



Bend Metro Park & Recreation District

December 5, 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

December 5, 2023

District Office Building | 799 SW Columbia | Bend, Oregon



AGENDA

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

3 pm CONVENE MEETING

Please click the link below to join the webinar:

<https://us02web.zoom.us/j/83101412211>

Or Telephone:

US: +1 669 444 9171 US

Webinar ID: 831 0141 2211

WORK SESSION

1. Community Input on the Executive Director Search (90 min)

BREAK

5:30 pm RECONVENE MEETING

Please use the link below to join the webinar:

<https://us02web.zoom.us/j/84713219029>

Or Telephone:

US: +1 669 900 6833

Webinar ID: 847 1321 9029

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 in person or virtually. To provide a public comment in person, please fill out one of the brief cards and submit it to staff in the back of the room. To provide public comment virtually, click on the "Raise Hand" option. You will be called into the meeting in the order received. Virtual visitors should turn on their cameras and microphones. All remarks should be limited to 3 minutes or less. If there are questions, follow up will occur after the meeting. Thank you for your involvement.

STAFF INTRODUCTIONS

Jason Monaghan – Facilities

- Thomas Humes

- Wendy Steele
- Lauren Harvey

Mike Duarte – Landscape

- Alan Vigent
- Leigh Malton
- Parker Landau

Zara Hickman – Natural Resources and Trails

- Andrew Sommerville

AWARD RECOGNITION

Shannon Gillman

- Ann Story

CONSENT

1. Minutes: 11/21/2023

BUSINESS SESSION

1. Resolution No. 2023-10, Approving an Affordable Housing System Development Charge Waiver for the Expansion of Veterans Village – *Michelle Healy (10 min)*
2. MUPTE Project Review, Jackstraw Mixed-Use Project – *Rachel Colton and Applicant (30 min)*
3. Award Professional Services Contract for the Hollinshead Park Improvement Project – *Ian Isaacson (15 min)*
4. Approve Resolution No. 2023-11 for authorizing SDCs for commercial to residential uses – *Michelle Healy (10 min)*

EXECUTIVE DIRECTOR’S REPORT

REPORTS – Annual Recreation Report and Project Report

BOARD MEETINGS CALENDAR REVIEW

GOOD OF THE ORDER

ADJOURN

EXECUTIVE SESSION

The board will meet in Executive Session following the regular meeting pursuant to ORS 192.660(2)(e) for the purpose of discussing real property transactions. This session is closed to all members of the public except for representatives of the news media.



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.



Board of Directors

November 21, 2023

District Office Building | 799 SW Columbia | Bend, Oregon



The Board met in Executive Session prior to the regular meeting pursuant to ORS 192.660(2)(h) for the purpose of consultation with counsel concerning legal rights and duties regarding current litigation or litigation likely to be filed. This session was closed to all members of the public except for representatives of the news media.

A video of the regular board meeting can be viewed on the website:

<https://www.bendparksandrec.org/about/board-meeting-videos/>

BOARD PRESENT

- Nathan Hovekamp
- Donna Owens
- Deb Schoen
- Jodie Barram - virtual

BOARD ABSENT

- Zavier Borja

STAFF PRESENT

- Don Horton, Executive Director
- Michelle Healy, Deputy Executive Director
- Julie Brown, Manager of Communications and Community Relations
- Matt Mercer, Director of Recreation
- Brian Hudspeth, Development Manager
- Jason Powell, Construction Manager

VISITORS

Bill Steen: Mr. Steen said he lives in River Rim. He gave three reasons for his support of the footbridge over the river. He said his grandson lives just across the river from him and he would have better access to pick him up on his bike when he is babysitting him. He likes to be green and ride his bike everywhere he goes and explained the benefits of riding a bike for the environment. He said the bridge would open travel to that side of town for bikes. His final reason is that he believes it would help alleviate traffic congestion in town.

WORK SESSION

1. ORPA Awards

Ms. Brown introduced the ORPA Awards and explained each award.

- Ben Lewelling: Outstanding Maintenance & Asset Management Award
- Kim Johnson: Spotlight Award

- Ann Story: Excellence in Programming ORPA Aquatics Section
- Environmental Leadership Award: BPRD and Upper Deschutes Watershed Council, Riverbend South Project
- Don Horton: David E. Clark Professional Honor Award

CONSENT AGENDA

1. Minutes: 10/17/2023
2. Codify Personnel Policies

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

BUSINESS SESSION

1. Approve construction contract for Little Fawn Park – *Jason Powell*

Mr. Powell reviewed the history and budget of the Little Fawn Park project. He said this is the second round of bid and the bids that came in are still higher than what is left in the budget for construction of the park. He said he is asking for additional funding in contingency and some funds will come from next fiscal year's budget. The low bid came in from Mountain Sky Inc and the district has worked with this company before.

Mr. Powell explained some of the fixed costs of the park and said there were not a lot of areas that could be cut. He said staff recommends awarding the contract to Mountain Sky. Director Hovekamp asked that staff retain as many trees as possible and Director Owens asked what the lawn areas in the park and added that she gets a lot of questions about lawns due to the drought issues in Bend. Mr. Powell explained that only two trees will be removed, all ponderosas will remain and the lawn area will be small.

Director Owens made a motion to authorize the executive director to award a construction contract to Mountain Sky, Inc., for construction of the Little Fawn Park Project for a total amount of \$1,542,859, and to approve an additional 10% construction contingency of \$154,286, for a total construction budget not to exceed \$1,697,145. Director Schoen seconded. The motion was approved unanimously, 4-0.

EXECUTIVE DIRECTOR'S REPORT

Executive Director Horton shared his appreciation for the staff and their ORPA awards and the following announcements:

- The Coulter property has closed, the agreement allows some of the family to live in the house for six months.
- The foundation received a charitable donation from the Joseph and Elizabeth Hoffart foundation of \$125,000 annually for the next two years.
- The district's unemployment rate is going to go down and save the district about \$500,000.
- Another donor has approached the district to include a gift in his trust for the future.

BOARD MEETINGS CALENDAR REVIEW

GOOD OF THE ORDER

- Director Barram said she had a wonderful time at the all staff luncheon and acknowledged all the staff efforts to make the event happen.
- Director Schoen gave an update on the executive director recruitment. She said the district received two applications and one did not meet minimum qualifications, leaving one candidate. She said she has shared the application with the board. She suggested that since there is one candidate, she recommends meeting with the community before the board meeting on Dec. 5 and conducting an interview before the board meeting Dec. 19. She reviewed the timeline of the process stating that If all goes well, the board would like to offer the position in the first half of January and introduce the candidate to the community later in January. Director Schoen also requested board stipends be included in the budget next year to ensure equitable access to all to serve on the board.
- Director Owens congratulated all the ORPA award winners and wished everyone a Happy Thanksgiving.
- Director Hovekamp suggested that with staff help a new board policy on SDC waivers and property tax abatement. He said a lot of the projects that are coming before the board are worthy and appropriately located, but he struggles to understand all the financial details submitted when making a decision. He said he would like to create a consistent board criterion for approving projects. He added that public funds for trails, parks etc. are being handed to developers in hopes of being passed on to people that will live in the developments. He said there must be a better way than considering projects on a case by case basis He clarified that property taxes and SDCs are dedicated for park and recreation; the policy could provide a process that is consistent and limited for exceptions and may even consider a tradeoff that would benefit the park district as well.

ADJOURN 7:00 pm



Prepared by,

Sheila Reed
Assistant to the Executive Director

Nathan Hovekamp, Chair

Jodie Barram, Vice-Chair

Donna Owens

Zavier Borja

Deb Schoen

BOARD AGENDA COMMUNICATION

AGENDA DATE:	December 5, 2023
SUBJECT:	Resolution No. 2023-10, Approving an Affordable Housing System Development Charge Waiver for the Expansion of Veterans Village
STAFF RESOURCE:	Michelle Healy, Deputy Executive Director Sara Anselment, Planner
PREVIOUS BOARD ACTION:	June 4, 2019 - adopted Ordinance 12: System Development Charges, and accompanying Resolutions No. 421, 422, 423, 424, and 425; January 5, 2021 - adopted Resolution No. 2021-01; March 16, 2021 - adopted Resolution No. 2021-03 Waiving System Development Charges (SDC) for the Veterans Village Project and, October 18, 2022 - adopted Resolution No. 2022-07
ACTION PROPOSED:	Adopt Resolution No. 2023-10
STRATEGIC PLAN:	
Pillar:	Operations and 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

Earlier this year, the Bend Heroes Foundation requested a waiver of park SDCs for seven additional units to be added to the existing Veterans Village transitional shelter. Veterans Village is a temporary shelter with wraparound services designed to accommodate veterans experiencing homelessness. The project's primary goal is to transition residents into permanent or permanent supportive housing within two years from the commencement of their stay in Veterans Village. In 2021, Veterans Village was developed with 15 single-occupancy modular units equipped with water and electricity, along with a community building for meals and services. Veterans Village is located on the Deschutes County Public Safety Campus, off Poe Sholes Drive, under a ten-year lease agreement with the county. Central Oregon Veterans Outreach (COVO) operates the village.

On October 18, 2022, the board approved Resolution No. 2022-07, extending the existing SDC waiver program, which grants SDC waivers for temporary and emergency shelter developments. This resolution stipulates that shelters must be operated by a government or non-profit organization, must be approved for city SDC exemptions, and must have a minimum deed restriction of 30 years. However, the district's SDC Ordinance No. 12 empowers the board of directors to exercise discretion in waiving SDCs through a separate resolution. On March 16, 2021,

the board approved Resolution No. 2021-03, waiving SDCs for the initial 15 units in Veterans Village. The Veterans Village project satisfied all of the requirements of the district's waiver program for shelter developments, except for the deed restriction requirement, owing to its unique partnership with Deschutes County to lease the land. The waiver was formalized through a separate SDC waiver agreement.

Now, Veterans Village is requesting a waiver for seven additional units. However, since the initial phase of development, the city has updated its exemption code, now mandating that shelters or housing units commit to remaining affordable for 20 years to be eligible for an exemption from the city's SDCs. The current lease agreement between Deschutes County and COVO has only seven years remaining. Due to this limited time commitment, additional shelter units on the site do not qualify for an exemption from City SDCs. The seven additional units were to be completed in November 2023 with Deschutes County paying all the SDC's due for the expansion. If the district's waiver is approved, Deschutes County will be refunded the park SDCs.

Should the county redevelop the Veterans Village property into a non-residential use (e.g., government services) after the lease expires, the city's SDCs could be applied as a credit, whereas park SDCs would not be assessed because the district does not charge SDCs on non-residential development. (If the site were redeveloped for a different residential use, the district's park SDCs would be re-assessed at that time).

Deschutes County has provided significant financial support to the Veterans Village project, which has proven to be a successful model for providing temporary, yet stable housing for veterans experiencing homelessness. District staff finds that the expansion meets the spirit and intent of the district's waiver program for homeless shelters.

The proposed Resolution 2023-10 (see Attachment A) outlines the terms of an SDC waiver for the Veterans Village project. If approved, the waiver will be formalized through an amendment to our existing SDC waiver agreement for the project between the district and the participating parties. If approved, these waivers would be exempt from the district's annual limitation on SDC waivers for affordable housing. The value of the district's SDC waivers for the seven additional units is \$52,437.

BUDGETARY IMPACT

SDCs are the main source of funding for the development of parks, trails and recreation facilities to serve growth. The SDC methodology establishes the SDC fees, which influence future revenues for SDC eligible projects in the district's adopted Capital Improvement Plan. The forgone SDC revenue for the seven additional Veterans Village units is \$52,437.

STAFF RECOMMENDATION

Staff believes the Veterans Village project meets the intent of the district's desire to waive SDCs for temporary shelters serving people experiencing homelessness, and recommends approval of Resolution No. 2023-10 waiving the SDCs for the expansion project.

MOTION

I move to adopt Resolution No. 2023-10 waiving SDCs for the expansion of Veterans Village.

ATTACHMENTS

Attachment A – Resolution No. 2023-10, Approving an Affordable Housing System Development Charge Waiver for the Expansion of Veterans Village

BEND PARK AND RECREATION DISTRICT RESOLUTION NO. 2023-10**A RESOLUTION APPROVING AN AFFORDABLE HOUSING SYSTEM DEVELOPMENT CHARGE WAIVER FOR THE EXPANSION OF VETERANS VILLAGE**

WHEREAS, in addition to the limited supply of affordable long-term housing, Bend has a shortage of short-term, temporary housing to meet emergency or other immediate housing needs such as homeless shelters; and

WHEREAS, the cost to develop short-term, temporary housing includes not only the cost of land and construction, but also the cost of associated permits and fees, including System Development Charges (“SDCs”); and

WHEREAS, Bend Heroes Foundation (“BHF”) has built a 12-unit facility known as “Veterans Village”, located on approximately 1.25 acres of real property leased from Deschutes County at its Public Safety Campus located at 20355 Poe Sholes Drive, Bend, Oregon (the “Site”); and

WHEREAS, Central Oregon Veteran & Community Outreach, Inc., dba Central Oregon Veteran’s Outreach (COVO) (“COVO”) uses the Site to operate a community program providing temporary housing for veterans in Central Oregon, and provides most essential services including, but not limited to, meals, showers, toilet and laundry facilities, community meeting and activity space, as well as case management and wraparound services as needed; and

WHEREAS, BHF intends to construct an additional seven (7) units on the Site for expansion of COVO’s services operated at Veterans Village; and

WHEREAS, Bend Park and Recreation District Ordinance No. 12 imposes park system SDCs on Residential Development, including temporary housing, constructed or placed within the District’s boundaries; and

WHEREAS, Ordinance No. 12, and the associated Methodology Report: Parks System Development Charges, includes provisions allowing the Board to designate by resolution the types of Residential Development for which a waiver from SDCs may be applied; and

WHEREAS, Bend Park and Recreation District Resolution No. 423 and Resolution No. 2021-01 authorize SDC waivers for deed-restricted affordable housing, but the Veterans Village project is not deed restricted and, therefore, did not qualify for waiver based on the foregoing resolutions; and

WHEREAS, Bend Park and Recreation District Resolution No. 2021-03 authorized SDC waivers for the Veterans Village project, notwithstanding the fact that it is not deed restricted, conditioned upon approval of an exemption from City of Bend transportation and water and sewer system development charges by the City’s Affordable Housing Advisory Committee (“AHAC”); and (b) BHF and COVO compliance with the conditions imposed by Resolution No. 2021-03 on the waiver of SDCs for Veterans Village, which conditions were memorialized in a Conditional SDC Waiver Agreement between the District, BHF, and COVO, dated May 31, 2021; and

WHEREAS, COVO has now requested a waiver of park system SDCs otherwise payable for the 7-unit expansion of Veterans Village; and

WHEREAS, the City’s AHAC has not approved the 7-unit expansion of Veterans Village for an exemption from City of Bend transportation and water and sewer system development charges because

the City's exemption code now requires that shelter housing commit to remaining affordable for 20 years to be eligible for such an exemption, and Veterans Village has only seven years left on its lease with Deschutes County; and

WHEREAS, the District desires to approve an Affordable Housing SDC waiver for the 7-unit expansion of Veterans Village on the terms and conditions described in this Resolution.

NOW, THEREFORE, the Board of Directors resolves as follows:

Veterans Village Homeless/Emergency Shelter

1. Parks SDCs shall be waived for Veterans Village if the project satisfies the terms and conditions of this Resolution.
2. The waiver provided in this resolution is conditioned upon the following:
 - a. BHF and COVO shall enter into an amendment of the Conditional SDC Waiver Agreement with the District acknowledging and agreeing to the terms and conditions applicable to the Affordable Housing waiver authorized by this Resolution for the additional Veterans Village improvements.
 - b. The additional Veterans Village improvements shall be used only for short-term, temporary housing and related services, available at no cost to persons in need of such housing.
 - c. Veterans Village must continue to be operated at the Site in accordance with the terms and conditions of the amended Conditional SDC Waiver Agreement and the ground lease with the County.
 - d. Veterans Village must continue to be operated by COVO, or a successor 501(c)(3) charitable organization providing short-term, temporary housing and related services, or by a government agency.
3. The Affordable Housing waiver authorized by this Resolution is limited to the expansion and continued operation of Veterans Village at the Site. If the Veterans Village improvements are moved to another location, park system SDCs shall be payable unless a new waiver is available at that time and is authorized by the District for the new location.
4. The Affordable Housing waiver authorized by this Resolution will terminate if the Veterans Village improvements are no longer being operated as short-term, temporary housing in accordance with the terms and conditions of this Resolution. Upon such termination, the District's then-current SDCs shall be due and payable by the Site owner, if the improvements remain on the Site in use as Dwelling Units other than short-term, temporary housing.
5. If the Site is later used for Residential Development other than short-term, temporary housing, park system SDCs shall be payable on such Residential Development as provided in Ordinance No. 12 (as the same may be amended or replaced from time to time).
6. As provided in Resolution 2021-01, because Veterans Village is being developed as short-term, temporary housing, the Affordable Housing waiver authorized by this Resolution shall not be applied against the limitation on the number of waivers that may be approved for Deed Restricted Affordable Housing units.
7. The Affordable Housing waiver authorized by this Resolution shall not be construed as authorization of an Affordable Housing waiver for any other short-term, temporary housing development in any other location, each of which must apply, and be approved, for its own Affordable Housing waiver.

Miscellaneous

1. Capitalized terms used, but not defined, in this Resolution shall have the meanings given such terms in Ordinance No. 12.
2. All pronouns contained in this Resolution, and any variations thereof, will be deemed to refer to the masculine, feminine, or neutral, singular, or plural, as the context may require. The singular includes the plural, and the plural includes the singular. The word "or" is not exclusive. The words "include," "includes," and "including" are not limiting. The provisions of this Resolution are severable. If any section, subsection, sentence, clause, or portion of this Resolution is for any reason held invalid, unenforceable, or unconstitutional, such invalid, unenforceable, or unconstitutional section, subsection, sentence, clause, or portion will (a) yield to a construction permitting enforcement to the maximum extent permitted by applicable law, and (b) not affect the validity, enforceability, or constitutionality of the remaining portion of this Resolution. This Resolution may be corrected by resolution of the board to cure editorial or clerical errors.

ADOPTED by the Board of Directors of the District on this 5th day of December 2023.

Nathan Hovekamp, Board Chair

Attest:

Don P. Horton, Executive Director

BOARD AGENDA COMMUNICATION

AGENDA DATE:	December 5, 2023
SUBJECT:	310 and 350 SW Industrial Way (Jackstraw Project) Multiple Unit Property Tax Exemption (MUPTE)
STAFF RESOURCES:	Rachel Colton, Park Planner Michelle Healy, Deputy Executive Director
GUEST PRESENTERS:	Michiko Slick, Killian Pacific Cate Schneider, City of Bend
PREVIOUS BOARD ACTION:	September 5, 2023 MUPTE Update; April 5, 2022 Property Tax Exemption Program Follow-up; March 5, 2022 Property Tax Exemption Overview
ACTION PROPOSED:	Provide staff direction regarding Jackstraw Project MUPTE request
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. Property tax exemptions must be supported by a combined 51-percent of the taxing districts for the exemption to apply to the entirety of the tax levy. Though the district is working with the city to determine a potential process for approving the overarching MUPTE program with conditions, at this time, each MUPTE request must be reviewed individually by the board.

Killian Pacific Project Application

The Jackstraw project that is the subject of this agenda item is located at 310 and 350 SW Industrial Way in the Mixed-Use Urban (MU) zone inside the Core Area Tax Increment Finance (TIF) area. The site is approximately 5.6 acres in size and the project is currently under construction. Previously the site included a commercial building, three-sided shed, warehouse and parking for the Box Factory.

The project received land use approval in August 2022, and construction started eight months ago in April 2023. The project construction is expected to be complete in October 2025. The project scope includes 313 apartments, approximately 16,000 square feet of retail, 332 bicycle parking spaces and 457 parking spaces. The unit count by type is included in the proforma analysis, which

specifies that there are 15 studios, 189 one-bedroom units, 93 two-bedroom units and 16 three-bedroom units. Based upon the City Council staff report included as Attachment 1, it's our understanding that two of the 313 units will be rented at 60% of the Area Median Income (AMI) and the remaining 311 will be market-rate apartments. For the two affordable rental units, City staff confirmed that these units will be deed restricted affordable for a minimum of 20 years.

The MUPTE program requires that applicants provide a minimum of three public benefits. One of these public benefits must be a priority public benefit. The full list of eligible public benefits is included in [City code section 12.35.025](#). The applicant proposes the following public benefits:

1. High Standard of Energy Efficiency/Green Building Features (Priority Public Benefit): The applicant plans to certify the project LEED Platinum.
2. Mobility Supportive Amenities: Per the code, this benefit shall, "provide mobility hub elements including but not limited to shared micromobility facilities (meeting the requirements of the [BMC 7.60](#) if proposed in the public right-of-way), enhanced pedestrian and bicycle facilities, amenities, and storage such as secure bike lockers, upgraded crosswalks, street lighting, curb bulb-outs, pedestrian plazas, and dedicated spaces for bikeshare, or shared vehicle, or taxi pick-up and drop-off." Based upon the City Council staff report, the applicant plans to provide pedestrian scaled lighting and secured bicycle parking on-site. A total of 318 bicycle parking spaces are required on site, and the applicant is providing a total of 332, so the public benefit includes 14 additional spaces. In addition, the project includes a plaza on the southwest corner of the site, which will not be governed by a public access easement.
3. Wrapped Parking Structure: The project includes retail and residential uses on street level for any frontages on roads with a classification higher than an alley.

The City Council staff report lists several other benefits beyond the requirements of MUPTE, some of which district staff clarified with the city (see Attachment 1). Specifically:

- Meeting LEED Platinum is not an additional public benefit as that is the applicant's MUPTE priority benefit.
- The major improvements for Sisemore Street and Industrial Way are required by the city in order to mitigate the project's impacts to the transportation network.
- The code at the time this project was approved required 20-percent (or 62) EV ready spaces that include infrastructure to support future chargers at the site. The project has gone beyond code by providing the chargers in addition to the necessary infrastructure.

As noted previously, the city granted land use approval for the project in August 2022. This application is focused on the MUPTE request only. The requested tax exemption for this project is currently in the taxing district review period which spans 45-days from November 17 through January 1, 2024. The project is scheduled for city council review on January 3. Prior to City Council review, the Deschutes County Board of Commissioners will review the project on November 29, and the Bend La Pine School District will review the project on December 12. As indicated in the City Council staff report, if the property exemption is not approved, the applicant has indicated that the project will be put on hold.

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, LLC is included as Attachment 2 of this report and a memo with revisions to their report is included as Attachment 3. The PNW Economics, LLC report and associated memo found that the subject project would not be financially feasible if not for MUPTE. Related, when district staff inquired with the City about how the project secured construction financing if it is not financially viable, the developer indicated that the underwriting for the project includes MUPTE because their understanding was that the project met the approval criteria, and as such, the exemption would be approved by the City Council.

If the requested tax exemption is approved and implemented at this project site, which is inside the Core Area TIF area, the tax exemption would only impact the TIF budget. There would be no direct impact to the district's budget. Based on an estimated project value of \$127,186,251, the total estimated tax collection for this project over the 10-year tax exemption period is estimated to be \$11.7 million. If the exemption is approved, the ten-year tax collection is expected to decrease by over \$10 Million to approximately \$1.1 million. 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 \$400,000. 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. Looking at long term returns, the project, if approved for the tax exemption, is estimated to generate approximately \$27 million in TIF revenue over the 30-year lifetime of the TIF district.

Park System Development Charges (SDCs) would be collected for the project. SDCs are one-time fees charged on new development to help pay for the purchase of land and construction of new parks, trails and recreation facilities. Unlike general fund monies, which are largely comprised of property tax monies, SDCs cannot be used for maintenance and operations. SDCs for multifamily residential units are based upon the unit size. As noted previously, the proposed project has 15 studios, 189 one-bedroom units, 93 two-bedroom units and 16 three-bedroom units. Based upon this unit mix and quantity, the estimated total park SDCs are \$1,999,402.

STAFF RECOMMENDATION

None, staff seeks direction from the board on how to proceed with the requested exemption.

MOTION

I move to (support or deny) a ten-year tax abatement for the Jackstraw Project at 310 and 350 SW Industrial Avenue as part of the City of Bend's MUPTE program.

ATTACHMENTS

- A. Draft City Council Report for the January 3, 2024 meeting
- B. Jackstraw Project Proforma Peer Review
- C. Revised MUPTE Return on Investment Findings: Jackstraw Project



COMMUNITY DEVELOPMENT

STAFF REPORT FOR MULTIPLE UNIT PROPERTY TAX EXEMPTION

PROJECT NUMBER: PRTX202303757

COUNCIL DECISION: January 3, 2024

**APPLICANT/
OWNER:** Industrial Way QOZB LLC
Killian Pacific
1615 SE 3rd Ave, Suite 100
Portland, OR 97214

OWNER: Industrial Way QOZB LLC

**APPLICANT'S
REPRESENTATIVE:** Michiko Slick, Killian Pacific
1615 SE 3rd Ave, Suite 100
Portland, OR 97214

LOCATION: 310 SW Industrial Way; Tax Lot 181205A000300
350 SW Industrial Way; Tax Lot 181205A000400
Between Old Mill District and Downtown

REQUEST: Multiple Unit Property Tax Exemption (MUPTe), 10-year tax exemption on residential improvements

STAFF REVIEWER: Cate Schneider, Senior Management Analyst

RECOMMENDATION: Approval

DATE: November 17, 2023

PROJECT & SITE OVERVIEW

The Jackstraw mixed-use project site is located at 310 and 350 SW Industrial Way in the Mixed-Use Urban (MU) Zone inside the Core Tax Increment Finance (TIF) Area. The project proposes 313 apartment units, 16,019 square feet of retail, 332 bicycle parking spaces, and 457 parking spaces (347 in parking garage and 110 surface). The project also includes construction of NW Sisemore along the eastern frontage of the property and construction of a multi-modal publicly accessible shared use drive aisle and a shared use path adjacent to their proposed public plaza on the southwest corner of the site.

Public Benefits

The project plans to incorporate the following three public benefits to meet the requirements of the MUPTE program:

- High standard of energy efficiency through LEED Platinum certification (priority public benefit)
- Mobility supportive amenities
- Wrapped parking structure as additional public benefits to qualify for the MUPTE program.

The Jackstraw Project plans to provide several other public benefits, beyond the requirements for MUPTE, including:

- Tracking to meet the criteria for LEED Platinum for Multifamily and Fitwel.
- Two (2) townhomes units at 60% of Area Median Income (AMI). The two townhomes offered at 60% AMI are designed to allow their tenants to operate in-home childcare.
- Major public improvements for Sisemore Street and Industrial Way.
- Public art program which will include a sculpture, custom artist-designed residential entry doors, and a mural on the north façade.
- Engineered to retain and treat stormwater exceeding a 25-year storm event.
- Landscaping that incorporates native, pollinator-friendly and water-wise landscaping best practices. Landscaping will also include managed beehives to support pollinator population.
- Targeting 25% of total construction costs to be awarded to businesses owned by underrepresented members of our community including women, minorities, LGBTQ individuals, and persons with disabilities, and 25% of construction journey and apprentice hours to be completed by underrepresented members of those same communities.
- 31 electric vehicle car charging stations with Level 2 fast chargers and an additional 31 parking stalls with standard EV charging. Conduit will be constructed to allow for easier installation of car charging stations in the future.

The project received land-use approval in August 2022 (PLSPR20220228). Construction began in April 2023 and is expected to be completed in October 2025. Although the project started construction, the applicant has shared that the project is financially dependent on the exemption. If the project is not approved for MUPTE, construction will be stopped and the project put on hold.



Figure 1: Site Location



Figure 2: Conceptual project rendering

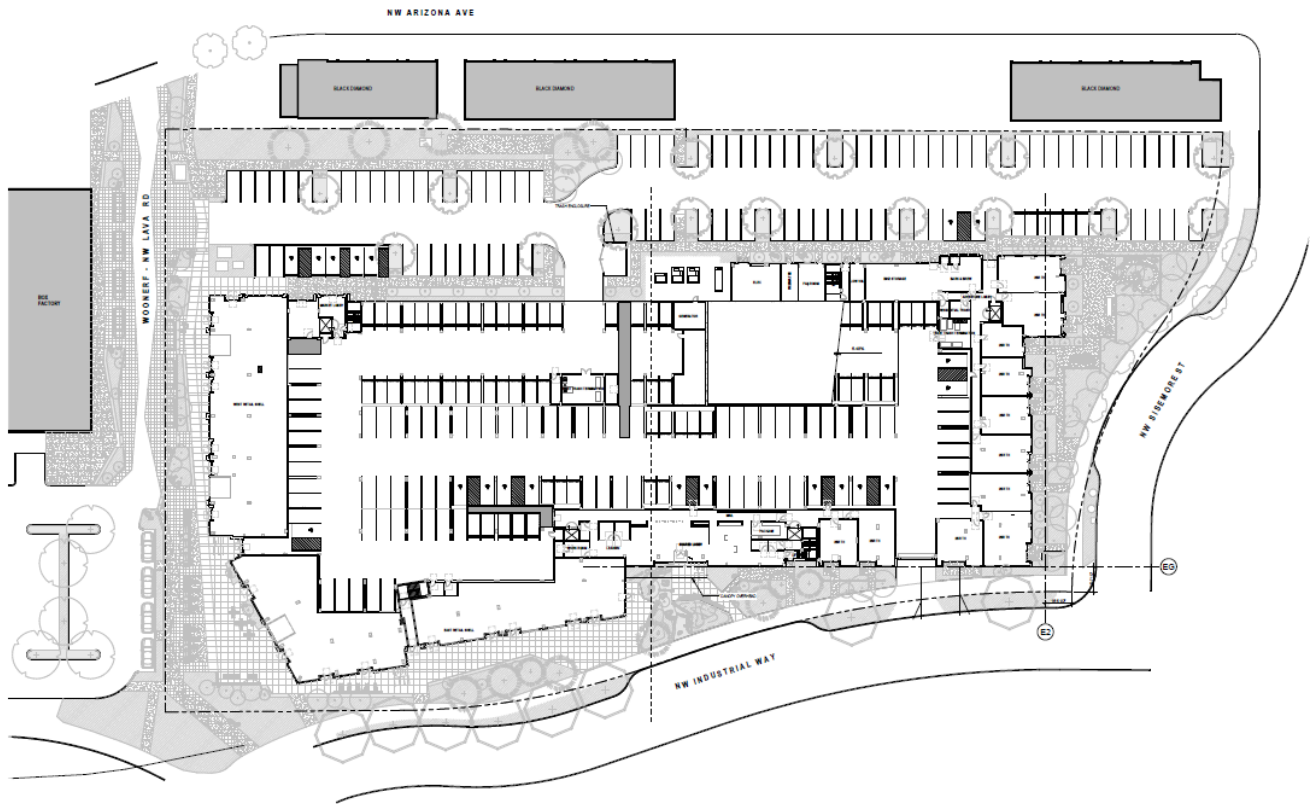


Figure 3: Site Plan

INFRASTRUCTURE NEEDED TO SERVE THE SITE

The project will be required to install an 8-inch water main within Sisemore Street to loop the water system. The project must also install a sample manhole on the site. The City of Bend Private Engineering Division confirmed that these improvements will provide the necessary infrastructure to serve the site in a letter dated Feb. 22, 2023. These infrastructure improvements are permitted under permit number PRINF202207907.

ELIGIBILITY CRITERIA

APPLICATION OF THE CRITERIA

LOCATION/ELIGIBLE ZONE REQUIREMENTS

The project site is located at 310 and 350 SW Industrial Way in the Mixed-Use Urban (MU) Zone inside the Core Tax Increment Finance (TIF) Area which is eligible for the MUPTE program per BMC 12.35.015D.

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 development site is located on a lot larger than 10,000 square feet and is proposed to be three 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 pro forma 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 pro formas were then reviewed by a third party independent financial consultant hired by the City.

PNW Economics completed a review of the pro formas. A summary of their findings is included as Attachment A. The review confirms that the Jackstraw Mixed-Use Project is not financially feasible on its own, noting that the project's income does not justify its operating expenses with a return of investment (ROI) of only 4.4%. The financial analysis concluded that the Jackstraw project approaches financial feasibility with the MUPTE, which increases ROI to 5.1%. The review notes that given that 6% ROI is a rule-of-thumb minimum, the project can be considered financially challenged even with MUPTE.

The applicant has shared that the project is financially dependent on the exemption; without MUPTE project construction will be stopped and the project put on hold.

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

Prior uses at the property included Spoken Moto, a three-sided shed, a warehouse, and parking for the Box Factory. The Spoken Moto building was sold and relocated to a new location to be repurposed for other uses. The three-sided shed was also sold and repurposed for farm use.

The warehouse was demolished and the existing parking will be replaced with the new development. These efforts to mitigate impacts to an existing business meet 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 project is pursuing a High Standard of Energy Efficiency/Green Building Features through LEED Platinum certification as its priority public benefit. The applicant provided a copy of a scorecard demonstrating the project's path to meet LEED Platinum. If approved for MUPTE, the applicant will be required to provide 3rd party documentation demonstrating that LEED Platinum certification has been met before the City certifies the tax exemption with the Tax Assessor.

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) Mobility Supportive Amenities and 2) Wrapped Parking Structure.

Mobility Supportive Amenities: The applicant must provide a minimum of two mobility supportive site elements. The project plans to include pedestrian scaled lighting and secured bicycle parking on the site to meet the requirements of this public benefit. In addition, the applicant is planning to locate a plaza on the southwest corner of their site. The applicant received a letter from the City of Bend Community and Economic Development Department, dated May 1, 2023, confirming that the applicant's plans meet the MUPTE guidelines for this public benefit.

Wrapped Parking Structure: For above-grade parking structures, the project must provide retail and residential uses on the street level for any frontages on roads with a classification higher than an alley. The applicant provided a site plan that demonstrates the planned parking structure meets this requirement as verified by planning staff.

ESTIMATED EXEMPTION: This project is estimated to receive a total 10-year tax exemption of approximately \$10.6 Million.

Based on an estimated building value of \$127,186,251, the total estimated tax collection for this project between 2027 through 2036 is estimated to be \$11.7 Million without the exemption and \$1.1 Million 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 \$400,000.

Since this project is located within the Core Tax Increment Finance (TIF) Area, there is no anticipated impact to any taxing district apart from the Bend Urban Renewal Agency's Core Area TIF fund. The project, if approved for the tax exemption is estimated to generate approximately \$27 Million in total revenue over the 30-year lifetime of the Core TIF Area.

Estimates are based on the value of building as provided by the developer, the proportion of the project is commercial as provided by the developer, and timeline is as provided by the developer. The estimate is preliminary and subject to change and is based on a variety of factors including Deschutes County Tax Assessor's assessment of the property and future change property ratio (CPR) rates. Estimates could also vary depending on when the Core Tax Increment reaches the maximum indebtedness established in the Plan (\$195 Million).

TAXING DISTRICT REVIEW PROCESS

For the tax exemption to apply to the full taxable amount, approval by taxing district agency boards that comprise at least 51% of the combined tax levy is required. 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 November 17, 2023, through January 1, 2024. The following district reviews are scheduled for this project:

- November 29, 2023: Applicant Presentation to Deschutes County Board of County Commissioners
- December 5, 2023: Applicant Presentation to Bend Park and Recreation District Board
- December 12, 2023: Bend La Pine School District Board Review and Decision on Application
- January 3, 2024: City Council Review and Decision on Application

CONCLUSION: Based on the application materials submitted by the applicant, the independent financial review, and these findings, the 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 documentation of 3rd party verification that High Standard of Energy Efficiency/Green Building Features energy standard is met.
3. City to verify mobility supportive amenities are constructed before exemption is applied.
4. City to verify construction of wrapped parking as proposed in approved site plan and building permits before exemption is issued.

ATTACHMENTS

Attachment A: Review of Financial Feasibility, PNW Economics

Attachment B: Application Materials

**REVIEW OF FINANCIAL
FEASIBILITY
JACKSTRAW PROJECT
KILLIAN 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 Killian Development Jackstraw 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 Jackstraw project in the Old Mill District of Bend. The following table provides a concise summary of the outcome of not awarding and awarding a MUPTE to the project, which comprises 313 apartment units and 17,500 square feet of retail space.

Table 1 – Jackstraw Project Measures of Return With & Without MUPTE: 313 Units & 17,500 Sq. Ft. Retail

NO MUPTE	Residential	Retail	Total
Net Operating Income (NOI)	\$6,878,606	\$691,909	\$7,570,515
Total Development Cost			\$171,197,197
Return on Investment (Cost) - NO MUPTE			4.4%
YES MUPTE	Residential	Retail	Total
Net Operating Income (NOI)	\$8,056,220	\$734,534	\$8,790,754
Total Development Cost			\$171,197,197
Return on Investment (Cost) - MUPTE			5.1%

Without MUPTE Conclusion: The Jackstraw project has very challenging financial feasibility on its own.

- Employing a minimum Return on Investment (Cost) measure of return of 6% as a result of thumb for project pursuit, the Jackstraw project's income does not justify its operating expenses, with an ROI of only 4.4%. The rule-of-thumb minimum ROI of 6% would indicate the project would be difficult to pull, all things equal.

With MUPTE Conclusion: The Jackstraw project approaches financial feasibility with the MUPTE and only with the tax exemption compared to the No MUPTE scenario.

- A MUPTE awarded that would reduce a roughly \$1.2 million property tax burden for the development is estimated to enhance ROI for the project to 5.1% compared to 4.4% without the MUPTE.
- Although a MUPTE award would significantly enhance expected feasibility of the project and enhance assurance of its success, the estimated ROI with the MUPTE still does not fully rise to the applied 6% rule-of-thumb minimum. In other words, the MUPTE is a critical aid in this project happening, but it can still be viewed as a challenged project with higher risk.

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

- The Jackstraw project has rents and operating assumptions that are seemingly consistent with market conditions in Bend among newer projects.
- Development costs of the project are seemingly consistent with current construction market conditions, as verified by a comparable, planned project in the Eugene downtown market.

Otherwise overall, it was found that the Jackstraw MUPTE Application financial analysis used reasonable assumptions. Much of the independent pro forma analysis in this report utilizes similar assumptions as the Applicant. Differences in assumptions are noted in this document. The most notable difference would be that PNW ECONOMICS estimates property tax burden of this project, and the value of the MUPTE, are slightly higher than estimated by the Applicant.

2. Financial Feasibility Analysis

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 documents that 49% of total development cost will be debt financed, while 51% will be equity-financed. Although extremely unusual just a few years ago, a 50%-50% debt and equity split is consistent with observed market on other projects.

Table 2 – Jackstraw Project Permanent Debt Finance Assumptions

	313 Units
	2023 Dollars
Total Development Cost	\$171,197,197
Permanent Loan	\$84,000,000
Equity	\$87,197,197
Percent Financed	49%

Development Costs

The Applicant declares in the Jackstraw MUPTE application a total development cost of \$171,197,198 development cost for the 313-unit, 480,000 square-foot improvement. The project’s more urban orientation, combined parking structure and size make it a bit incomparable to Bend projects of recent development for comparisons. Accordingly, PNW Economics compares the project to the Riverfront 3A mixed-use development in Eugene as somewhat of a peer comparable for size, parking, mix of uses, and vintage of cost information. Table 3 provides a comparison of both projects with appropriate details.

The Jackstraw project overall has development cost metrics not unlike the peer reviewed Eugene Riverfront 3A project.

- Total Cost per Unit: \$546,956 (Jackstraw) vs. \$534,904 (Riverfront 3A)
- Total Cost per Sq. Ft.: \$357 (Jackstraw) vs. \$464 (Riverfront 3a)

Table 3 – Jackstraw Project Permanent Debt Finance Assumptions

	Bend	Eugene
	Jackstraw	Riverfront 3A
Units	313	237
Total Sq. Ft.	480,000	272,983
Land Acquisition	\$7,662,931	\$2,782,504
Hard Costs	\$127,186,251	\$96,444,138
Soft Costs & Contingencies	<u>\$36,348,016</u>	<u>\$27,545,538</u>
Total Development Costs	\$171,197,198	\$126,772,180
Total Cost Per Unit	\$546,956	\$534,904
Total Cost per Sq. Ft.	\$357	\$464

Both projects have similar scale, though Jackstraw is larger: more residential units, slightly more commercial space, and certainly more parking spaces. Per square foot costs are lower at Jackstraw, though cost per unit is higher at Jackstraw largely by virtue of a larger parking garage and public street improvements taken on by Jackstraw that the Eugene project does not have. On the other hand, the Eugene project had significant non-clean fill soil removal and at-cost disposal costs. Overall, the

cost comparison indicates Jackstraw development costs are on-par with market for larger mid-rise, mixed-use redevelopment in urban Oregon markets.

Assumed Rents & Escalation

Table 4 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 4 – Jackstraw Project Market Apartment Rent Assumptions – 313 Units

MARKET RATE					
Unit Type	Unit Mix		Average Unit	Monthly	Rent per
	Units	Percentage	Size (Sq. Ft.)	Rent	Square Foot
Studio	15	5%	483	\$1,824	\$3.78
One bedroom	189	61%	669	\$2,167	\$3.24
Two bedroom	91	29%	1,091	\$2,993	\$2.74
Three bedroom	<u>16</u>	<u>5%</u>	<u>1,460</u>	<u>\$3,360</u>	<u>\$2.30</u>
Subtotals/Averages	311	100%	824	\$2,453	\$2.98
INCOME RESTRICTED					
Unit Type	Unit Mix		Average Unit	Monthly	Rent per
	Units	Percentage	Size (Sq. Ft.)	Rent	Square Foot
Studio	0	0%	0	\$0	\$0.00
One bedroom	0	0%	0	\$0	\$0.00
Two bedroom (TH)	<u>2</u>	<u>100%</u>	<u>1,481</u>	<u>\$1,080</u>	<u>\$0.73</u>
Subtotals/Averages	2	100%	1,481	\$1,080	\$0.73

Rents overall appear slightly higher than most other new market rate projects, though that is to be expected from under construction/newest product being delivered to the market. The Jackstraw project also has superior mixed-use district location, grocery store proximity and river/trail compared to most other newer projects, thus some kind of rent premium for superior location would be expected. Examples of going market projects include:

- **The Nest** (1609 SW Chandler Avenue, Bend): 1,049 square foot 2 bed/2 bath for \$2,637 average (\$2.51 per square foot)
- **Solis at Petrosa** (63190 Deschutes Market Road):
 - 620 square foot 1 bed/1 bath for \$1,770 average (\$2.85 per square foot).
 - 901 square foot (average) 2 bed/2 bath for \$2,250 average (\$2.50 per square foot).
 - 1,109 square foot 3 bed/2 bath for \$2,545 (\$2.29 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).

As was stated, Jackstraw rents are slightly higher than current market rents at newer projects. Between a rent premium for being the absolutely newest project in the peer group, as well as having the best single location for a mixed-use project in the Old Mill District, slightly higher rents at Jackstraw should be expected. From a MUPTE-modeling perspective, 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 are inexplicably low relative to market would run the risk of overstating MUPTE need. That is not the case here.

Non-Rent Revenues

Table 5 summarizes the various sources of revenue for the project in addition to standard rent planned for the occupancy for units. The key feature of the project will be secured parking (212 spaces) for residential tenants for \$150 per space in 2023, as well as 133 spaces for \$75 per month as an option for residents, but with shared access with visitors. Retail tenants and customers will not pay parking fees under the Jackstraw plan.

Table 5 – Jackstraw Project Mixed-Use Non-Rent Income Assumptions

Non-Rent Revenue	Monthly Jackstraw	Jackstraw - Annual	
		Units	2023
Parking - Residential	\$150	212	\$381,600
Parking - Shared Residential	\$75	133	\$119,700
Other (Misc. Fees, Deposits)			<u>\$739,103</u>
Total Non-Rent Revenue:			\$1,240,403

Operating Expenses

Apartment Operating Expenses

Table 6 below provides a comparison of annual operations expenses per unit anticipated by the Applicant. For context, annual per-unit operating expenses for Penn Avenue, a different proposed apartment project applying for a City of Bend MUPTE as well as recent urban apartment MUPTE applicants in the City of Eugene are compared. Based upon these findings, it was assumed that operations expenses at the project are reasonable if not somewhat low, though the larger scale of the development allows lower cost-per-unit spread.

Table 6 – Jackstraw Project Operating Expenses Per Unit vs. Comparable Projects

	Per Unit Expenses Annually		
	Jackstraw	Penn Avenue	Eugene Projects*
Before Property Tax			
Expenses: Stabilized	\$4,903	\$4,679	\$6,700

*Non-55+ active community projects

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. It is also acknowledged that annually, the Jackstraw project expects \$75,056 in annual operating expenses for the 17,500 square feet of planned retail (\$4.29 per square foot annually, or \$0.36 per square foot monthly). Relatively speaking, retail operating expenses are minor compared to the much larger residential units' operating expenses attribution and do not seem unreasonable.

Property Taxes

Table 7 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 and Commercial Exception Value Ratio of 0.441. Finally, the tax rate of \$15.8378 per \$1,000 of TAV was utilized for Tax Code Area 1128 that includes the project addresses of 310 SW Industrial and 350 SW Industrial in Bend, Oregon.

Table 7 – Jackstraw Project Estimated Property Tax: Land & Improvements in FY 23

		Cost of Replacement - Improvements		\$157,572,080			
		Exception Value Ratio - Multifamily (7)		<u>0.461</u>			
		FY 23 Taxable Assessed Value		\$72,640,729			
		Cost of Replacement - Retail Improvements		\$5,962,187			
		Exception Value Ratio - Commercial (2)		<u>0.441</u>			
		FY 23 Taxable Assessed Value		\$2,629,324			
					<u>Taxable Assessed Value (FY 23)</u>		
<u>Parcel</u>	<u>Account #</u>	<u>Acres</u>	<u>Zoning</u>	<u>Land</u>	<u>Improvements</u>	<u>Total</u>	
310 SW Industrial Way	167373	2.15	301 - Industrial	\$469,390	\$0	\$469,390	
				Tax Code Area 1128 (per \$1,000 TAV)	<u>15.8378</u>	<u>15.8378</u>	
				Total Property Tax - Land Only	\$7,434	\$7,434	
350 SW Industrial Way	167955	2.73	231 - Commercial	\$1,306,550	\$0	\$1,306,550	
				Tax Code Area 1128 (per \$1,000 TAV)	<u>15.8378</u>	<u>15.8378</u>	
				Total Property Tax - Land Only	\$20,693	\$20,693	
310-350 SW Industrial Way		4.88	231 - Commercial	\$1,775,940	\$75,270,053	\$77,045,993	
				Tax Code Area 1128 (per \$1,000 TAV)	<u>15.8378</u>	<u>15.8378</u>	
				Total Property Tax - Combined	\$28,127	\$1,192,112	
					\$1,220,239		

Financial Feasibility Analysis of the Jackstraw 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.

Gross Project Income: The sum of Apartment Rent Income, Retail Lease Income and Other Income streams such as parking, storage fees, electric vehicle parking fees, bike storage fees, electric bike charging fees and other related fee streams.

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.

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

Apartment Operating Expense: Annual operating expenses of \$4,903 per apartment unit starting in year 1.

Retail Operating Expense: \$4.29 per square foot annually in retail space operating expenses for the project.

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 Jackstraw project. Based on an estimated cost-of-replacement of \$75,270,053 million in 2023 dollars and a local, existing total property tax rate of \$0.0158378 (Tax Code Area 1128), the estimated MUPTE exemption beginning in year 1 would be \$1,220,239. 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 Project Operating Expense plus the MUPTE (if assumed).

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.

Return on Investment (Cost): The measure of financial return for the real estate development in question of this analysis, Jackstraw. The Applicant reports Net Operating Income and total development costs, leaving the primary measure of return for evaluation for the project to be Return on Investment. ROI is calculated as Net Operating Income divided by Total Development Cost. There is no hard rule for acceptable ROI for a real estate development project, but a common minimum ROI for moving forward with a development is 6%. Developers will vary on required ROI to go through with a project, but a minimum of 6% is a common minimum.

Jackstraw Project Pro Forma Without MUPTE

Table 8 reports the Return on Investment (Cost) pro forma for the Jackstraw project without a MUPTE.

Table 8 – Jackstraw Project NOI and ROI Without MUPTE

	Residential	Retail	Total
Income			
Lease Income	\$9,159,010	\$614,250	\$9,773,260
Other Income	\$1,002,453	\$237,950	\$1,240,403
Less: Vacancy Loss	<u>(\$508,073)</u>	<u>(\$42,610)</u>	<u>(\$550,683)</u>
Gross Income	\$9,653,390	\$809,590	\$10,462,980
Expenses			
Pre-Tax Operating Expenses	<u>(\$1,534,570)</u>	<u>(\$75,056)</u>	<u>(\$1,609,626)</u>
Property Taxes	<u>(\$1,177,614)</u>	<u>(\$42,625)</u>	<u>(\$1,220,239)</u>
MUPTE Awarded	\$0	\$0	\$0
Capital Reserves	<u>(\$62,600)</u>	<u>\$0</u>	<u>(\$62,600)</u>
Total Operating Expenses	<u>(\$2,774,784)</u>	<u>(\$117,681)</u>	<u>(\$2,892,465)</u>
Net Operating Income (NOI)	\$6,878,606	\$691,909	\$7,570,515
Total Development Cost			\$171,197,197

Return on Investment (Cost) - NO MUPTE **4.4%**

Combining all development assumptions of the Applicant reviewed in this document, as well as some calculations that slightly vary from Applicant math – namely the likely property tax generated by the development based on cost of replacement – project ROI without a MUPTE is calculated to be 4.4%.

4.4% is certainly below the rule-of-thumb minimum ROI of 6% for a project to get lending and/or equity investment. The project without a MUPTE would be considered a challenging project to finance and/or would require very patient capital for equity investment.

PNW ECONOMICS figures vary a bit from Applicant documentation, namely in attribution of taxable land value to portions of the project, whether residential or retail. This report also estimates that property tax owed on the project will be slightly higher than what the Applicant has estimated. This greater tax owed in this analysis would only serve to show the MUPTE is more consequential than what the Applicant demonstrates.

Jackstraw Project Pro Forma WITH MUPTE

Table 9 reports the Return on Investment (Cost) pro forma for the Jackstraw 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 – Jackstraw Project NOI and ROI WITH MUPTE

	Residential	Retail	Total
Income			
Lease Income	\$9,159,010	\$614,250	\$9,773,260
Other Income	\$1,002,453	\$237,950	\$1,240,403
Less: Vacancy Loss	<u>(\$508,073)</u>	<u>(\$42,610)</u>	<u>(\$550,683)</u>
Gross Income	\$9,653,390	\$809,590	\$10,462,980
Expenses			
Pre-Tax Operating Expenses	<u>(\$1,534,570)</u>	<u>(\$75,056)</u>	<u>(\$1,609,626)</u>
Property Taxes	<u>(\$1,177,614)</u>	<u>(\$42,625)</u>	<u>(\$1,220,239)</u>
MUPTE Awarded	\$1,177,614	\$42,625	\$1,220,239
Capital Reserves	<u>(\$62,600)</u>	\$0	<u>(\$62,600)</u>
Total Operating Expenses	<u>(\$1,597,170)</u>	<u>(\$75,056)</u>	<u>(\$1,672,226)</u>
Net Operating Income (NOI)	\$8,056,220	\$734,534	\$8,790,754
Total Development Cost			\$171,197,197

Return on Investment (Cost) - MUPTE 5.1%

Assuming a MUPTE is awarded to the project, Net Operating Income for the Jackstraw is enhanced by more than \$1.2 million. The result is a Return on Investment (Cost) for the project with a MUPTE equal to 5.1% in this analysis.

Award of a MUPTE certainly enhances the ROI for the project closer to the minimum rule-of-thumb 6%. The MUPTE does not, however, push the rate of return over the minimum threshold but makes the project significantly more compelling as an investment.

As already noted, different developers will use not only different measures of return, but also different criteria for a minimum and/or successful rate of return for that measure. This analysis employs a rule-of-thumb minimum of 6% return on cost for a project to be worth the risk. On this measure alone, MUPTE makes the Jackstraw project significantly more compelling than without the MUPTE. If the Applicant internally employs a lower threshold ROI for project evaluation, such as 5%, then it can be said the MUPTE not only makes the project more compelling but certainly assures the project would worth the risk and expense in a way that would not be possible without the MUPTE.

MEMORANDUM

To: Cate Schneider
 Senior Management Analyst
 CITY OF BEND, OREGON

From: Bill Reid, Principal
 PNW ECONOMICS, LLC

Subject: Revised MUPTE Return on Investment Findings: Jackstraw Project

Date: November 21, 2023

This memorandum summarized revised return on investment calculations for the Jackstraw project in Bend, Oregon for the purposes of Mixed-Use Property Tax Exemption (MUPTE) benefit consideration by the City of Bend and its partners.

On October 7, 2023, PNW Economics submitted to the City of Bend a review of Jackstraw development MUPTE application financial pro formas required by City ordinance for the MUPTE incentive program. On November 20, 2023 City of Bend staff identified two math errors in the findings of that October 2023 review. The identified errors in Table 9 of the October 2023 review were as follows:

- MUPTE on the taxable assessed value of land upon which the Jackstraw project would be built: A tax exemption of \$28,127 starting in 2023 was erroneously credited to the Jackstraw project as part of return on investment calculations. MUPTE should not apply to the value of land, only improvements put into place. The error has been corrected in Table 1 of this memorandum.
- MUPTE on the taxable assessed value of commercial retail development in the Jackstraw project: A tax exemption of \$42,625 for the taxable assessed value of the retail commercial component was erroneously credited to the Jackstraw project as part of return on investment calculations. The MUPTE, per State statute, does apply to the retail commercial portion of the project. The error has been corrected in Table 1 of this memorandum.

Table 1 on the following page provides revised calculations of Return on Investment (Return on Cost) that should replace Table 9 in the October 2023 MUPTE review of the Jackstraw. In combined total, correction of the errors above reduce the value of the MUPTE for the Jackstraw project by \$70,752. This has the following effects upon ROI calculations:

- Revised MUPTE of \$1,149,487 awarded to the Jackstraw (and increasing by Measure 50-allowed 3% annually thereafter);
- Total Operating Expenses increased to \$1,742,978;
- Net Operating Income (NOI) decreased to \$8,720,002;
- Return on Investment (Cost) with a MUPTE of 5.1%.

In what may seem surprising, the ROI with a MUPTE did not change from the previous rounded calculation of 5.1%. This is so because despite a reduction in the MUPTE of \$70,752, the Jackstraw project is both so

PNW Economics

expensive to develop (\$171.2 million) and annual Net Operating Income is so large (\$8.72 million), that the downward correction of the MUPTE award is basically rounding error on the ROI calculation. In fact, not rounding ROI to one decimal place would display the following:

- ROI before error correction: 5.135%
- ROI after error correction: **5.09%**

Table 1 – Revised Return on Investment (Return on Cost) Calculation for the Jackstraw: Yes for a MUPTE

	Residential	Retail	Total
Income			
Lease Income	\$9,159,010	\$614,250	\$9,773,260
Other Income	\$1,002,453	\$237,950	\$1,240,403
Less: Vacancy Loss	<u>(\$508,073)</u>	<u>(\$42,610)</u>	<u>(\$550,683)</u>
Gross Income	\$9,653,390	\$809,590	\$10,462,980
Expenses			
Pre-Tax Operating Expenses	<u>(\$1,534,570)</u>	<u>(\$75,056)</u>	<u>(\$1,609,626)</u>
Property Taxes	<u>(\$1,177,614)</u>	<u>(\$42,625)</u>	<u>(\$1,220,239)</u>
MUPTE Awarded	\$1,149,487	\$0	\$1,149,487
Capital Reserves	<u>(\$62,600)</u>	<u>\$0</u>	<u>(\$62,600)</u>
Total Operating Expenses	<u>(\$1,625,297)</u>	<u>(\$117,681)</u>	<u>(\$1,742,978)</u>
YES MUPTE	Residential	Retail	Total
Net Operating Income (NOI)	\$8,028,093	\$691,909	\$8,720,002
Total Development Cost			\$171,197,197
Return on Investment (Cost) - MUPTE			5.1%

We hopes this clarifies the issue for the City of Bend and its partners, and we apologize for the math error.

BOARD AGENDA COMMUNICATION

AGENDA DATE:	December 5, 2023
SUBJECT:	Award Professional Services Contract for the Hollinshead Park Improvement Project
STAFF RESOURCE:	Ian Isaacson, Landscape Architect Brian Hudspeth, Development Manager
PREVIOUS BOARD ACTION:	None
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

Hollinshead Park is a 16.1-acre community park in northeast Bend. Donated by Dean and Lily Hollinshead, it has deep roots in the area. Originally a bustling ranch, it retains a reminder of its pioneer heritage, offering visitors a journey back in time. Spread across the park are unique features: an off-leash dog area, gardens for the community and demonstrations, a walking trail and picnic areas. The park is also home to historical buildings, notably the Hollinshead Barn and the Sharecroppers House, which has been transformed into a museum.

The district's 2018 Comprehensive Plan, which is the district's guiding plan for the next ten years, identifies an improvement project at Hollinshead Park. This project is included in the district's 2024-28 Capital Improvement Plan (CIP) for implementation.

Understanding the historical essence of the park, community members and BPRD staff worked together to develop a preferred concept plan for the property in 2010. This is not just a plan for the park's future but an effort to honor its past while making it more functional and accessible as the community grows.

Improvements planned for the park, which are informed by the 2010 plan include:

- A new permanent restroom
- New ADA-compliant pathways to increase accessibility. Including enhanced access to Hollinshead Barn ensuring all visitors can explore it with ease
- Renovation of the parking area to address circulation and operational issues

- Enclosure of the existing off leash area to increase park-user safety and reduce conflicts with the historic features of the park (A fence will be designed to be in harmony with the park's aesthetic and will provide at least two main entry gates.)
- Creation of a “History Walk” - collaborating with the Deschutes Historical Society, this pathway promises a rich narrative experience with interpretive signs detailing the park's history and features
- Preparation of a maintenance report to ensure the park's structures are preserved for future generations. This guide will provide recommendations for the care and upkeep of the park's historic structures. Any construction recommendations highlighted in this report are not part of this project, and will be funded as part of a future project.

On August 17, 2023, the district advertised the Request for Proposal (RFP) for professional design services for the Hollinshead Park Improvement Project. The scope-of-work in the RFP included survey, design development, construction document, permitting, cost estimating and construction administration services.

One proposal was received September 21, 2023. The proposal was reviewed by a committee of staff. The consulting team led by Flagline Engineering from Bend, Oregon was selected to enter into contract negotiations with the district. It is expected that design will begin in early 2024, with public outreach beginning in spring/summer 2024. Construction documents are anticipated to be complete towards the end of 2024, with construction to follow in 2025.

BUDGETARY IMPACT

The 2022-2026 CIP allocates \$1,000,000 for the project - \$650,000 in property tax funds, \$250,000 in SDC funds and \$100,000 of alternative funds. None of the funding has been spent on the project to date. The negotiated fee for the professional design services with Flagline Engineering is a cost not to exceed \$217,166.

STAFF RECOMMENDATION

Staff recommends approval of the Hollinshead Park Improvement Project professional design services contract with Flagline Engineering with a cost not to exceed of \$217,166. Staff further recommends the board approve a 10% contingency of \$21,716 for a total design budget not to exceed \$238,882.

MOTION

I move to authorize the executive director to award a professional services contract for the Hollinshead Park Improvement Project to Flagline Engineering with a cost not to exceed \$217,166, and to approve an additional 10% contingency of \$21,716, for a total design budget not to exceed \$238,882.

ATTACHMENT

None

BOARD AGENDA COMMUNICATION

AGENDA DATE:	December 5, 2023
SUBJECT:	Resolution No. 2023-11, Adopting a Policy on System Development Charges for Conversions from Commercial to Residential Uses
STAFF RESOURCE:	Michelle Healy, Deputy Executive Director Sara Anselment, Planner
PREVIOUS BOARD ACTION:	June 4, 2019 - adopted Ordinance 12: System Development Charges, and accompanying Resolutions No. 421, 422, 423, 424, and 425
ACTION PROPOSED:	Adopt Resolution No. 2023-11
STRATEGIC PLAN:	
Pillar:	Operations and 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

During the 2023 legislative session the Oregon Legislature adopted House Bill (HB) 2984 requiring local governments allow the conversion of buildings from commercial use to residential use without a zone change or conditional use permit. The primary purpose of the bill is to encourage the development of more affordable housing. HB2984 specifies that these types of conversions may only occur within an urban growth boundary of cities with populations of 10,000 or greater, and not on lands zoned for industrial use. The bill further stipulates that local governments may only require payment of system development charges (SDCs) on conversions if the charge is pursuant to an approved policy by the local government for commercial to residential conversions adopted by December 31, 2023. A link to the bill is available here - [HB2984](#).

The conversion of commercial buildings to residential uses would place additional demands on the park system to serve new population growth. The attached Resolution 2023-11 allows the district to charge the appropriate residential SDC fee on commercial to residential conversion projects to help provide the necessary park and recreation infrastructure to serve these new residents with the parks, trails, recreation facilities and open spaces that may be lacking in commercial areas around Bend.

BUDGETARY IMPACT

In the short term, staff does not anticipate many commercial to residential conversions, or a significant impact to the district's SDC revenue. However, SDCs are the primary source of funding for the development of new parks, trails and recreation facilities to serve growth. The SDC

methodology establishes the SDC fees, which influence future revenues for SDC eligible projects in the district's adopted Capital Improvement Plan. Foregoing the collection of SDCs on these types of projects, without an alternative funding source in place, could potentially impact the district's ability to provide necessary infrastructure to serve these types of developments in the future.

STAFF RECOMMENDATION

Staff recommends approval of Resolution 2023-11.

MOTION

I move to approve Resolution No. 2023–11 adopting a policy on SDCs for conversions from commercial to residential uses.

ATTACHMENTS

Attachment A – Resolution No. 2023-11, Adopting a Policy on System Development Charges for Conversions from Commercial to Residential Uses

BEND PARK AND RECREATION DISTRICT RESOLUTION NO. 2023-11

A RESOLUTION ADOPTING A POLICY ON SYSTEM DEVELOPMENT CHARGES FOR CONVERSIONS FROM COMMERCIAL TO RESIDENTIAL USES

WHEREAS, District adopted Ordinance No. 12, which assesses system development charges (“SDCs”) on Residential Development and Hotel/Motels; and

WHEREAS, the Oregon Legislature adopted House Bill (“HB”) 2984 in the 2023 legislation session to encourage the conversion of commercial buildings for residential use; and

WHEREAS, among other things, HB 2984 provides that SDCs may be charged to certain conversions from commercial to residential uses if the SDCs are “calculated pursuant to a specific adopted policy for commercial to residential conversions adopted on or before December 31, 2023”; and

WHEREAS, the District adopts this Resolution No. 2023-11 (this “Resolution”) to adopt a specific policy regarding commercial to residential use conversions and to otherwise preserve the District’s full local authority to assess SDCs to the conversion of commercial buildings to residential uses.

NOW, THEREFORE, the Board of Directors resolves as follows:

1. Dwelling Units created from the conversion of commercial uses to residential uses are “Residential Development” for purposes of Ordinance No. 12 and subject to District SDCs at District’s then applicable SDC rates.
2. Where (i) the prior commercial use is a “Hotel/Motel”, (ii) the prior Hotel/Motel use has paid all District SDCs that were then applicable for establishment of the subject Hotel/Motel, and (iii) the prior Hotel/Motel use was in operation within 10 years prior to the date SDCs are payable for the residential units created from the conversion, the Applicant will receive a credit for the number of Hotel/Motel units existing within such 10-year period prior to the conversion to residential uses that will not remain following the conversion. The credit will be in the amount of the then current District SDC rate for a Hotel/Motel unit for each such displaced Hotel/Motel unit. The credit will be applied to the District SDCs payable for the number of Dwelling Units resulting from the Residential Development. In no event will an Applicant be entitled to any refund of any surplus of credits. Surplus credits are not transferrable to other properties, other than as between lots or parcels resulting from division or reconfiguration of the property on which the credits were established, and will expire if not used within 10 years after the surplus credit is established (i.e. the date BPRD confirms that the subject property has surplus credits).
3. Nothing herein shall preclude District from granting any then applicable waivers, deferrals, or reductions under such programs or policies as District may adopt from time to time.

Miscellaneous

1. Capitalized terms used, but not defined, in this Resolution shall have the meanings given such terms in Ordinance No. 12.
2. All pronouns contained in this Resolution, and any variations thereof, will be deemed to refer to the masculine, feminine, or neutral, singular, or plural, as the context may require. The singular includes the plural, and the plural includes the singular. The word “or” is not exclusive. The words “include,” “includes,” and “including” are not limiting. The provisions of

this Resolution are severable. If any section, subsection, sentence, clause, or portion of this Resolution is for any reason held invalid, unenforceable, or unconstitutional, such invalid, unenforceable, or unconstitutional section, subsection, sentence, clause, or portion will (a) yield to a construction permitting enforcement to the maximum extent permitted by applicable law, and (b) not affect the validity, enforceability, or constitutionality of the remaining portion of this Resolution. This Resolution may be corrected by resolution of the board to cure editorial or clerical errors.

ADOPTED by the Board of Directors of the District on this ___ day of _____, 2023.

Nathan Hovekamp, Board Chair

Attest:

Don P. Horton, Executive Director



PLANNING & DEVELOPMENT PROJECT UPDATES December 2023

COMMUNITY AND REGIONAL PARK PROJECTS



Drake Park DRT & Bank Improvement Project: This project is complete; the trail and boardwalk are highly used by community members.



Sawyer Park Entrance and Parking Lot Upgrades: The completed Cultural Resources Survey report was submitted to Oregon Park and Recreation Department (OPRD) for review and coordination with the State Historic Preservation Office (SHPO). Revisions to the conceptual design to avoid the most culturally sensitive parts of the park site are in progress.



Pine Nursery Park Phase 5: Conceptual design revisions and initial cost estimating are in progress. Stakeholder and public outreach will take place the first half of January 2024.

NEIGHBORHOOD PARK PROJECTS



Manzanita Ridge: The final round of public outreach was complete in October. Input from that process is being used to refine the preferred conceptual design with the design team. Initial cost estimating is also in progress.



Little Fawn Park: The board awarded the contract for construction during the November 21st board meeting. Construction is expected to begin in Winter 2023/2024.



Fieldstone Park: Pahlisch is working with staff to complete items on the punch list needed for the district’s sign off on the project. At that time, the district and Pahlisch will close on the sale of the property and the district will pay for the development of the park, also taking over maintenance of the park. Completion is expected winter of 2023.



Hollinshead Park ADA and Preferred Concept Design: On August 17th, the district advertised the request for proposal (RFP) for professional design services for the project. The scope-of-work in the RFP included survey, design development, construction document, permitting, cost estimating and construction administration services. The selected consulting team is led by Flagline Engineering from Bend. It is expected that design will begin in early 2024, with public outreach beginning in spring/summer 2024. Construction documents are anticipated to be complete toward the end of 2024, with construction to follow in 2025. Improvements planned for the park, which are informed by the 2010 Master Plan include:

- A new permanent restroom
- New ADA-compliant pathways to increase accessibility. Including enhanced access to Hollinshead Barn ensuring all visitors can explore it with ease.
- Renovation of the parking area to address circulation and operational issues.
- Enclosure of the existing off leash area to increase park-user safety and reduce conflicts with the historic features of the park. A fence will be designed to be in harmony with the park's aesthetic and will provide at least two main entry gates.
- Creation of a “History Walk”. In collaboration with the Deschutes Historical Society, this pathway promises a rich narrative experience with interpretive signs detailing the park's history and features.
- Preparation of a maintenance report to ensure the park's structures are preserved for future generations. This guide will provide recommendations for the care and upkeep of the park's historic structures. Any construction recommendations highlighted in this report will be funded as part of a future project.

TRAIL PROJECTS



North Unit Canal Trail: Flagline Engineering continues to make progress on the design and permitting for Phase 1. 60% design plans are complete and staff has submitted the right of way permit application to the City of Bend for the Brinson Road crossing. Epic Land Solutions completed their initial appraisals and BPRD is working on developing offers to acquire necessary trail easements.



Riverfront Street Deschutes River Trail Improvements: The district has partnered with the City of Bend for design improvements to Riverfront Street that increase access for trail users between Drake Park and Miller’s Landing Park. In April of 2023, BPRD and the city of Bend entered into an intergovernmental agreement to restart the project with shared costs and resources to complete the project designs. The city issued a request for proposal (RFP) for a design consultant in June and they are currently in contract negotiations with the selected consultant. In anticipation of the upcoming work, BPRD and the city will cohost a minimum of two public meetings.

RIVER PROJECTS



McKay, Miller’s Landing and Columbia Parks River Access Project: Construction level drawings at all access locations continues to progress, and land use permit applications for Miller’s Landing are being prepared and will be submitted this winter. Staff has also begun the process to apply for additional grant funding from the Oregon State Marine Board’s (OSMB) Waterway Access Grant program to help fund construction at Miller’s Landing. A successful grant for \$300,000 was previously awarded by the Visit Bend’s Bend Sustainability Fund (BSF) to help fund Miller’s Landing. In addition to the OSMB grant application for Miller’s Landing, an application to the Land and Water Conservation Fund (LWCF) for improvements at Columbia Park was submitted at the beginning of November.

OTHER PROJECTS AND FUTURE DEVELOPMENT



Art Station: The district issued a request for proposal (RFP) for design services and is currently working through the final processes to choose the preferred consultant. This contract is expected to come before the board this December.



Discovery West Land Acquisition: Brooks Resources completed the transfer of another park parcel to the district for ownership and maintenance. This parcel, identified as Park Parcel 4 in the development agreement, is an 18.9-acre parcel that will be managed as open space, and also contains a newly paved section of the Outback Trail that connects Discovery Park to the Shevlin Park Trailhead at the Tree Farm neighborhood.



Rose Property Land Acquisition: As of November 27th, Deschutes County Planning staff are currently reviewing an application to modify the previous conditions of approval for reclamation of the Rose Pit. This is the first step in the zone change process.



Park Search Area Planning: District planners regularly work with local developers or private property owners to acquire property for new parks and trails in district park search areas as defined by the 2018 Comprehensive Plan.

- *The district closed on the “Coulter” property at 20185 Reed Lane on November 17th. The former owners are now leasing the property back while they look for a new home. The maximum leaseback period is for six months.*
- *Staff continues working with Epic Land Solutions to acquire land in other priority park search areas, not associated with development.*



SDC Waivers for Affordable Housing: Park SDC waivers for 518 units have been approved through coordination with the City of Bend’s Affordable Housing Committee at a cost to the district of about \$3.02 million in waived SDC fees. Following the board approval of an additional 75 waivers for 2023, a remaining 16 waivers are available through the end of the year. Staff and legal counsel have completed the necessary deed restriction documents for 11 of the developments, totaling 394 units. In addition, BPRD has approved SDC waivers for two temporary shelter projects, totaling 25 units.



Diversity, Equity and Inclusion (DEI) Initiative: An update on DEI work was shared at the district’s All Staff Luncheon in November. Tracking progress on several Action Plan goals will be updated at the end of the year. The workgroup is prioritizing efforts for 2024.



Comprehensive Plan Update: The 2018 Comprehensive Plan requires a mid-term update, which began with a community needs assessment survey in early October. The statistically valid survey was mailed to approximately 5,000 households, followed by an open link survey that was available online for three weeks. The open link survey closed on November 20th, and the statistically valid survey is open until December 3rd. The results of the survey will be presented to the board in January.



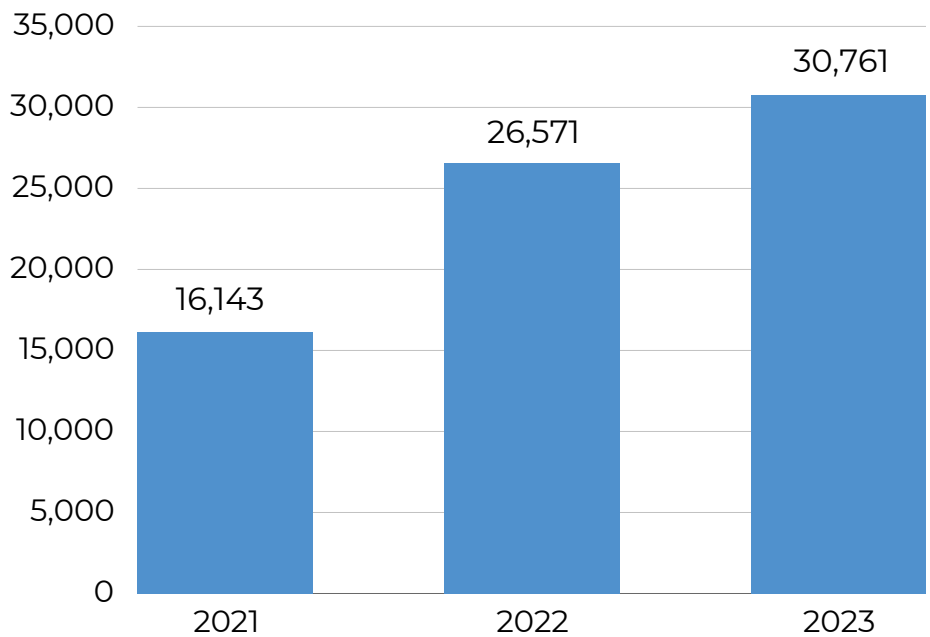
Introduction

Recreation facilities and programs hosted a record number of visits and participants in the 2023 program year, spanning September 2022 through August 2023. The rapid growth over the past three years is due in large part to the strong rebound from the pandemic, but the current year also represents substantial growth over pre-pandemic record levels. This is due to several factors:

- The opening of Larkspur Community Center in April 2021
- Strong growth in demand for most programs and services
- Increased capacity in many program areas

Individuals Served

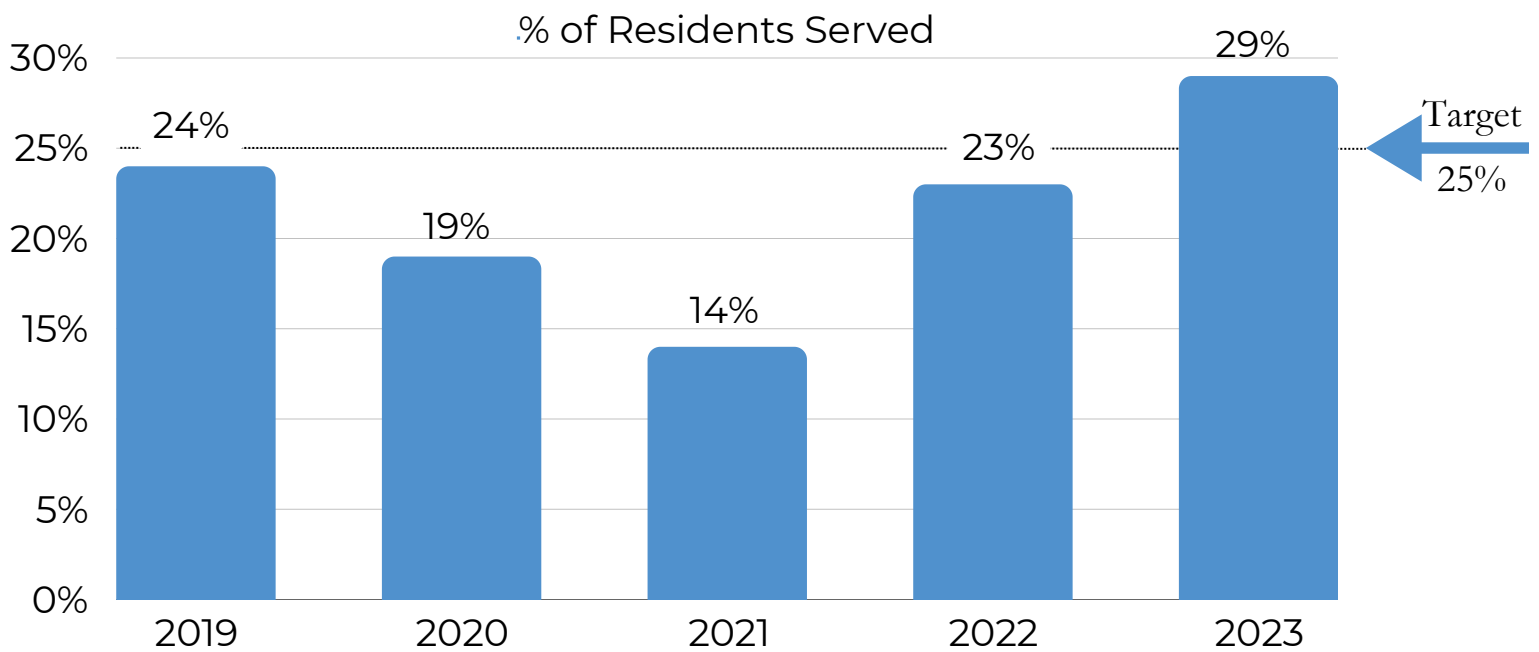
The district served over 30,700 individuals through recreation programs and facility passes during the past year, a 16% increase over 2022 and nearly double the previous year. This is also higher than pre-pandemic levels of 26,000.



The data in this report does not include non-district sponsored activities taking place in district facilities including high school and club-based sport team use, commercial and private rentals and spectators. The data also does not include individuals who paid drop-in fees at district recreation facilities, although these visits are included in facility visit data.

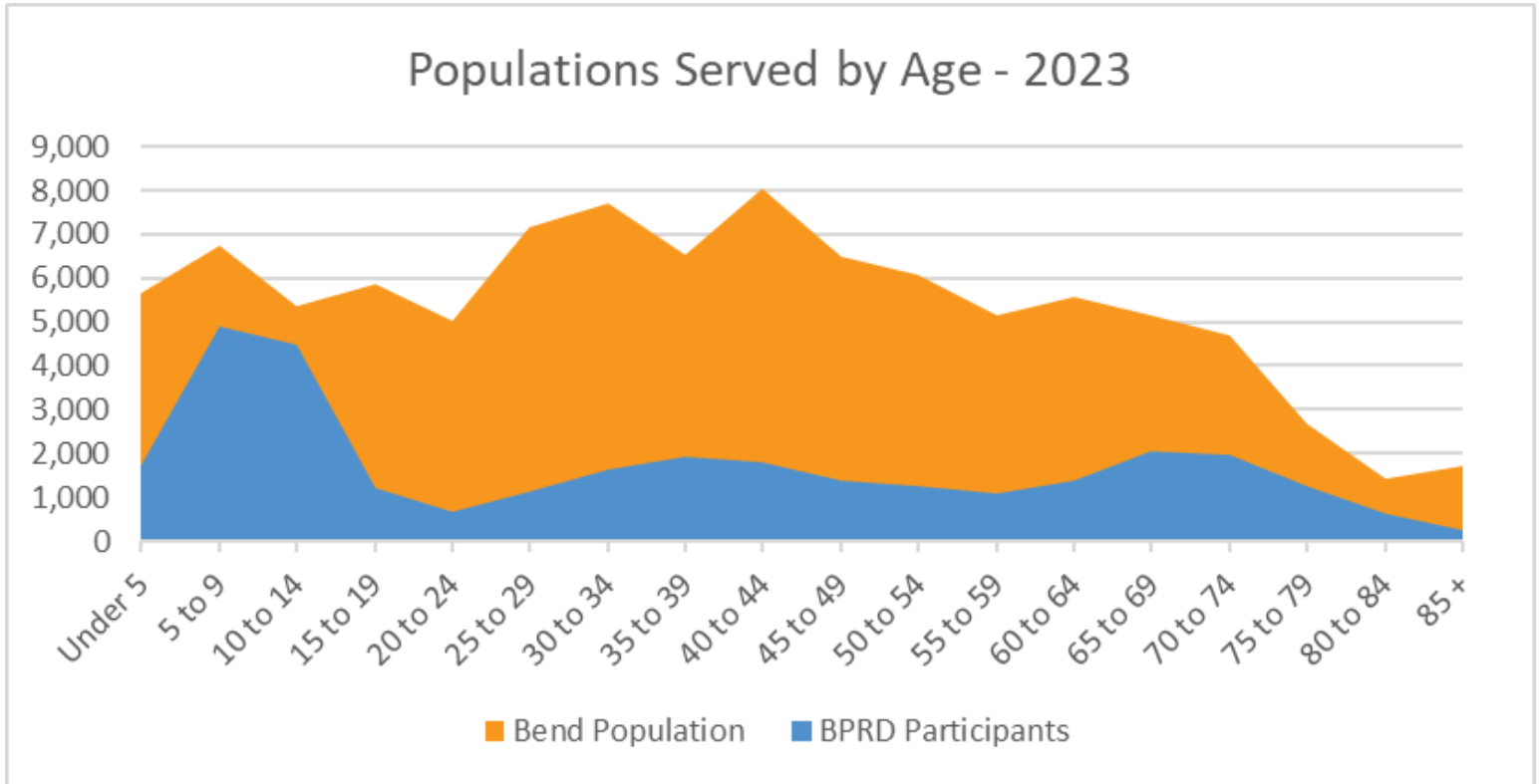
Percent of Population Served

To account for population growth, the district compares the number of individuals served to the estimated district population with a target of 25% of all residents. This year, the district served a record 29%, up from 23% the prior year and well over the target and historical average. This demonstrates that the district is keeping up with population growth and serving the community at a higher level.



Ages Served

District recreation services provide activities for all ages, emphasizing serving youth and older adults. This graph compares the district's overall population to participation in district recreation programs and recreation facility pass holders.



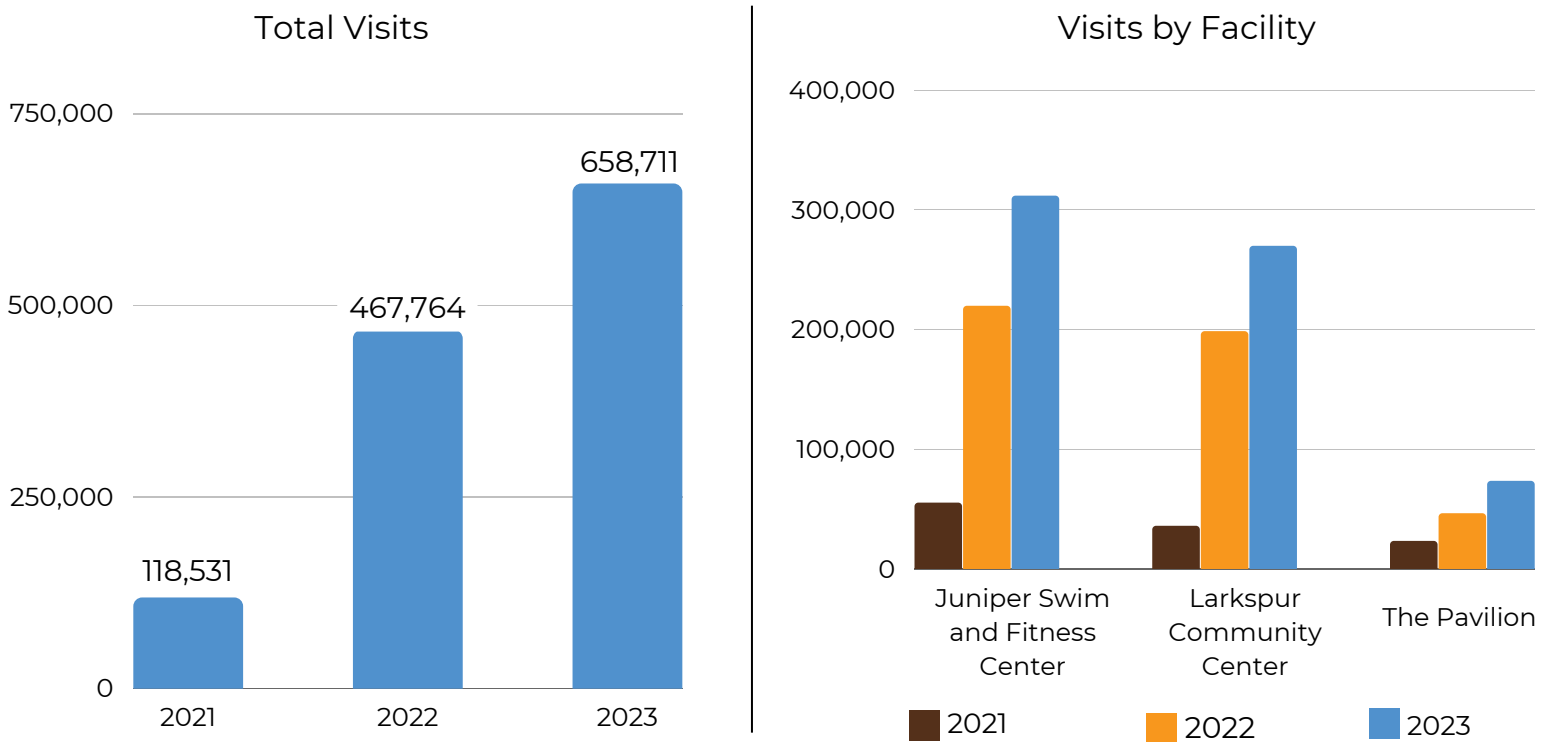
The district services 80% of the school-age population ages 5-14 and almost 20% of the older adults ages 60-80. The older adult population's use has grown considerably since the opening of Larkspur Community Center.





General Visits

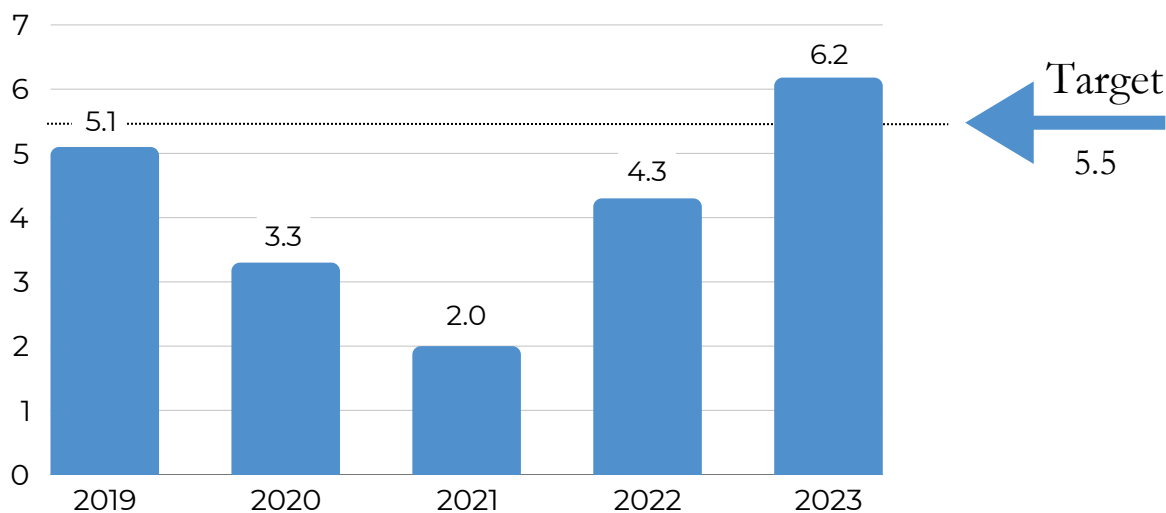
Pass visits and daily admissions to the district’s three recreation facilities reached 658,711, a 41% increase over last year and a 38% increase over pre-pandemic levels. These numbers do not include visits from registration programs, sports user groups and rentals.



Over the last three years, all three recreation facilities experienced a large increase as use rapidly rebounded from pandemic lows. Larkspur Community Center visits are six times higher than before the multi-generation center's opening adjacent to the Bend Senior Center. The Pavilion surpassed pre-pandemic levels with the introduction of rollerskating to complement the ice season. Juniper Swim & Fitness Center use is currently 80% of pre-pandemic levels as the opening of Larkspur Community Center has intentionally relieved some of the previous overcrowding.

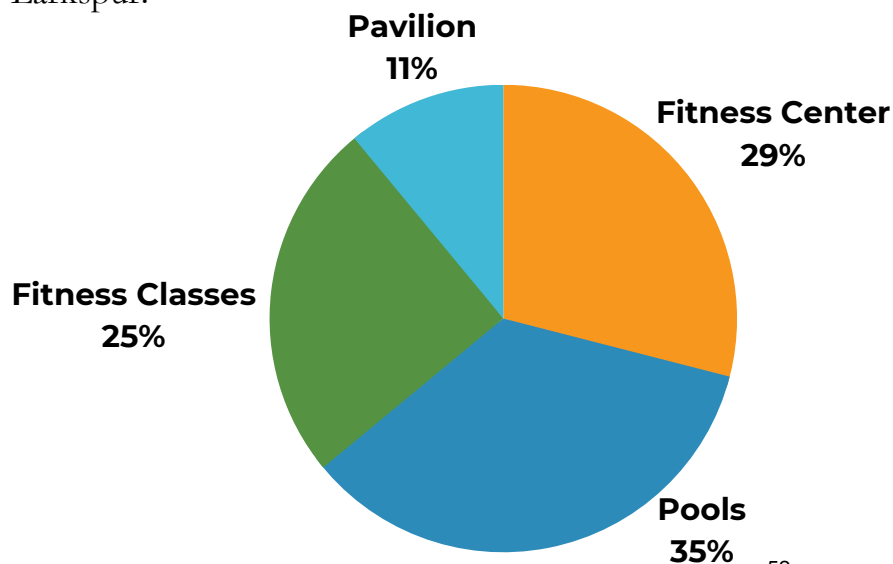
Facility Visits per Resident

This performance metric was developed to evaluate the level of service provided by the district's recreation facilities. The measurement compares total visits to the district population over a period of time. Prior to the pandemic and the opening of Larkspur Community Center, district recreation facilities hosted just over 5 visits per resident. The district set a target of increasing this to 5.5 visits per resident when considering the additional capacity provided by Larkspur Community Center and continued population growth. The district surpassed this target this year with nearly 6.2 visits per resident. This demonstrates that recreation facilities are providing a higher level of service to the community than ever.



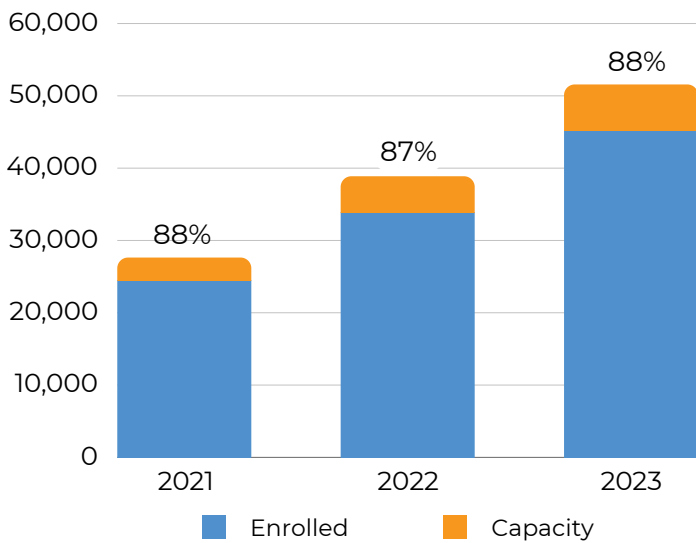
Facility Visits by Activity

Recreation facility visits are increasingly balanced between the different uses. Swimming, including recreation swim and lap swim, continues to generate the highest number of visits with fitness center use and fitness classes (including water exercise classes), both increasing since the opening of Larkspur.





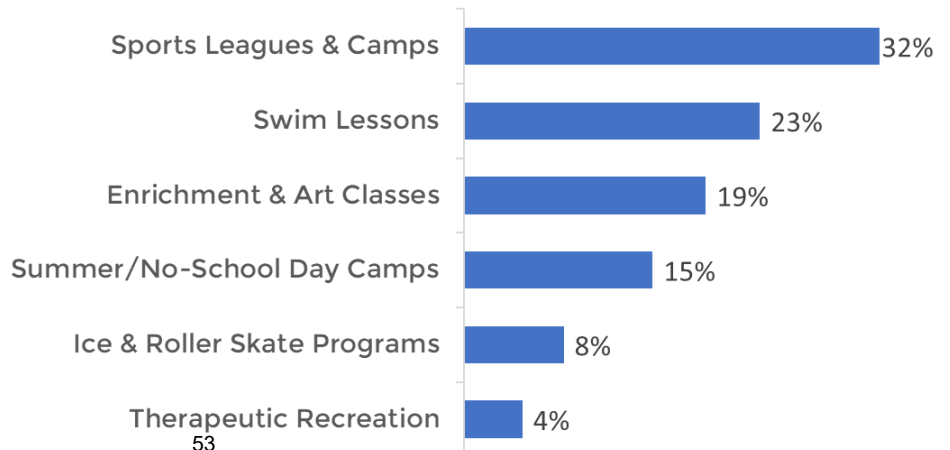
Program Enrollments and Capacity



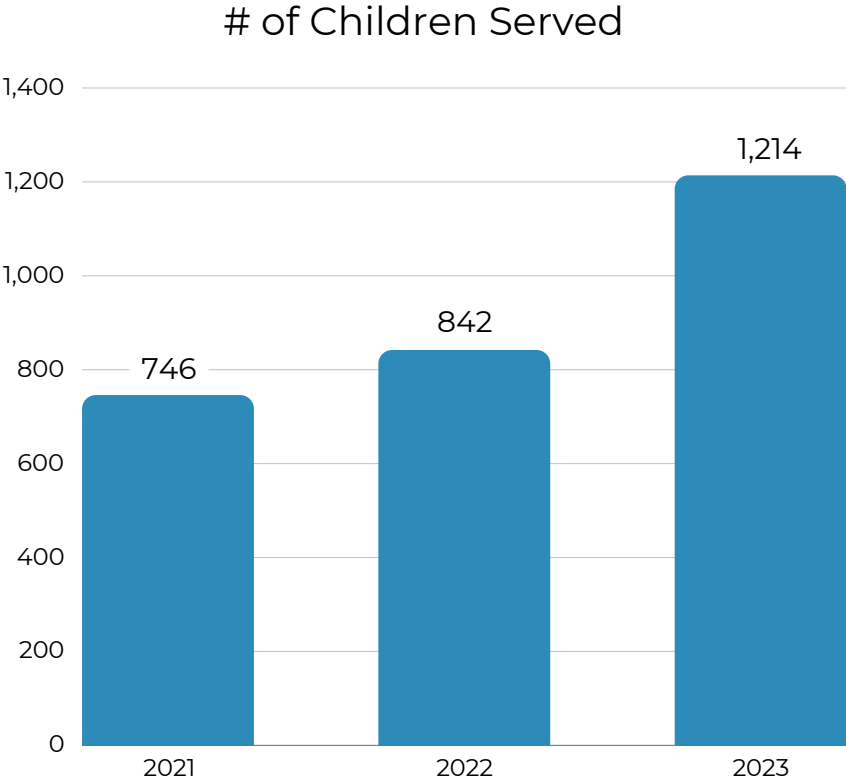
Enrollment for registered programs such as swim lessons, enrichment classes, youth camps, and sports leagues has nearly doubled over the past three years. During the same period, the district has also tried to meet interest and demand by increasing capacity. However, despite the large increase in opportunities, the percentage of capacity filled has remained at 88%.

Enrollments by Program Area

The district offers a wide variety of programs to meet the community's diverse interests. Sports programs have the most enrollments, with many different youth and adult sports leagues and a large number of summer sports camp options. Swim lessons and instruction make up the next highest number of enrollments. Summer and non-school day camps, while lower in enrollment, have the highest number of in-program hours.



Kids INC Afterschool Program



Kids INC provides critical support to working families by offering quality, affordable afterschool care at 14 Bend elementary schools. The district has implemented several changes over the past few years to meet community needs better. These include a lottery and needs-based registration process and the addition of part-time enrollment opportunities. These changes have resulted in more equitable access and the ability to serve more families, including 1,214 children this past school year, nearly double the previous school year. The program has also added a more robust STEM component through the support of a state grant.

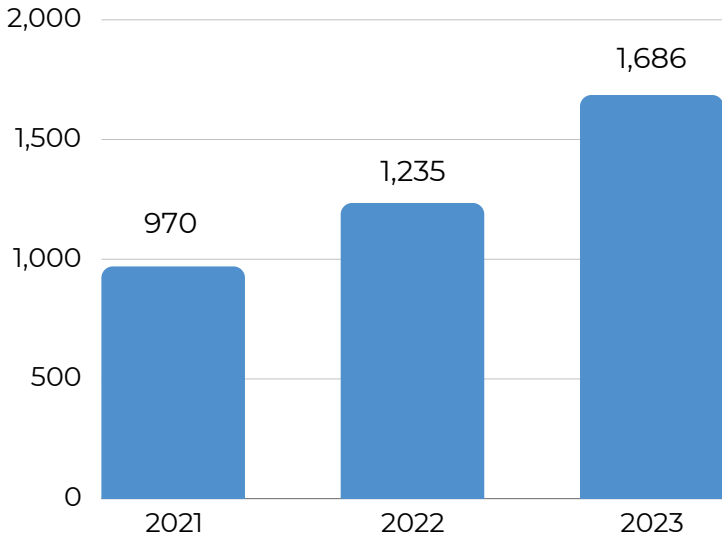


Recreation Scholarships

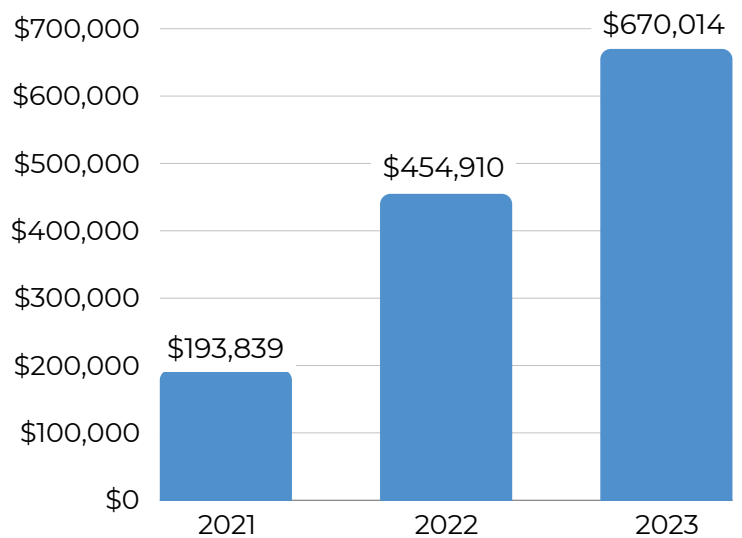
The district strives to serve everyone in the community regardless of their ability to pay. The Recreation Scholarship Program is the district's primary financial assistance program for households that cannot pay the full fees. Over the past several years, the district has increased outreach efforts to underserved populations to build awareness and use of the scholarship program. This has resulted in a rapid increase in the number of households approved for scholarships and the amount of financial support provided.



Approved Scholarship Households



Scholarship Support Used

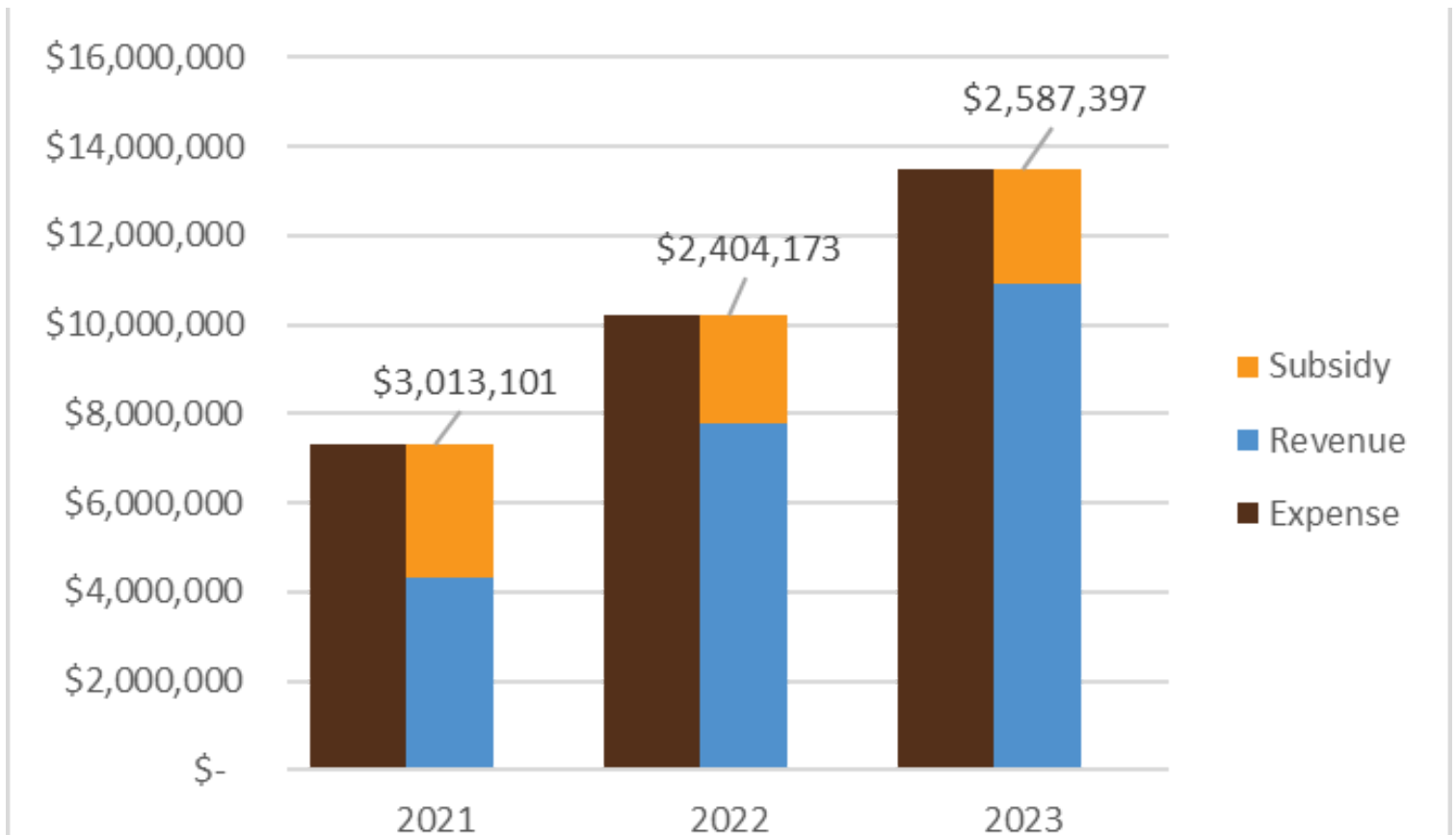


Scholarships are primarily funded through the general fund tax dollars but are augmented through a variety of non-tax resources including sponsorships, donations, grants and dedicated revenue from cell tower leases.



Recreation Financial Summary

Recreation department operational expenses are funded primarily through user fees but supported by general fund tax dollars in order to make fees more affordable, support the scholarship program, outreach efforts and inclusion services.



To ensure the long-term financial sustainability of recreation services, the district aligns revenue with expenses so that tax support is kept relatively stable. The district has been able to accomplish this over the past three years even with the impacts of the pandemic, the large increase in scholarship use and the addition of Larkspur Community Center.



Board Calendar 2023-2024

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

December 19

WORK SESSION

- City of Bend SDC update – *Russ Grayson, COB (30 min)*
- Comprehensive Plan Unmet Needs Methodology & Project Evaluation Criteria – *Sara Anselment (40 min)*

CONSENT

- Appoint Budget Committee Members– *Kristin Toney (15 min)*

BUSINESS SESSION

- Accept 2022-23 Annual Comprehensive Financial Report – *Eric Baird and Brenda Bartlett (20 min)*
- Adopt Resolution No. XXX Approving new Local Contracting Rules – *Justin Sweet (15 min)*
- Approve consultant contract for Art Station – *Jason Powell (15 min)*

January 2

WORK SESSION

- Community Needs Survey report – *Sara Anselment and RRC (45 min)*
- Board Policy – *Don Horton (15 min)*

BUSINESS SESSION

- Approve Exclusion Policy – *Jeff Hagler (30 min)*
- Approve preferred concept for Manzanita Ridge – *Bronwen Mastro (15 min)*
- IGA – COB Gilchrest Bridge

January 16

WORK SESSION

- IPM – *Mike Duarte and Zara Hickman (30 min)*
- Level of Service Update – *Sara Anselment and Henry Stroud (20 min)*
- Trails Update – *Henry Stroud (30 min)*

CONSENT

- Board Policy

BUSINESS SESSION

- Approve Lease Amendment for Boys and Girls Club – *Justin Sweet (15 min)*

February 2

BOARD WORKSHOP

February 20

WORK SESSION

- Comprehensive Project Prioritization results and unmet needs evaluation – *Sara Anselment (40 minutes)*

BUSINESS SESSION

- Approve Pine Nursery Phase 5 concept plan – *Bronwen Mastro (15 min)*

Comprehensive Park Search Areas, Trails and Crossings –

Comprehensive Plan Draft Review– *Sara Anselment*

Comprehensive Plan Adoption – *Sara Anselment*

SDC Project List Update – *Sara Anselment and Michelle Healy*

Approve MUPTe Resolution and IGA – *Michelle Healy and Rachel Colton (20 min)*

SDC Waivers

Design Contract for Art Station

IGA with the City for Mirror Pond Silt Removal – *Don Horton (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 – *Julie Brown*

IGA with NUID for canal trail – *Henry Stroud*

Approve SE Neighborhood Park Purchase and Sale Agreement – *Henry Stroud (20 min)*

City of Bend Housing Need Overview TBD

Approve consultant contract for WWP – *Ian Isaacson*

Drake Park bank and trail improvement CMGC contract review – *Brian Hudspeth*

DEI Update – *Bronwen Mastro*

Approve easement acquisition NUC Trail

Approve Amendment to IGA with city of Bend for Riverfront Street project – *Henry Stroud (20 min)*

Trails count and River Use report