



City of Canby, Oregon

System Development Charges for Parks and Transportation

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October 17, 2012

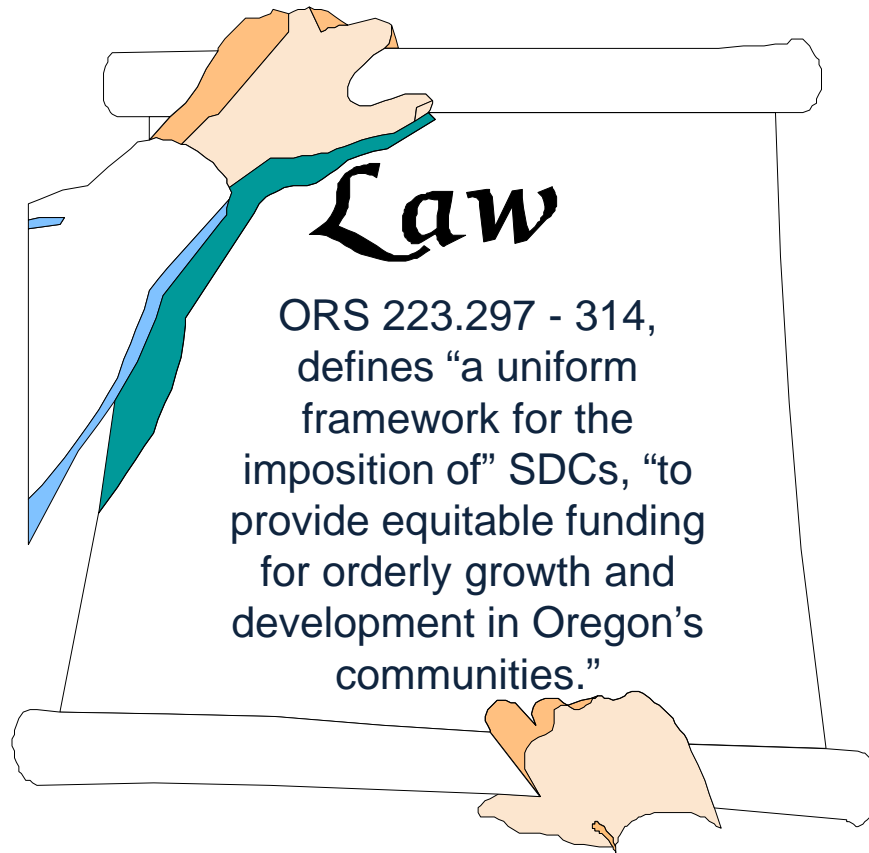


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Agenda

- ✓ SDC Basics
- ✓ Parks SDCs
- ✓ Transportation SDCs
- ✓ Next Steps

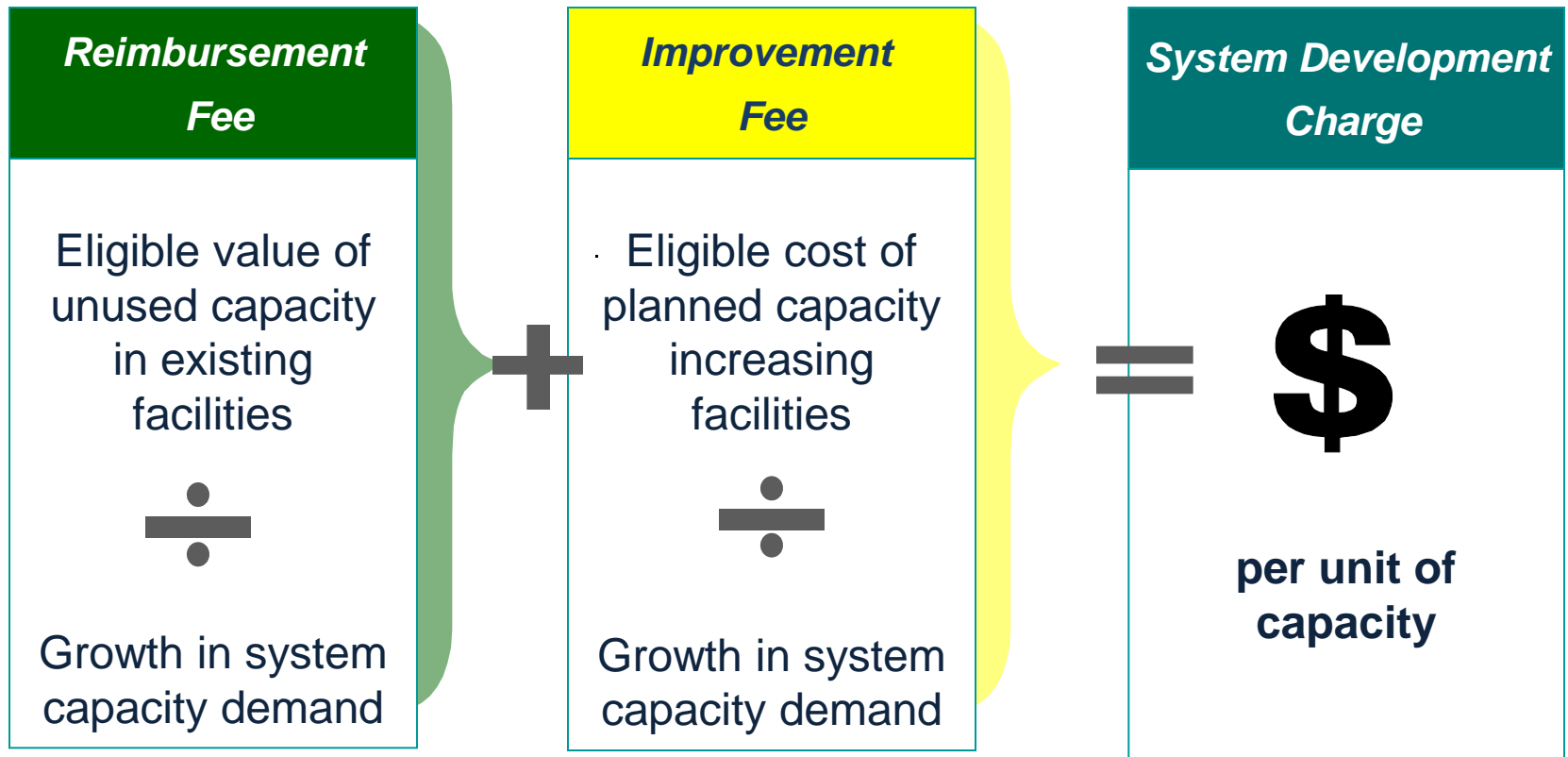
SDC Basics: Oregon Law



Key Characteristics

1. SDCs are one-time charges, not ongoing rates.
2. SDCs are for capital only, in both their calculation and in their use.
3. Properties which are already developed do not pay SDCs unless they “redevelop.”
4. SDCs include both future and existing cost components.
5. SDCs are for general facilities, not “local” facilities.

SDC Basics: Methodology



SDC Basics: Reimbursement Fee

223.304 Determination of amount of system development charges; methodology; credit allowed against charge; limitation of action contesting methodology for imposing charge; notification request.

(1)(a) **Reimbursement fees** must be established or modified by ordinance or resolution setting forth a **methodology that is, when applicable, based on:**

(A) **Ratemaking principles** employed to finance publicly owned capital improvements;

(B) **Prior contributions** by existing users;

(C) **Gifts or grants** from federal or state government or private persons;

(D) The **value of unused capacity available to future system users** or the **cost of the existing facilities**; and

(E) **Other relevant factors** identified by the local government imposing the fee.

(b) The methodology for establishing or modifying a reimbursement fee must:

(A) **Promote the objective of future system users contributing no more than an equitable share to the cost of existing facilities.**

(B) **Be available for public inspection.**

✓ *Reimbursement fee methodology*

✓ *Cost to serve*

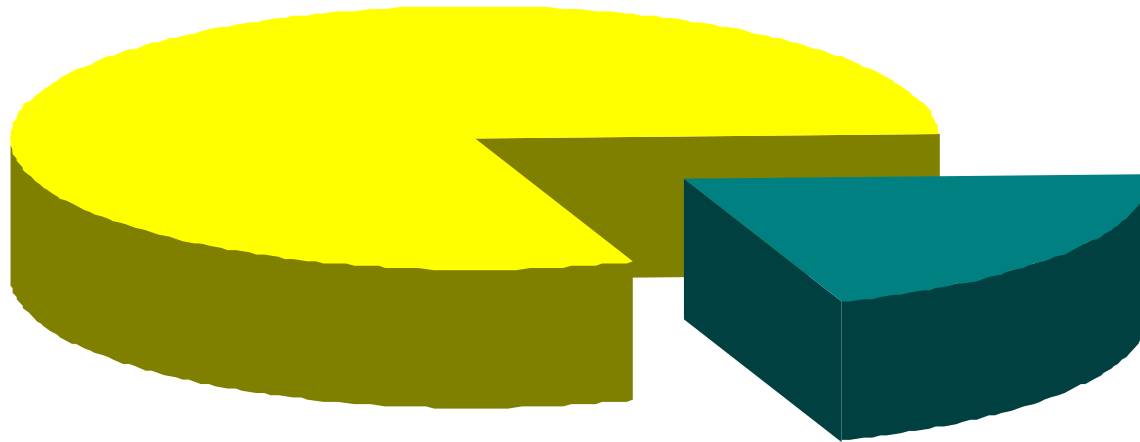
✓ *Unused capacity only*

SDC Basics: SDCr Cost Basis

Sample Existing Facilities Cost

reimbursement fee eligible

Serving Existing Customers



Unused Capacity

SDC Basics: Improvement Fee

(2) **Improvement fees must:**

(a) Be established or modified by ordinance or resolution setting forth a **methodology that is available for public inspection and demonstrates consideration of:**

(A) **The projected cost of the capital improvements identified in the plan and list adopted pursuant to ORS 223.309 that are needed to increase the capacity of the systems to which the fee is related; and**

(B) **The need for increased capacity in the system to which the fee is related that will be required to serve the demands placed on the system by future users.**

(b) Be calculated to **obtain the cost of capital improvements for the projected need for available system capacity for future users.**

(3) A local government may establish and impose a system development charge that is a **combination of a reimbursement fee and an improvement fee, if the methodology demonstrates that the charge is not based on providing the same system capacity.**

- ✓ *Improvement fee methodology*
- ✓ *“Demonstrates” is new language*

- ✓ *Growth-related capacity only*

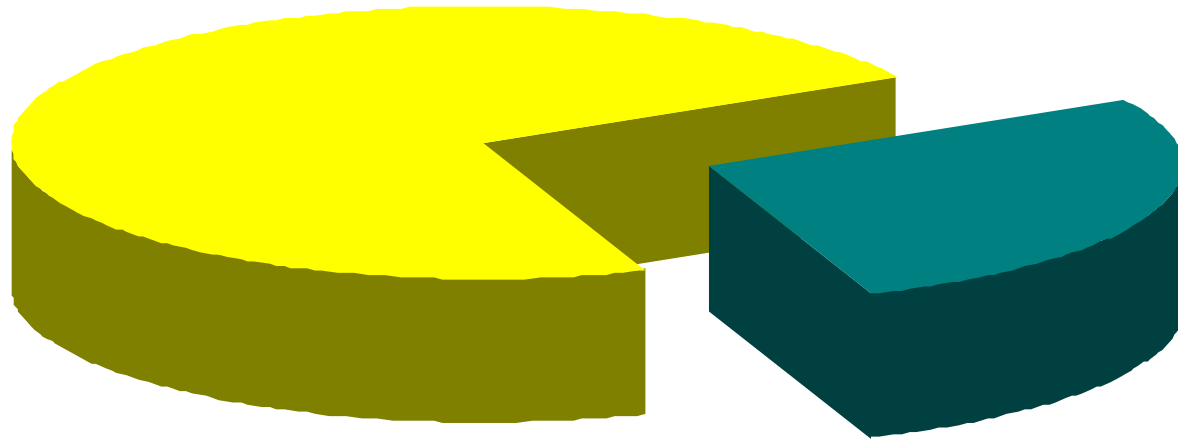
- ✓ *No double charging*

SDC Basics: SDCi Cost Basis

Sample Planned Capital Costs

improvement fee eligible

To Serve Existing Customers



Capacity Increasing

SDC Basics: Credits

Credits against the improvement fee must be provided for the construction of a capital improvement, which is:

- ✓ required as a condition of development,
- ✓ identified in an adopted capital facilities plan, and
- ✓ is either off-site or, if on-site, is required to provide more capacity than needed by the development in question.



SDC Basics: Credits

(4) The ordinance or resolution that establishes or modifies an improvement fee shall also provide for a **credit** against such fee for the construction of a qualified public improvement. A “qualified public improvement” means a capital improvement that is required as a condition of development approval, identified in the plan and list adopted pursuant to ORS 223.309 and either:

✓ Credits

(a) Not located on or contiguous to property that is the subject of development approval; or

(b) Located in whole or in part on or contiguous to property that is the subject of development approval and required to be built larger or with greater capacity than is necessary for the particular development project to which the improvement fee is related.

(5)(a) The credit provided for in subsection (4) of this section is only for the improvement fee charged for the type of improvement being constructed, and credit for qualified public improvements under subsection (4)(b) of this section may be granted **only for the cost of that portion of such improvement that exceeds the local government’s minimum standard facility size or capacity needed to serve the particular development** project or property. The applicant shall have the burden of demonstrating that a particular improvement qualifies for credit under subsection (4)(b) of this section.

SDC Basics: Credits

(b) A local government may deny the credit provided for in subsection (4) of this section if the local government demonstrates:

(A) That the application does not meet the requirements of subsection (4) of this section; or

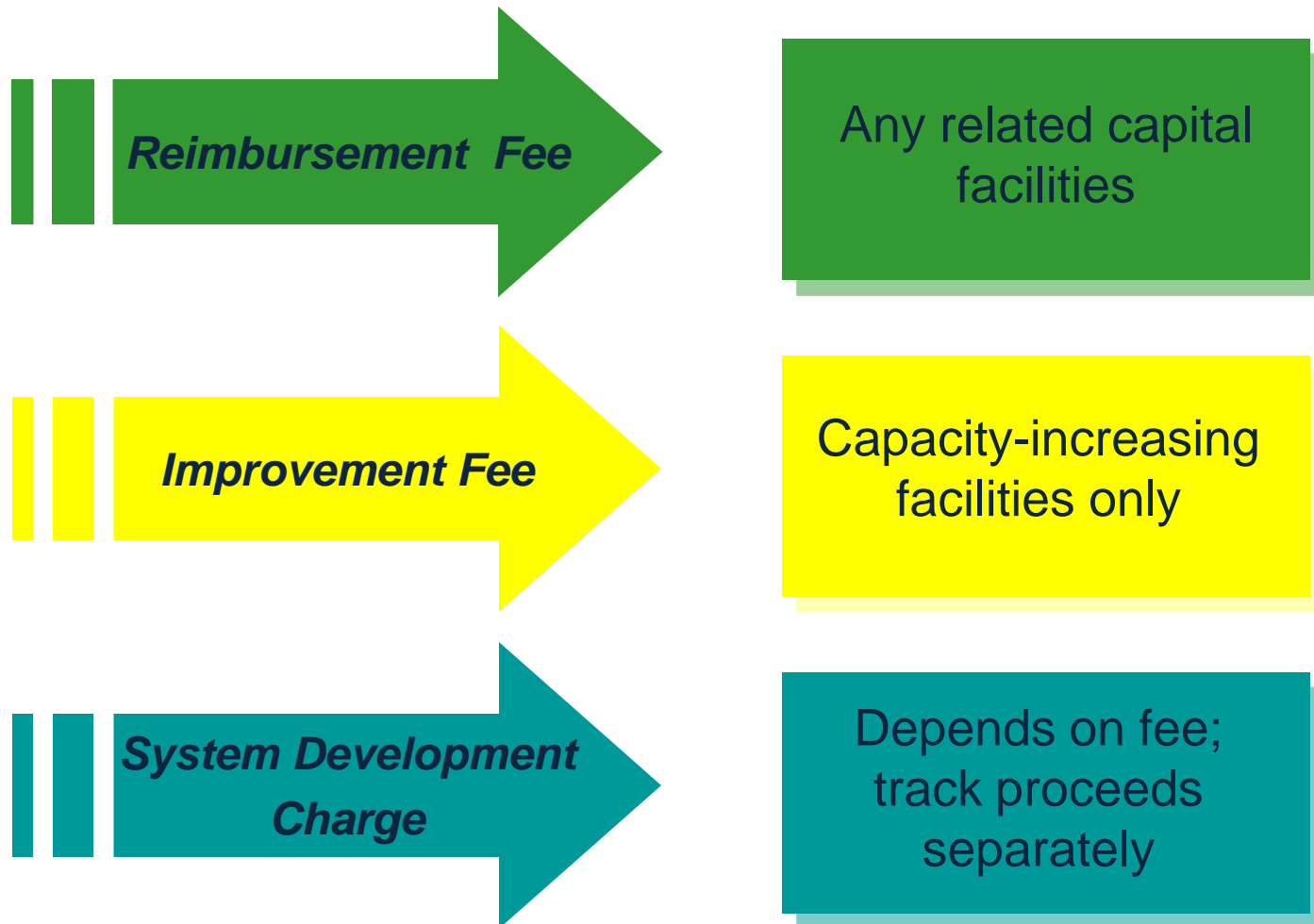
(B) By reference to the list adopted pursuant to ORS 223.309, that the improvement for which credit is sought was not included in the plan and list adopted pursuant to ORS 223.309.

(c) **When the construction of a qualified public improvement gives rise to a credit amount greater than the improvement fee that would otherwise be levied against the project receiving development approval, the excess credit may be applied against improvement fees that accrue in subsequent phases of the original development project. This subsection does not prohibit a local government from providing a greater credit, or from establishing a system providing for the transferability of credits, or from providing a credit for a capital improvement not identified in the plan and list adopted pursuant to ORS 223.309, or from providing a share of the cost of such improvement by other means, if a local government so chooses.**

✓ *Many local governments far exceed minimum requirements*

(d) Credits must be used in the time specified in the ordinance but not later than **10 years** from the date the credit is given.

SDC Basics: Allowable Expenditures



Parks SDCs

- ✓ Capital Improvements
- ✓ Improvement fee cost basis
- ✓ Residential SDCs
- ✓ Current and Proposed SDCs

Parks SDCs: Capital Improvements

Project	Estimated Cost	SDC Eligibility	SDC-Eligible Cost
Willamette Wayside Improvements	\$ 323,700	57.4%	\$ 185,828
Logging Road Trail Corridor	145,000	57.4%	83,241
Swim Center Replacement/Addition	10,020,000	57.4%	5,752,220
Northwoods Park	325,000	57.4%	186,574
NW Neighborhood Park North	350,000	57.4%	200,926
Acquisition and Development	28,306,400	57.4%	16,249,965
	<u>\$ 39,470,100</u>		<u>\$ 22,658,754</u>

Source: Citystaff

Parks SDCs: SDCi Cost Basis

Cost Type	SDC-Eligible Costs	Residents		Employees	
		%	\$	%	\$
Facilities	\$ 22,658,754	91.4%	\$ 20,708,328	8.6%	\$ 1,950,426
Compliance	559,365	91.4%	511,216	8.6%	48,149
Fund balance	(843,521)	91.4%	(770,912)	8.6%	(72,609)
	<u>\$ 22,374,598</u>		<u>\$ 20,448,631</u>		<u>\$ 1,925,966</u>
Growth in residents/employees			11,761		4,816
Cost per resident/employee			\$ 1,739		\$ 400

Source: Exhibits 2, 4, 6, 9 and FY 2010-11 CAFR

Parks SDCs: Residential SDCs

Type of Dwelling Unit	Cost per Capita	Residents per Dwelling Unit	SDC per Dwelling Unit
Single-Family	\$1,739	2.87	\$ 4,987
Multi-Family	\$1,739	2.99	\$ 5,192
Manufactured	\$1,739	2.40	\$ 4,165

Source: Exhibits 3 and 10

Parks SDCs: Current and Proposed

Type of SDC	Fee		Change	
	Current	Proposed	\$	%
Residential, Single-Family	\$ 4,725	\$ 4,987	\$ 262	5.5%
Residential, Multi-Family	\$ 3,869	\$ 5,192	\$ 1,323	34.2%
Residential, Manufactured	\$ 3,874	\$ 4,165	\$ 291	7.5%
Non-Residential, Per Employee	\$ 129	\$ 400	\$ 271	210.0%

Source: Master Fee Schedule, Exhibits 10 and 11

Transportation SDCs

- ✓ New TSP is basis for the Capital Improvements & Growth forecast (\$19.48M in eligible project cost, equates to 78% of total project cost of \$25M)
- ✓ New Multimodal focus: we recommend a “person trip” vs. vehicle-trip methodology, and a charge for road, bike and ped. Improvements

New TSDC Methodology

- ✓ Identifies 22 specific land use types
- ✓ Adjustments for “linked trips”
- ✓ Adjustments for “trip length”
- ✓ Results in “moderate increases” in TSDCs
- ✓ Results for non-residential vary by land use type
- ✓ Policies for credits, exemptions, phase-in, and indexing can affect SDCs

Canby TSDC Growth Share Calculation

- ✓ New person-trips will consume 46.8% of increased capacity by 2032

a	b	c	d	e	f	g
Trip Generator	Est. 2012 (Avg. Weekday Vehicle Trip Ends) ¹	Proj. 2032 (Avg. Weekday Vehicle Trip Ends) ¹	Est. 2012 (Avg. Weekday Person Trip Ends) ²	Proj. 2032 (Avg. Weekday Person Trip Ends) ²	Increase in Person Trip-ends (e - d)	Trip End Avg. Annual Growth Rate (AAGR)
Residential Trip-ends	49,647	83,161	83,406	139,711	56,304	2.6%
Retail Trip-ends	26,605	57,043	44,697	95,832	51,136	3.7%
Non-retail Trip-ends	33,583	66,315	56,419	111,410	54,991	3.3%
Total Trip-ends	109,835	206,520	184,522	346,953	162,431	3.1%
New person trips as a % of total future trips					46.8%	

Notes:

¹ Derived from Canby Transportation System Plan, March 2010, with 2012 estimates and 2032 projections based on extrapolations of 2010 to 2030 forecast. Assumes peak trips account for 10% of average weekday trip rates.

² Person trip conversion rate of 1.68 derived from 2009 U.S. National Household Transportation Survey findings.

Canby TSDC Cost Per Avg. Daily Person Trip

- ✓ \$117.90 for motor vehicle facilities
- ✓ \$33.48 for bicycle/pedestrian facilities
- ✓ \$28.63 for reimbursement element
- ✓ \$3.78 for compliance



\$183.79 per person-trip

a	b	c	d	e
	TSDC Eligible Cost	Growth in Avg. Weekday Person Trip Ends ⁴	Eligible TSDC Cost Per Person Trip End Before Fund Balance (b / d)	Eligible TSDC Cost Per Person Trip End After Fund Balance
Motor Vehicle Facility Costs ¹	\$19,483,000	162,431	\$119.95	\$117.90
Pedestrian/Bicycle Facility Costs ¹	\$5,533,000	162,431	\$34.06	\$33.48
Subtotal	\$25,016,000			
Compliance Costs ²	\$625,000	162,431	\$3.85	\$3.78
Subtotal	\$25,641,000			
Less SDC Fund Balance ³	(\$438,000)	162,431	-\$2.70	
Subtotal	\$25,203,000	162,431	\$155.16	\$155.16
Plus Reimbursement element ⁵	\$4,650,760	162,431	\$28.63	\$28.63
Grand Total	\$29,853,760			\$183.79

Notes:

¹ Derived from Appendix B. Amounts shown are adjusted to 2012 dollars.

² Assumed to be 2.5% of total SDC eligible capital costs, and allocated based on capital cost allocation shown above.

³ Based on City staff estimates.

⁴ Derived from Table 1.

⁵ Derived from Appendix A.

Transportation SDC Comparison

LAND USE TYPE	Prior/Current Transportation SDC ¹	New Revised Transportation SDC	Change
Residential: Single family per Dwelling Unit	\$2,603	\$2,955	\$352
Residential: Multi-family per Dwelling Unit	\$1,738	\$2,069	\$331
Commercial: Shopping Center (50,000 SF floor area)	\$165,655	\$196,017	\$30,362
Office building (4,000 SF floor area)	\$7,786	\$13,598	\$5,812
Light Industrial building (60,000 SF floor area)	\$127,400	\$129,129	\$1,729

Notes:

¹ Based upon City of Canby Master Fee Schedule, effective as of 1/2/2012.

Next Steps

- ✓ Public hearing
- ✓ Adopt charges, with or without phasing
- ✓ Implement charges