

RESOLUTION NO. 867

A RESOLUTION AMENDING THE METHODOLOGY FOR PARKS AND RECREATION SYSTEM DEVELOPMENT CHARGE.

WHEREAS, the Canby City Council has determined by Ordinance No. 867, that a charge shall be imposed upon new residential development for acquiring funds for capital acquisition, improvements, and for reimbursement of constructed excess capacity for municipal parks; and

WHEREAS, said Ordinance No. 867 provides that methodology and charges for capital acquisition, improvements, and reimbursements be amended by resolution; and

WHEREAS, Section 26 (4) of Chapter 459 of Oregon Laws 1991 requires that a governing body, when adopting or amending a fee resolution imposing new rates, may include a provision classifying said fees as subject or not subject to the limitations set in Section 11 (b), Article XI of the Oregon Constitution; and

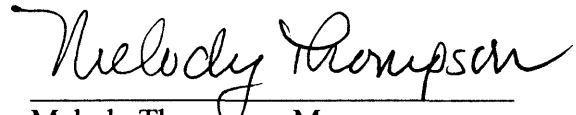
WHEREAS, the City Council has determined that the methodology and rates hereinafter specified and established are just, reasonable and necessary;

NOW, THEREFORE, BE IT RESOLVED, that the following methodology for system development charges for the City of Canby, attached hereto as Exhibit "A", be adopted to amend the current parks and recreation system development charge effective immediately.

BE IT FURTHER RESOLVED that, except as otherwise specified in Ordinance 867, the City shall review inflationary cost impacts to park system development charges annually and update the charges by resolution when appropriate; such calculations will be measured by the City Recorder based upon changes in the Engineering News Record Construction Index (ENR) of Portland, Oregon, with the current ENR Index as of enactment of this Resolution to be used for the basis of future calculations.

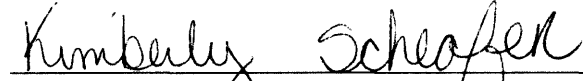
BE IT FURTHER RESOLVED that the Canby City Council hereby classifies the charges imposed herein as not being subject to the limitations imposed by Section 11 (b), Article XI of the Oregon Constitution and that the City Recorder is hereby directed to publish notice in accordance with Section 26 (8) of Chapter 459 of Oregon Laws 1991.

ADOPTED by the Canby City Council for the City of Canby, Oregon this 16th
day of June 2004.



Melody Thompson, Mayor

ATTEST:



Kimberly Scheafer, City Recorder - Pro Tem

ATTACHMENT "A"

CITY OF CANBY Parks and Recreation System Development Charges Update Methodology Report

1.0 INTRODUCTION

System Development Charges (SDCs) are one-time fees charged to new development to help pay a portion of the costs associated with building capital facilities to meet needs created by growth. Oregon local governments are authorized to enact for capital facilities for transportation, water, wastewater (sewer), stormwater drainage, and parks and recreation facilities, and the City of Canby has implemented for all authorized facilities, and the City's Parks SDC was last updated in 2001.

In February of 2002, the Canby City Council adopted an update to the Parks Master Plan and adopted an acquisition plan as an addendum to the Parks Master Plan prepared by Community Planning Workshop. The Parks Master Plan and Acquisition Plan addendum identifies parks facility needs through the year 2020. In order to implement the updated Parks Master Plan and Acquisition Plan Addendum, staff prepared a Park Land Dedication Ordinance and System Development Charge Methodology for parks that includes park SDCs for residential and non-residential development that reflect growth-required facility needs identified in the Master Plan. This report presents the SDC methodology, documents the calculation of Parks and Recreation SDC rates, and identifies projects to be funded from SDC revenues.

Section 2.0 of this report presents authority and background information including (1) legislative authority for SDCs;
(2) an explanation of "improvement fee" and "reimbursement fee" SDCs;
(3) requirements and options for credits, exemptions and discounts;
(4) guiding concepts for and
(5) alternative methodology approaches.

Section 3.0 presents the methodology used to develop the updated Parks and Recreation SDCs, section 4.0 presents the calculation of Residential Parks and Recreation SDC Rates, and section 5.0 presents the calculation of Non-residential Parks and Recreation SDC Rates. The Parks and Recreation SDC Capital Improvement Program (CIP), which lists projects which may be funded with SDC revenues, is included as an Attachment to this report.

2.0 AUTHORITY AND BACKGROUND INFORMATION

A. Legislative Authority

While SDCs have been in use in Oregon since the mid-1970's, State legislation regarding SDCs was not adopted until 1989, when the Oregon Systems Development Act (ORS 223.297 223.314) was passed. The purpose of this Act was to "...provide a uniform framework for the imposition of system development charges..". SB 122, HB 3172, and HB 2980, passed in 1993, 1999, and 2001 respectively, and SB 939 passed in 2003 effective July 1, 2004,

include additional statutory provisions regarding SDCs. Together, these pieces of legislation require local governments who enact SDCs to:

- enact by ordinance or resolution;
- develop a methodology outlining how the SDCs were developed;
- adopt a Capital Improvement Program (CIP) to designate capital improvements that can be funded with "improvement fee" SDC revenues;
- provide credit against the amount of the SDC for the construction of certain "qualified public improvements";
- demonstrate that a particular project is not on the list of SDC eligible improvements in order to deny a credit,
- separately account for and report receipt and expenditure of SDC revenues; and develop procedures for challenging expenditures; and
- use SDC revenues only for capital expenditures (operations and maintenance uses are prohibited);
- ensure that both reimbursement fees and improvement fees are not imposed for the identical capacity,
- replace any misspent amounts with moneys derived from other revenues within one year following a determination that the funds were misspent;
- revise the definition of a capital improvement;
- demonstrate that certain factors were taken into account when establishing improvement fees,
- ensure that improvement and reimbursement fees are proportional to the impact of new development;
- provide written notice to persons who have submitted a written request for notification 90 days prior to the first hearing to adopt or amend a System Development Charge ;and
- provide an annual accounting of expenditures to be completed by January 1 or each year, which includes :
 1. the total amount of system development charge revenues collected for each system and the projects that were funded from the previous fiscal year; and
 2. a list of the amount spent on each project funded, in whole or in part, with system development charges

B. "Improvement fee" and "Reimbursement fee" SDCs

The Oregon Systems Development Act provides for the imposition of two types of SDCs: (1)"improvement fee" SDCs, and (2) "reimbursement fee" SDCs. "Improvement fee" SDCs may be charged for new capital improvements that will increase capacity.

Revenues from "improvement fee" SDCs may be spent only on capacity-increasing capital improvements identified in the required Capital Improvement Program (CIP) that lists each project, and the expected timing and cost of each project. "Reimbursement fee" SDCs may be charged for the costs of existing capital facilities if "excess capacity" is available to accommodate growth. Revenues from "reimbursement fees" may be used on any capital improvement project, including major repairs, upgrades, or renovations.

Capital improvements funded with "reimbursement fee" SDCs do not need to increase capacity, but they must be listed in the CIP.

C. Requirements and Options for Credits, Exemptions, and Discounts

(1) Credits

A credit is a reduction in the amount of the SDC for a specific development. The Oregon SDC Act requires that credit be allowed for the construction of a "qualified public improvement" which (1) is required as a condition of development approval, (2) is identified in the Capital Improvement Plan, and (3) either is not located on or contiguous to property that is the subject of development approval, or is located on or contiguous to such property and is required to be built larger or with greater capacity than is necessary for the particular development project. The credit for a qualified public improvement may only be applied against an SDC for the same type of improvement (e.g., a parks and recreation improvement can only be used for a credit for a parks and recreation SDC), and may be granted only for the cost of that portion of an improvement which exceeds the minimum standard facility size or capacity needed to serve the particular project. For multi-phase projects, any excess credit may be applied against that accrue in subsequent phases of the original development project.

In addition to these required credits, the City may, if it so chooses, provide a greater credit, establish a system providing for the transferability of credits, provide a credit for a capital improvement not identified in the Capital Improvement Plan, or provide a share of the cost of an improvement by other means.

(2) Exemptions

The City may "exempt" certain types of development, such as "non-residential development" from the requirement to pay parks SDCs. Exemptions reduce SDC revenues and, therefore, increase the amounts that must come from other sources, such as bonds and property taxes.

(3) Discounts

The City may "discount" the amount of the SDC by reducing the portion of growth-required improvements to be funded with SDCs. A discount in the SDC may also be applied on a pro-rata basis to any identified deficiencies to be funded from non-SDC sources. For example, the City may charge new development an SDC rate sufficient to recover only 75% of identified growth-required costs. The portion of growth-required costs to be funded with must be identified in the SDCCIP.

Because discounts reduce SDC revenues, they increase the amounts that must come from other sources, such as bonds or general fund contributions, required to meet Level of Service Standards.

D. Guiding Concepts

The Oregon Revised Statutes provides the source of authority for the adoption of an SDC program. There is some dispute whether SDCs are also subject to the requirements of some recent US Supreme Court cases, in particular, *Nollan v. California Coastal Commission* and *Dolan v. City of Tigard*. More recent Supreme Court cases, including *Eastern Enterprises v. Apfel* and *Del Monte Dunes v. City of Monterey*, suggest that SDC's are not subject to the requirements of *Nollan* and *Dolan*. Nonetheless, even if SDCs are not subject to the requirements of *Nollan* and *Dolan*, the method described in this report meets those requirements as follows:"

(1) "Essential Nexus" Requirement

In a 1987 case, *Nollan v. California Coastal Commission*, the U.S. Supreme Court established that government agencies must show that an "essential nexus" (e.g. reasonable connection) exists between a project's impacts and any dedication requirements. For SDCs, the "essential nexus" requirement means there must be a reasonable connection between the nature of the development and the facilities being funded with the SDC revenues. For example, new parks are needed to serve the recreation needs of new development in order to prevent overcrowding of existing facilities and to meet the needs identified in the City's Parks and Recreation Master Plan; therefore an "essential nexus" exists between new development and the SDCs needed to build parks to serve new development.

(2) "Rough Proportionality" Requirement

In its landmark 1994 decision in *Dolan v. City of Tigard*, the U.S. Supreme Court cited the requirement for "rough proportionality" between the requirements placed on a developer by government and the impacts of the development. This concept of rough proportionality is applied in "improvement fee" SDCs by insuring that new growth is not required to pay (through fees, exactions, or taxes) to upgrade existing deficiencies or provide new facilities beyond a level "roughly proportionate" with the extent of new development's impact; "improvement fee" SDCs can be charged only for the portion of capital facilities costs that are attributable to growth. As an example, if an SDC is designed to provide funding for Neighborhood Parks at a Level of Service (LOS) of 10 acres per 1,000 persons, new development can only be charged a fee sufficient to provide facilities for new residents at 10 acres per 1,000 persons, and cannot be required to pay additional costs that may be needed to eliminate deficiencies.

E. Alternative Methodology Approaches

There are three basic approaches used to develop improvement fee SDCs; “standards-driven”, “improvements-driven”, and “combination/hybrid”.

(1) Standards-Driven Approach

The “standards-driven” approach is based on the application of Level of Service (LOS) Standards for facilities such as neighborhood parks, community parks, etc. Facility needs are determined by applying the LOS Standards to the projected future population. SDC-eligible amounts are calculated based on the costs of additional facilities needed to serve growth. This approach works best where current and planned levels of service have been identified but no specific list of projects is available.

(2) Improvements-Driven Approach

The “improvements-driven” approach is based on a specific list of planned capacity-increasing capital improvements. The portion of each project that is attributable to growth is determined, and the SDC-eligible costs are calculated by dividing the total costs of growth-required projects by the projected increase in population. This approach works best where a detailed master plan or project list is available and the benefits of projects can be apportioned between growth and current residents.

(3) Combination/Hybrid Approach

The combination/hybrid-approach includes elements of both the “improvements driven” and “standards-driven” approaches. If not already adopted, LOS Standards may be developed and used to create a list of planned capacity increasing projects. The growth-required portions of projects can then be used as the basis for determining the SDC-eligible costs. This approach works best where a detailed master plan or project list of capacity needs has not recently been developed and where sufficient data is available to identify the existing Levels of Service.

3.0 PARKS AND RECREATION SDC METHODOLOGY

The Combination/Hybrid approach has been used to develop the updated Parks and Recreation SDC methodology. The City of Canby’s Parks Master Plan and Acquisition Plan Addendum identified the current park facilities and anticipated future needs through the year 2020 based on the City’s adopted Level of Service Standard of 10 acres per 1000 persons. A list of Capital improvement projects has been developed to address the facility needs for the City’s projected population and employment in the year 2020. The SDC Capital Improvement Plan (see Table 3.8) identifies these projects. Attachment A

identifies the growth-required portion, and the estimated cost of each project listed on the CIP. Table 3.9 summarizes Attachment A.

Parks and recreation facilities benefit City residents, businesses, non-resident employees, and visitors. The methodology used to update the City's Parks and Recreation establishes the required "essential nexus" between a project's impacts and the SDC by identifying specific types of parks and recreation facilities and analyzing the proportionate need of each type of facility for use by residents and employees. The SDCs to be paid by a development meet the "rough proportionality" requirement because they are based on the nature of the development and the extent of the impact of the development on the types of parks and recreation facilities for which they are charged. The Parks and Recreation SDCs are based on population and employment, and the SDC rates are calculated based on the specific impact a development is expected to have on the City's population and employment.

In most communities, some facilities may not be used by employees (e.g. mini and neighborhood parks in exclusively residential areas located miles from commercial and industrial areas) and therefore only a residential parks and recreation SDC may be charged. Wait Park is an example of a mini park that serves both residents and businesses. However, it is likely that future mini and neighborhood parks in Canby will be used primarily by nearby residents. Therefore non residential SDCs shall not be levied for future mini or neighborhood parks. If in the future a mini and/or neighborhood park(s) is developed that serves the non residential community, the City will adjust the SDC methodology to account for those individual parks.

A. Population and Employment Growth

The Parks and Recreation SDCs are based on the growth-required capital costs per "capita"(person). Estimates of current and projected population and employment within the City of Canby Urban Growth Boundary (UGB) were based on Canby's 1999 Buildable Lands Inventory, the Population Research Center at Portland State University and employment information provided by Metro. The projected total increases in population and employment created by new development are shown in Table 3.1 below.

Table 3.1

**PROJECTED CITY OF CANBY POPULATION AND EMPLOYMENT
INCREASES FROM NEW DEVELOPMENT 2003- 2020)**

	<u>2020 (Projected)</u>	<u>Estimated</u> <u>2003</u>	<u>Projected Increase</u>
Population:	21,000	13,910	7090
Employment:	7349	3,347	4,002

B. Persons Per Dwelling Unit

Parks and Recreation SDC rates are based on costs per capita and are calculated based on the number of persons per dwelling unit. Dwelling units typically house different numbers of persons depending on the type of unit (i.e., single family, multi-family, etc.). Persons per dwelling unit data from the City of Canby's Parks Acquisition Plan are

displayed in Table 3.2 below.

Table 3.2

AVERAGE PERSONS PER DWELLING UNIT

<u>Type of unit</u>	<u>Avg. Persons Per Dwelling Unit</u>
Single-Family	2.7
Multi-Family	2.0
Manufactured Housing	2.0

C. Benefit of Facilities

Facility need must consider the proportionate benefit each type of facility has for residents and employees. A resident is any person whose place of residence is within the Canby UGB. An employee is any person who receives remuneration for services, and whose services are directed and controlled either by the employee (self-employed) or by another person or organization. For purposes of this report, mini-parks and neighborhood parks are considered to be used primarily by residents, rather than employees and other non-residents. Therefore, the identified needs for these types of facilities are based only on population and do not consider employment. For all other facilities including community parks, linear parks, trails and connectors etc. both population and employment were considered in identification of facility needs.

While parks and recreation facilities benefit both residents and employees, the amount of time these facilities are available for use by employees is not the same as for residents; an employee does not create demands for facilities equal to those created by a resident. In order to equitably apportion the need for facilities between employees and residents, an employee-to-resident demand ratio was developed based on the *potential time* these facilities are available for use.

First, estimates for the average number of hours per day these facilities are available for use were identified. Children's ages, adult employment status, work location (inside or outside the City), and seasonal variances were taken into account and are displayed in Table 3.3.

Table 3.3
ESTIMATES OF AVERAGE DAILY
AVAILABILITY OF PARKS AND RECREATION FACILITIES

	Non-Employed		Live In/ Work In	Live in/ Work Out	Live Out/ Work In	Total
	<u>Adult (18+)</u>	<u>5-17 kids</u>				
Summer (June-Sept)						
<u>Weekday</u>						
Before Work			1		1	2
Meals/Breaks			1		1	2
After Work			2		2	4
Other Leisure	14	14	2	2		32
Sub-Total	14	14	6	2	4	40
<u>Weekend</u>						
Leisure	14	14	14	14	0	56
Sub-total	14	14	14	14	0	56
Summer Hrs/Day	14	14	8.28	5.43	2.86	44.57
Spring/Fall (April-May, Oct-Nov)						
<u>Weekday</u>						
Before work			0.5		0.5	1
Meals/Breaks			1		1	2
After Work			1		1	2
Other Leisure	10	4	2	2	0	18
Sub-Total	10	4	4.5	2	2.5	23
<u>Weekend</u>						
Leisure	10	10	10	10	0	40
Sub-Total	10	10	10	10		40
Spring/Fall Hrs/Day	10	5.71	6.07	4.29	1.79	27.86
Winter (December-March)						
<u>Weekday</u>						
Before Work			0.5		0.5	1
Meals/Breaks			1		1	2
After Work			0.5		0.5	1
Other Leisure	9	2	1	1		13
Sub-Total	9	2	3	1	2	17
<u>Weekend</u>						
Leisure	9	9	9	9	0	36
Sub-Total	9	9	9	9	0	36
Winter Hrs/Day	9	4	4.71	3.29	1.43	22.43
Annual Wtd. Avg. Hrs	10.75	7.35	6.28	4.32	1.97	30.68

The Annual Weighted Average Hours of availability was calculated for each category of residents and employees using the following formula:

(Summer Hours/Day x 3 [months] + Spring/Fall Hours/Day x 6 + Winter Hours/Day x 3)/12

Next, the Annual Weighted Average Hours (from Table 3.3) were applied to population and employment data (1990 Census) to determine the Total Annual Weighted Average Hours for each category of Resident and Employee. The results of these calculations are displayed in Table 3.4.

Table 3.4
TOTAL ANNUAL AVAILABILITY
OF PARKS AND RECREATION FACILITIES

	Non-Employed <u>Adult (18+)</u>	<u>5-17 kids</u>	Live In/ <u>Work In</u>	Live in/ <u>Work Out</u>	Live Out/ <u>Work In</u>	<u>Total</u>
Population & Emp. Data (1990 Census/Metro)	2266	1877	955	3287	812	9197
Annual Wtd. Avg. Hrs.	10.75	7.35	6.28	4.32	1.97	30.67
Total Annual Wtd Avg. Hrs.	24,360	13,796	5,997	14,200	1,600	59,952

Next the available hours from Table 3.4 were allocated between employment-related hours and residence-related hours as displayed in Table 3.5 below.

Table 3.5

**TOTAL RESIDENCE AND EMPLOYMENT RELATED
AVAILABILITY OF PARK AND RECREATION FACILITIES**

	<u>Hours</u>	<u>% of Total</u>
<u>Residence Related</u>		
Resident Non-Employee	52,356	87.33%
Resident Employee	<u>4,016</u>	<u>6.70%</u>
Sub-total	56,372	94.03%
 <u>Employment Related</u>		
Resident Employee	1,979	3.30%
Non-Resident Employee	<u>1,598</u>	<u>2.67%</u>
Sub-total:	3,577	5.97%

Finally, the Employee-to-Resident Parks Demand Ratio was calculated by dividing the total of employment-related hours by the total for residence-related hours (from Table 3.5), with results summarized in Table 3.6 below.

**Table 3.6
EMPLOYEE-TO-RESIDENT PARKS DEMAND RATIO**

<u>Weighted Avg. Hrs. Residence-Related</u>		<u>Weighted Avg. Hrs. Employment-Related</u>		<u>Employee % of Resident</u>
56,372	94.03%	3,577	5.97%	6.35%

C. Facility Needs

The facility needs identified in Canby's Park Master Plan provided the framework for identifying the facilities required to serve new development (the growth-required portion of needs). The growth-required portion was determined based on the application of Level of Service (LOS) Standard expressed in "Units of Facility Per 1,000 Persons". The City of Canby has adopted a Level of Service Standard of 10 acres per 1000 residents. The Canby Park and Open Space Acquisition Plan assessed park needs at the neighborhood level by defining six sub areas which we will refer to as neighborhoods 1 through 6, to provide for efficient, effective, and equitable distribution of parks by type and location for specific neighborhoods.

Table 3.7 presents a summary, by neighborhood, of facilities needed through 2020 for growth needs and to repair deficiencies for current residents and employees, based on the application of the LOS standards. A map of the sub areas is included in the appendix.

Table 3.7

	Neighborhood						Total
	One	Two*	Three	Four	Five	Six	
% of Total Population at Buildout**	15.0%	25.9%	16.1%	2.8%	27.5%	12.6%	100.0%
2000 Population	1,921	3,318	2,060	364	3,517	1,610	12,790
2000 Park Need	19.2	33.2	20.6	3.6	35.2	16.1	128
Existing Park Holdings	16.0	30.4	1.8	1.8	6.7	14.5	73.6
Park Surplus/(Deficit)	(3.2)	(.32)	(18.8)	(1.8)	(28.5)	(1.6)	(54.2)
2010 Population	2,523	4,358	2,706	478	4,620	2,115	16,800
2010 Park Need	25.2	43.6	27.1	4.8	46.2	21.2	168
Existing Park Holdings	16.0	30.4	1.8	1.8	6.7	14.5	73.6
Park Surplus/(Deficit)	(9.2)	(10.2)	(25.3)	(3.0)	(39.5)	(6.7)	(86.7)
2020 Population	3,153	5,447	3,383	597	5,775	2,644	21,000
2020 Park Need	31.5	54.5	33.8	6.0	57.8	26.4	210
Existing Park Holdings	16.0	30.4	1.8	1.8	6.7	14.5	73.6
Park Surplus/(Deficit)	(15.5)	(21.6)	(32.0)	(4.2)	(51.1)	(11.9)	(136.3)
Buildout Population	4,279	7,391	4,590	810	7,837	3,588	28,495
Buildout Park Need	42.8	73.9	45.9	8.1	78.4	35.9	285
Existing Park Holdings	16.0	30.4	1.8	1.8	6.7	14.5	73.6
Park Surplus/(Deficit)	(26.8)	(41.0)	(44.1)	(6.3)	(71.7)	(21.4)	(211.3)

Source: Canby GIS: Analysis by CPW

** Buildout percentage was calculated by dividing the neighborhood population forecast at buildout into the total population forecast at buildout.

Park acreages listed in Table 3.7 above do not include open space or trail facilities, public facilities such as schools or fairgrounds, or Canby Utility property. The data indicate that roughly 136 acres of parkland will need to be acquired by the City in order to meet the 10 acre per 1000 resident parkland standard at 2020. As of 2000, Canby was under its 10-acre-per-thousand parkland standard by 54.2 acres.¹ Based on population, the most underserved neighborhood in Canby at this time is Neighborhood Five with a 28.5-acre deficit of parkland.

SDC revenues must be used only for improvements in growth areas, and may not be used to remedy existing deficiencies in areas where growth is not planned. The City may use improvement SDC revenues for Mini-Parks/Neighborhood Parks and Trails/Pathways only in those areas of the City where growth is planned, and for the portion of the increase in developed Community Parks acreage and indoor Swimming Pool load capacity needed to serve growth. Alternative non-SDC sources of revenue must be used to repair deficiencies.

D. Reimbursable Costs

ORS 223.304(1) allows local governments to establish "reimbursement fee" SDCs for excess capacity with the objective of future system users contributing no more than an equitable share of the cost of existing facilities. Canby is currently deficient in parks. The swimming pool is the only facility that has excess capacity to serve future growth. However the City of Canby did not construct the pool, therefore the City may not collect

reimbursement fees for the pool. Once the City has achieved the adopted 10 acre per 1000 standard the City may begin collecting reimbursement fees for improvements that have excess capacity.

D. Facility Costs

Canby Parks and Recreation SDC Capital Improvement Plan (CIP) (Table 3.8), identifies facilities to serve both residential and non-residential development through the year 2020. Table 3.9 summarizes Attachment A and shows the total facilities costs, growth share percentage and SDC eligible costs. Residential and non-residential growth required facility costs are displayed in Table 3.10. Because employees need fewer facilities than those required for a resident, the residential share of growth costs is 93.65% of the total for those facilities which benefit both residential and non-residential development (i.e., community parks, trails, etc.), and 100% for those facilities which benefit residential development only (e.g., mini-parks and neighborhood parks).

Table 3.8
2020 PARKS AND RECREATION
CAPITAL IMPROVEMENT PLAN

Park Project	Units	Unit Dev Cost	Total Dev Cost	Land Cost	Total Cost
Regional Park Phase II	13	\$183,245	\$2,382,185		\$2,382,185
13th Ave. Park	5.7	\$195,275	\$1,113,068		\$1,113,068
Eco Park*	19	\$13,535	\$257,165		\$257,165
trail (mi)	1	\$147,415	\$147,415		\$147,415
Acquisition & Development of New Park Land**	136	\$208,135	\$14,203,200	\$14,103,200	\$28,306,400
Swim Center (Replacement/Addition)	30,000	\$334	\$10,020,000		\$10,020,000
				Sub Total	\$42,226,233
	TOTAL COSTS:	\$747,939	\$28,123,033	\$14,103,200	\$42,226,233

* includes one masterplan@ \$50,000

** includes two masterplans@\$50,00 ea.

Bond for 8M in 2007 to acquire 54.2 acres to make up for deficiency of land (must provide SDC credit)

Bond for 8M in 2012 to replace existing pool (must provide SDC credit)

Table 3.9
FACILITY NEEDS FOR POPULATION AND
EMPLOYMENT GROWTH AND DEFICIENCY REPAIR

<u>Facility Type</u>		<u>Needed</u>	<u>Cost</u>	<u>Percentage</u>	<u>Costs</u>	<u>Other Sources</u>
Developed	Land	46.5	4,822,050	49.23%	2,373,752	2,448,298
Mini/Neighborhood	Dev	54	6,157,278	42.39%	2,610,067	3,547,211
Parks (acres)						
Developed	Land	50	5,185,000	65.43%	3,392,535	1,792,465
Community	Dev	82	7,861,100	39.90%	3,136,281	4,724,819
Parks (acres)						
Developed Trails		1	147,415	100.00%	147,415	0
Pool			6,657,915	50.50%	3,362,085	3,295,831
Totals			\$ 30,830,758		\$15,022,135	\$15,808,624

Table 3.10
RESIDENTIAL AND NON-RESIDENTIAL
GROWTH REQUIRED NEW FACILITY COSTS

<u>Facility</u>	<u>Total New Facility</u> <u>Growth Share</u> <u>Costs</u>	<u>Residential</u> <u>Growth Share</u> <u>Costs</u>	<u>Non-Residential</u> <u>Growth Share</u> <u>Costs</u>
Mini & Neighborhood Parks	\$4,983,819	\$4,983,819	n/a
Community Parks	6,528,816	6,137,087	391,729
Trails	147,415	138,570	8,845
Indoor Swimming Pool	<u>3,362,085</u>	<u>3,362,085</u>	<u>n/a</u>
Totals	\$15,022,135	\$14,621,561	\$400,574

4.0 RESIDENTIAL PARKS AND RECREATION SDC RATES

The City's Residential Parks and Recreation SDC rates are calculated using a series of sequential formulas which, when completed, yield the total SDC rates for each new dwelling unit in the City. The formulas identify:

- a) the residential improvement cost per capita (Formula 4a, below),
- b) the residential improvement cost per dwelling unit (Formula 4b, page 15),
- c) the compliance/administrative cost per dwelling unit (Formula 4c, page 16)
- d) the residential SDC per dwelling unit (Formula 4e, page 17).
- e) the residential reimbursable cost per capita

The Residential SDC is an "improvement fee" only and does not include a "reimbursement fee" component.

A. Formula 4a: Residential Facilities Cost Per Capita

The residential facilities cost per capita is calculated by dividing the unfunded residential portion of growth-required facilities costs (identified in Table 3.9, page 13) by the increase in the City's population expected to be created by new development during the next twenty years (from Table 3.1).

Residential new	Population	Residential
-----------------	------------	-------------

$$4a. \quad \text{Facilities Cost} \div \text{Increase} = \text{Improvements Cost Per}$$

Table 4.1 presents the calculation of the facilities cost per capita.

TABLE 4.1

FACILITIES COST PER CAPITA

Residential

Residential	Population	Facilities Cost
<u>Facilities Costs*</u>	<u>Increase</u>	<u>Per Capita</u>
\$14,621,561	÷ 7090 =	\$2062

B. Formula 4b: Residential Facilities Cost Per Dwelling Unit

The Residential Parks and Recreation SDC is based on facilities costs per capita and is calculated based on the number of persons per dwelling unit. Dwelling units typically house different numbers of persons depending on the type of unit (i.e., single family, multi-family, etc.). To determine the appropriate number of persons per dwelling unit, official U.S. Census data gathered in 1990 was analyzed, and the resulting calculations are displayed in Table 4.2.

TABLE 4.2

AVERAGE PERSONS PER DWELLING UNIT

1990 Census

Avg. Persons

Type of Unit Per Dwelling Unit

Single-Family 2.7

Multi-Family 2.00

Manufactured Housing 2.00

The residential facilities cost per dwelling unit is calculated by multiplying the average number of persons per dwelling unit (from Table 4.2) by the residential facilities cost per capita (from Table 4.1, page 14).

	Residential		Residential	
4b.	Persons Per	x	Facilities Cost =	Facilities Cost Per
	Dwelling Unit		Per Capita	Dwelling Unit

The results of these calculations are displayed in Table 4.3:

TABLE 4.3

RESIDENTIAL FACILITIES COST PER DWELLING UNIT

	Average		Residential		Residential
	Persons Per	X	Facilities Cost	=	Facilities Cost
<u>Type of Dwelling Unit</u>	<u>Dwelling Unit</u>		<u>Per Capita</u>		<u>Per Dwelling Unit</u>
Single-Family:	2.7		\$2062		\$5567
Multi-Family:	2.00		\$2062		\$4124
Manufactured Housing:	2.00		\$2062		\$4124

C. Formula 4c: Compliance/Administration Cost Per Dwelling Unit

The City will incur compliance and administrative costs associated with the Residential Parks and Recreation SDCs. ORS 223.307(5) allows the City to recoup the direct costs of complying with Oregon law regarding SDCs. Recoupable costs include planning, consulting, engineering, and legal fees, as well as the cost of collecting and accounting

for revenues and expenditures. The total compliance/administrative cost is derived from the City of Canby's Cost of Services Study and is \$67 per dwelling unit for administering park SDC's.

D. Formula 4d: Residential SDC Credit Per Dwelling Unit

Bonds will likely be used as a source for funding a portion of capacity improvements needed to repair deficiencies in trails/pathways miles and neighborhood parks acreage, and a portion of bond repayments will be from property taxes paid by growth. Therefore, a credit must be calculated to provide for these payments in order to avoid charging growth to repair deficiencies.

A credit has been calculated for each type of dwelling unit using the following assumptions:

- 8. million in G.O. bonds for park improvements issued in 2007
- 8 million in G.O. bonds for park improvements issued in 2012
- 20 year bond term, 5.5% interest,
- 6.0% annual increase in total property tax assessments,
- 3.0% annual increase in assessed property valuations,
- 3.0% annual inflation (decrease in value of money),
- Average 2000 property valuations for new construction at \$159,833 for single family, \$56,584 for multi-family, and \$85,000 for manufactured housing units (\$70,000 for unit, \$30,000 for lot)

Present Value SDC

4d. of Future Property = Credit Per

Tax Payments Dwelling Unit

The amounts of these credits are shown in Table 4.5.

TABLE 4.5

CREDIT PER DWELLING UNIT

Credit Per

Type of Dwelling Unit Dwelling Unit

Single-Family: \$ 909

Multi-Family: \$ 322

Manufactured Housing: \$ 317

E. Formula 4e: Residential SDC Per Dwelling Unit

The residential SDC rate per dwelling unit is calculated by adding the compliance/administration cost per dwelling unit to the residential facilities cost per dwelling unit and subtracting the credit per dwelling unit.

Residential Compliance/ Residential

4e. Facilities Cost +	Admin. Cost -	Credit Per	=	SDC Per
Per Dwelling Unit	Per Dwelling	Unit Dwelling Unit		Dwelling Unit

The results of these calculations are shown in Table 4.6, page 18.

TABLE 4.6

RESIDENTIAL SDC PER DWELLING UNIT

Residential Compliance/ Residential

Facilities Cost Per + Administration - Credit Per = SDC Per

Type of Dwelling Unit Dwelling Unit Cost/Unit Dwelling Unit Dwelling Unit

Single-Family: \$5567 \$ 67 (\$ 909) \$4725

Multi-Family: \$ 4124 \$ 67 (\$ 322) \$3869

Manufactured Housing: \$ 4124 \$67 (\$ 317) \$ 3874

5.0 NON-RESIDENTIAL SDC RATES

The City's Non-Residential Parks and Recreation SDC rates are calculated using a series of sequential formulas which, when completed, yield the total SDC rates for each new employee added by new development in the City. The formulas identify:

- a) the Non-Residential Facilities Cost Per Employee (Formula 5a, below),
- b) the "Compliance/Administration" Cost Per Employee (Formula 5b),
- c) the Credit Per Employee (Formula 5c); and
- d) the Non-Residential SDC Per Employee (Formula 5d, page 21).

The Non-Residential SDC is an "improvement fee" only and does not include a "reimbursement fee" component. The SDC is based on costs required for new development only, and does not assume that costs are necessarily incurred for capital improvements when an employer hires an additional employee.

A. Formula 5a: Non-Residential Facilities Cost Per Employee

The Non-Residential Facilities Cost Per Employee is calculated by dividing the non-residential growth-related facilities costs (from Table 3.9, page 13) by the increase in the City's employment expected to be created by new development through 2020 (from Table 3.1, page 8).

$$\begin{array}{rclcl} \text{5a.} & \text{Non-Residential} & \text{Employment} & & \text{Non-Residential} \\ & \text{Growth-Related} \div & \text{Increase From} & = & \text{Facilities Cost} \\ & \text{Facilities Costs} & \text{Development} & & \text{Per Employee} \end{array}$$

Table 5.1 presents the calculation of the Non-Residential Facilities Cost Per Employee.

TABLE 5.1

NON-RESIDENTIAL FACILITIES COST PER EMPLOYEE

Non-Residential Employment		Non-Residential
Growth-Related	Increase	Facilities Cost
Facilities Cost	From Development	Per Employee
\$ 400,574	÷ 4002	= \$ 100

B. Formula 5b: Compliance/Administration Cost Per Employee

ORS 223.307(5) allows the City to recoup the direct costs of complying with Oregon law regarding SDCs. Recoupable costs include consulting, engineering, and legal fees as well as the cost of collecting and accounting for revenues and expenditures. The total compliance/administration cost is derived from the City of Canby's Cost of Service Study and is \$67 per employee.

C. Formula 5c: Non-Residential Credit Per Employee

The Master Plan identifies capacity improvements for both growth and non-growth needs. Bonds and property taxes will likely be used as a source for funding a portion of these improvements, and a portion of bond repayments and property taxes will be paid by new development. Therefore, a credit must be calculated to provide for these payments in

order to avoid charging twice for the same facilities. A credit has been calculated for each employee expected from new development using the following assumptions:

- 8 million in G.O. bonds for park improvements issued in 2007
- 8 million in GO bonds for park improvements issued in 2012
- 20 year bond term, 5.5% interest,
- 6.0% annual increase in total property tax assessments,
- 3.0% annual increase in assessed property valuations,
- 3.0% annual inflation (decrease in value of money),
- Average 2000 property valuation for non-residential (office) development at \$34.60 per square foot,
- An average of 350 square feet per employee (office)

Present Value of

$$5c. \quad \frac{\text{Tax Payments Per Employee}}{\text{Employee}} = \frac{\text{Credit Per Employee}}{\text{Employee}}$$

The amount of this credit is shown in Table 5.3

TABLE 5.3
CREDIT PER EMPLOYEE

Credit Per
Employee

Present Value of Tax Payments = \$ 38

D. Formula 5d: Non-Residential SDC Per Employee

The Non-Residential SDC Per Employee is calculated by adding the compliance/administration cost per employee (Table 5.2) to the non-residential facilities cost per employee (from Table 5.1), and subtracting the credit per employee (from Table 5.3).

Non-Residential Compliance/ Non-Residential

$$5d. \quad \frac{\text{Facilities Cost} + \text{Admin. Cost}}{\text{Per Employee}} - \frac{\text{Credit Per Employee}}{\text{Employee}} = \frac{\text{SDC Per Employee}}{\text{Employee}}$$

The results of these calculations are shown in Table 5.4.

TABLE 5.4
NON-RESIDENTIAL SDC PER EMPLOYEE

Non-Residential Compliance/ Non-Residential

$$\text{Facilities Cost Per} + \text{Administration} - \text{Credit Per} = \text{SDC Per}$$

$$\$ 100 + \$ 67(\$ 38) \$ 129$$

The parks and recreation for a particular non-residential development are determined by:

- 1) dividing the total building space (square feet) in the development by the number of square feet per employee (from the guidelines in Table 5.5,), and
- 2) multiplying the result (from step 1) by the Non-Residential SDC Per Employee rate (Table 5.4).

For example, the parks and recreation for a 20,000 square foot office building for services such as finance and real estate would be calculated as follows:

- 1) $20,000 \text{ (sq. ft. building size)} \div 350 \text{ (sq. ft. per employee)} = 57 \text{ employees,}$
- 2) $57 \text{ employees} \times \$129 \text{ (SDC rate)} = \7353

For non-residential development where more than one SIC may be used, multiple SIC's may be applied based on their percentage of the total development.

TABLE 5.5

SQUARE FEET PER EMPLOYEE

(recommended guidelines from *Metro Employment Density Study*)

Standard Industry Square Feet

Classification (SIC)* Per Employee

Manufacturing:

General 700

Food Related 775

Textile, Apparel 575

Lumber, Wood Products 560

Paper and Related 1,400

Printing and Publishing 600

Chemicals, Petrol,

Rubber, Plastics 850

Cement, Stone, Clay, Glass 800

Furniture and Furnishings 600

Primary Metals 1,000

Secondary Metals 800

Non-Electrical Machinery 600

Electrical Machinery 375

Electrical Design 325

Transportation Equipment 500

Other 400

Wholesale Trade:

Durable Goods 1,000

Non-Durable Goods 1,150

Warehousing:

Storage 20,000

Distribution 2,500

Standard Industry Square Feet

Classification (SIC) Per Employee

Trucking 1,500

Communications 250

Utilities 225

Retail:

General 700

Hardware 1,000

Food Stores 675

Restaurant/Bar 225

Appliance/Furniture 1,000

Auto Dealership 650

Gas Station (gas only) 300

Gas Station (gas and service) 400

Regional Shopping Center 600

Services:

Hotel/Motel 1,500

Health Services (hospital) 500

Health Services (clinic) 350

Educational 1,300

Cinema 1,100

Personal Services 600

Finance, Insurance,

Real Estate, Business Services 350

Government Administration 300

* Source: U.S. Department of Commerce Standard Industrial Classification Manual

6.0 CONCLUSION

The City's growth will require a combination of techniques, including system development charges, bond revenues, and other sources of funds to pay for capital facilities needed to serve the parks and recreation needs of current and future residents. As growth occurs and the demographics of the community change, the City's parks and recreation facility needs will also change and should be periodically monitored through the use of opinion surveys and similar techniques. The CIP should be reviewed and updated at least once every two years to reflect changes in parks and recreation facility needs. The System Development Charges methodology should also be periodically updated when significant changes are made to the CIP, and/or when cost estimates become outdated. The City expects to implement 25% of the CIP every 5 years, and will review the CIP at the end or each 5 year interval to insure implementation and funding is on schedule.