY 23-24 Needs-Based Assistance Plan |
| STRATEGIC PLAN: | |
| Pillar: | Community Relationships |
| Outcome: | District services that are accessible to all |
| Strategy: | Develop solutions and required resources to mitigate identified barriers to participation and involvement. |

BACKGROUND

The Needs-Based Assistance Program (NBA), including the Recreation Scholarship Program, is the primary way in which the District facilitates access and participation in recreation programs for those with limited financial resources. The Board approved a revised User Fees and Charges Policy on February 19, 2019 which incorporated the previous stand-alone NBA Policy. The policy establishes the program goals, priorities and basic guidelines. The policy is implemented through an annual Board-approved Needs-Based Assistance Plan which is then funded through the budget process.

Staff has prepared the Needs- Based Assistance Plan for Fiscal Year 23-24 for board consideration and approval. The eligibility standards, application and qualification process and assistance levels remain unchanged from the previous two years. The primary changes recommended and included in the proposed plan are:

- The addition of a provision that allows district staff to register high need, vulnerable children identified through community partners and district outreach efforts into programs prior to the start of registration to ensure they have space.
- The addition of a statement recognizing the past practice of providing no-cost access to recreation facilities to certain mentor programs serving low income and vulnerable youth.
- The elimination of lower scholarship levels for programs run by independent contractors who choose not to opt-in to match district scholarship contribution. The district will no longer provide a choice for contractors to opt out.
- The addition of a provision that allows the district to increase scholarship assistance levels and implement a free summer recreation facility pass program to qualifying families should grant funding become available.
- The addition of outreach and communication strategies and efforts.

- Updated funding plan and budget.

BUDGETARY IMPACT

The funding requirements and resources for next year's Needs-Based Assistance program is included in the Needs-Based Assistance Plan for Fiscal Year 2023-24. The budget impacts were also included in the Financial Forecast provided to the Board at the February 7, 2023 Annual Board Workshop.

STAFF RECOMMENDATION

Staff recommends that the Board of Directors approve the proposed Needs-Based Assistance Plan for Fiscal Year 2023-24.

MOTION

I move to approve the Needs-Based Assistance Plan for Fiscal Year 2023-24 and include funding resources to support the plan in the 2023-24 Budget Proposal.

ATTACHMENT

Needs-Based Assistance Plan for Fiscal Year 2023-24



Needs-Based Assistance Plan – FY 2023-2024

Purpose

This Needs-Based Assistance Plan details how the Needs-Based Assistance policy and goals will be implemented in Fiscal Year 2023-24, including the budget resources required to support the Recreation Scholarship Program.

Eligibility Standards

1. High Need: Households whose incomes are at or below 130% of the current Federal Poverty Guidelines are eligible for High Needs assistance levels.
2. Moderate Need: Households whose incomes are at or below 185% but above 130% of the current Federal Poverty Guidelines are eligible for Moderate Needs assistance levels.

Application and Qualification Process

1. Households must complete an application and provide documentation to determine eligibility annually. Applications may be submitted at any time online, by mail or hand-delivered. If circumstances change within the year, households may submit more current documentation for review.
2. The following documentation will be accepted to demonstrate eligibility:
 - a. Eligibility for State and Federal assistance programs that correspond with district income guidelines (currently SNAP, TANF and Oregon Health Plan for children) as demonstrated by eligibility letter; or,
 - b. Copy of most recent Federal income tax returns (1040), or if unavailable other proof of income such as SSA/SSI Benefit Statements or paycheck stubs.
3. Designated staff will review applications, determine eligibility and contact the applicant within five business days of receiving the application to inform them if they are eligible for assistance.
4. The Program Administrator will consider special circumstances (i.e., lack of income documentation, homelessness, excessive medical expenses, recently changed employment status, etc.) when determining eligibility and may make exceptions to extend Recreation Scholarship eligibility to those who otherwise may not qualify. The Recreation Director will have final approval authority for the Recreation Scholarship assistance eligibility.

Registration Process

1. Scholarship applications must be approved before program enrollment to receive financial assistance for program fees.
2. Participants are responsible for paying the remainder of the fee at the time of registration. In the event that a household is unable to pay their portion of the fee at the time of registration, designated staff will work

with the household to set up a payment plan, access gap funds or provide other assistance that allows them to participate.

3. District staff may register high-need, vulnerable children identified through community partners and district outreach efforts into programs prior to open enrollment to ensure these children have space in classes.
4. The district may provide free access to drop-in activities at recreation facilities for youth and their mentor from approved non-profit organizations that serve lower-income and vulnerable youth through mentor programs.
5. There are currently no limitations on the number of programs that people may register for or the amount of assistance received; however, limitations may be put in place should requests exceed available funds.

Recreation Scholarship Assistance

The following charts summarize the level of assistance provided to individuals through the Recreation Scholarship Program for most programs in the 2023-24 Fiscal Year.

Table 1: Recreation Program Assistance Levels

| Program Classification | Core Programs | | Complementary Programs | |
|------------------------|---------------|----------|------------------------|----------|
| | High | Moderate | High | Moderate |
| Disability | 75% | 50% | 50% | 50% |
| Youth (18 & Under) | 75% | 50% | 50% | 50% |
| Senior (65+) | 75% | 50% | 50% | 50% |
| General Adults | n/a | n/a | n/a | n/a |

Table 2: Recreation Facility Pass Assistance Levels

| Need Level | Facility Passes | |
|--------------------|-----------------|----------|
| | High | Moderate |
| Disability | 50% | 25% |
| Youth (18 & Under) | 50% | 25% |
| Senior (65+) | 50% | 25% |
| General Adults | 50% | 25% |

Definitions/Explanations

1. The percentages shown in the charts represent the portion of the regular fee that is provided through the Recreation Scholarship Program.
2. Disabled is defined as individuals with permanent physical or developmental disabilities, including those qualifying for long-term disability assistance. Documentation may be required in some cases (i.e., long-term disability award letter or SSI).
3. Core and Complementary program classifications are identified through the Recreation Department’s Program Assessment Tool.
4. Some programs and services are not eligible for recreation scholarship assistance. This includes programs identified as specialized programs in the Program Assessment Tool (ex. personal training, advanced

instruction), private services (ex. facility rentals, concessions) and low-cost programs already heavily subsidized.

5. The Recreation Scholarship Program does not apply to the out-of-district portion of the fees. Non-district residents must pay the full out-of-district fee; however, they are eligible for scholarship assistance on the In-District fee.
6. In the event that the district receives grant funding to enhance the scholarship program, assistance levels may be increased from 75% to as high as 90% and 50% to as high as 75%, respectively. The district may also consider a free summer recreation facility pass for qualifying households should funding be available.

Outreach and Communication

1. The district will strive to make the Recreation Scholarship Program visible and known to all community members by using all communication channels including, but not limited to: the district website, online playbook, social media, print materials, program-specific information and community partners and resources.
2. The district will plan and conduct outreach efforts and events at low-income housing communities prior to opening of registration each season. These efforts will include the ability to assist households with scholarship applications and approval.
3. The district will work with a variety of governmental agencies and non-profits to identify families and individuals who would benefit from the Recreation Scholarship Program and assist them in accessing the program.

Funding

Recreation Scholarship Program revenues and expenses are included in the General Fund Recreation Department Budget each year, although some funds come from donations, grants and partnerships. The estimated funding requirements and funding sources for the Fiscal Year 2023-24 are shown below. This will be incorporated into the 2023-24 Proposed Budget.

1. Funding Requirements

| | |
|---------------------------------|-----------|
| Recreation Scholarship Fund Use | \$650,000 |
|---------------------------------|-----------|

2. Funding Sources

| | |
|---|-----------------|
| General Fund Tax Support | \$475,000 |
| Cell Tower Leases | \$75,000 |
| Sponsorships/Advertising | \$58,000 |
| Bend Park and Recreation Foundation Donations | \$27,000 |
| Grants and Reimbursements | <u>\$15,000</u> |
| Total Resources | \$650,000 |

Funding Sources continued

There are several other funding sources that provide assistance to scholarship-eligible participants by paying all or a portion of the non-scholarship fee. These funds show as regular revenue and therefore are not included in the scholarship budget but are critical to supporting some of the highest-need participants.

- Opdycke Fund – Supported by donations from the Opdycke family and managed by the Bend Park and Recreation Foundation, this fund supports participants in Therapeutic Recreation programs by directly paying a portion of the participant fees. \$10,000-\$15,000 in funds are expected to be distributed in Fiscal Year 2023-24.
- Foundation Gap Fund – Supported and managed by the Foundation, this fund provides financial assistance to those who need support above and beyond what the district’s Scholarship program provides. These funds can be used to assist with the participant portion of fees after scholarships, equipment needs and transportation to and from programs. \$1,000-\$2,000 in funds are expected to be distributed in Fiscal Year 2023-24.
- Third-Party Payments – The district has several agreements with organizations that pay the participant portion of the fee after scholarship and in some cases pay a portion of the scholarship fee as well. Third-party payments are expected to be \$15,000-\$20,000 in Fiscal Year 2023-24.

Other Recreation Services Supporting Lower-Income Families

In addition to the Recreation Scholarship Program, the district provides other programs and services that serve lower-income individuals and families. Funding for these programs is included in the Recreation Services budget and supported by general fund resources at an estimated cost of over \$300,000. Services planned for the Fiscal Year 2023-24 include:

- Outreach Services – our outreach team of two full-time staff is focused on reaching and removing barriers to participation for lower-income families and other underrepresented populations, including the growing Latino community through grassroots efforts, collaboration with other community organizations and special events.
- Discover the Outdoors – this program provides underrepresented youth the opportunity to experience outdoor activities and public lands by removing barriers, including cost, transportation, equipment, language and experience. The program is partially funded by a \$5,000 grant for the Children’s Forest of Central Oregon and, for the first time, will include a partnership with Vámonos Outside.
- Outreach Events – hosted at a variety of locations, these events include activities for kids and families while introducing people to district opportunities and resources, including the Recreation Scholarship Program. This summer will include Movies in the Parks again in partnership with BendFilm.
- Free Family Nights at JSFC and Larkspur Community Center – this popular program is expected to return after a 3-year hiatus due to the pandemic and staffing challenges.
- Family Skates at The Pavilion – Low-fee family skate opportunities on most Sundays.
- Senior Social Programs – Free and low-fee social-oriented programs for seniors at the Bend Senior Center, including dances, movies, book clubs, cards, games and more.
- Senior Resource Services – Free education and resource sessions for seniors at the Bend Senior Center offered in partnership with a variety of local agencies



PLANNING & DEVELOPMENT PROJECT UPDATES April 2023

COMMUNITY AND REGIONAL PARK PROJECTS



Drake Park DRT & Bank Improvement Project: Construction of the final phase is being completed on three separate sections of the project. First, the beach plaza area is almost finished with final surfacing in process. Next, the trail section from the footbridge to Coyner Point is ready for paving and the micro piles are being installed for the boardwalk section around the point. Finally, boardwalk framing is progressing along the river, the stairs to Newport Avenue are poured, and the trail section to Pacific Park is almost ready for paving. Landscape installation will start soon, with final cleanup beginning in the next few weeks. Anticipated completion is June 2023.



Big Sky Park Expansion: The majority of the new signs have been installed throughout the park and work on the shelter at the bike park plaza has begun with footings and the concrete slab. Finishing touches on other remaining items to be completed have significantly slowed due to the continued winter weather but construction is still expected to be complete spring of 2023.



Sawyer Park Entrance and Parking Lot Upgrades: The cultural resources investigation was conducted in February and the draft report was sent out for Tribal and SHPO review. Their input will inform how the design and project proceed. On March 23rd, staff made a presentation in Salem to support their Land and Water Conservation Fund (LWCF) grant application. The project was recommended to receive funding. Staff will be submitting an additional application for the Local Government Grant Program (LGGP) this month.

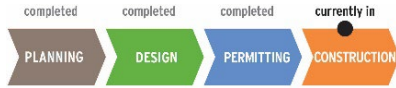


Pine Nursery Park Phase 5: Design consultant proposals were reviewed by a staff committee and a winning team has been selected. The design consultant contract will be brought to the board for approval April 2023.

NEIGHBORHOOD PARK PROJECTS



Little Fawn Park: Staff continues to work with the consultants on the final designs which should be complete by early April. Permit applications for the project have all been submitted with staff receiving notification of an approved Right of Way permit in late March. The project is planned to go out to bid this spring with ground breaking still expected to begin summer 2023.



Fieldstone Park – Park Search Area 4: Site grading and a majority of the paving work is installed, along with irrigation, sod, plantings and other landscaping elements. The installation of the playground and assorted furnishings, including the shelter, have been delayed due to wintery weather. Completion is expected spring 2023.



Shevlin West: Public outreach is kicking off this month and the first round of outreach will be to solicit park name suggestions and let the neighboring community know about the upcoming project. Staff will meet with the naming committee for a site walk in May.

TRAIL PROJECTS



North Unit Canal Trail: Flagline Engineering continues to make progress on the design and permitting for Phase 1 of the trail with sixty percent design plans and draft trail easement descriptions complete. Epic Land Solutions has completed their initial property research within the planned trail corridor and provided the district with a summary of the existing property owners. With that research, district staff are formulating a strategy for right of way acquisition.



Al Moody Connector Trail: BPRD has been coordinating a new trail connection from Al Moody Park to Stover Park with private landowners and the City of Bend. A tentative agreement has been reached for the alignment of the trail and BPRD has hired Bratton Appraisal Group to determine the value of the proposed easements through the private properties. BPRD is hopeful to acquire the trail easements within the next two to three months and construct the trail later this year.

RIVER PROJECTS



Riverbend South Access and Restoration Project: Construction with major machine work is nearly complete for the trail and the access points. Fencing and irrigation are going in and will be followed by trail surface aggregate prior to the access points opening before summer. Plantings will occur throughout the year to complete the project.



McKay, Miller's Landing and Columbia Parks River Access Project: The board provided staff with a direction forward toward a preferred conceptual design for all four access point locations at the March 21 meeting. Staff will continue working with the design team over the next six to nine months to look at the current concepts, public feedback, data collected and input from subject matter experts to refine the designs. Developing access points to facilitate use of the river by everyone in the community, regardless of ability, is paramount and remains a top priority.

OTHER PROJECTS AND FUTURE DEVELOPMENT



SDC Waivers for Affordable Housing: Park SDC waivers for 460 units have been approved through coordination with the City of Bend's Affordable Housing Committee at a cost to the district of about \$2.8M in waived SDC fees. Following the board approval of an additional 75 waivers for 2023, a remaining 74 waivers are available through the end of the year. Staff and legal counsel have completed the necessary deed restriction documents for nine of the developments, totaling 385 units. In addition, BPRD has approved SDC waivers for three temporary shelter projects, totaling 25 units.



Park Search Area Planning: District planners regularly work with local developers or property owners selling large parcels of land to acquire property for new parks and trails in district Park Search Areas as defined by the 2018 Comprehensive Plan.

Staff continues working with Epic Land Solutions to acquire land in other priority park search areas, not associated with development. Staff will provide an update to the board when more information is available.



Diversity, Equity and Inclusion (DEI) Initiative: The action plan has been translated to Spanish and graphic design is being finalized and once complete, the English and Spanish versions will be posted to the website. The workgroup is also forming project subgroups for implementation of the action plan.

Board Calendar 2023

**This working calendar of goals/projects is intended as a guide for the board and subject to change.*

April 12 Budget Tour

April 18 Canceled

May 2

Executive Session

Work Session

- ◆ Park Services Update: Water Use – *Mike Duarte (15 min)*
- ◆ Business Use in Parks – *Matt Mercer and Michael Egging (30 min)*

Business Session

- ◆ Approve Private Security Contract – *Jeff Hagler and Justin Sweet (20 min)*
- ◆ Adopt Resolution No. 2023-03 – Adopting a Revised Fee Schedule for System Development Charges, effective July 1, 2023 – *Kristin Donald (15min)*

May 23 and 25 Budget Committee Meetings

June 6

Executive Session

Work Session

- ◆ Juneteenth Proclamation
- ◆ Worrell Wayside Park – *Don Horton (15 min)*
- ◆ Park Services Overview – *Sasha Sulia (15 min)*
- ◆ Park Services: Natural Resources Vegetation Management – *Sasha Sulia (30 min)*

Business Session

- ◆ Adopt Resolution No. XXX Adopting the 2024-2028 CIP – *Michelle Healy*
- ◆ Hold Public Hearing and Adopt Resolution No. XXX – Adopting the Budget and Making Appropriations for Fiscal Year 2023-24, and Adopt Resolution No. XXX - Imposing and Categorizing Taxes for Fiscal Year 2023-24 – *Kristin Donald*
- ◆ Approve land acquisition – *Michelle Healy*

June 21

Work Session

Business Session

- Approve park name for Shevlin West park site – *Rachel Colton*
- Approve design consultant contract for Shevlin West park site – *Bronwen Mastro*

City of Bend presentation of parking districts (Tobias Marx) – *Sara Anselment*
IGA with the City for Mirror Pond Silt Removal – *Don Horton (30 min)*
Park Services Report: Prescribed Fire – *(30 min)*
Park Services Report: Hardsurface Program – *Alan Adams and Jason Monaghan (15 min)*
Update on Bi-lingual Communications – *Julie Brown and Kathya Avila Choquez (20 min)*
Website Update/Data Sharing
IGA with NUID for canal trail – *Henry Stroud*
Approve SE Neighborhood Park Development Agreement – *Henry Stroud (20 min)*
COVID Property overview
Approval of Fish Passage Concept Plan – *Don Horton*
Approve Al Moody trail easement acquisition – *Henry Stroud (20 min)*