

RESOLUTION NO. 1605

A RESOLUTION ADJUSTING THE RATE FOR PARKS AND RECREATION SYSTEM DEVELOPMENT CHARGES AND RESCINDING RESOLUTION NO. 1382.

THE TROUTDALE CITY COUNCIL FINDS AS FOLLOWS:

Section 12.02.020 of the Troutdale Municipal Code establishes system development charges to impose an equitable share of the public costs of capital improvements upon those developments that create the need for, or increase the demands on, capital improvements.

Resolution No. 1382, which is currently in effect, adjusted the capital improvement plan and rate for the parks and recreation system development charges.

Section 12.02.030 of the Troutdale Municipal Code requires staff to annually review the rate and to bring proposed changes to the council for consideration.

Staff has adjusted the parks and recreation system cost estimates based on inflationary impacts and has proposed a revision of the rate.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF TROUTDALE

Section 1. Purpose.

The purpose of the parks and recreation system development charge is to require developments that create the need for parks and recreation facilities or increase the demand on existing parks and recreation facilities to pay an equitable share of the cost of those improvements. System development charges for parks and recreation shall be improvement fees rather than reimbursement fees.

Section 2. Methodology.

- A. The methodology used to establish the improvement fee is based on the estimated cost of projected capital improvements needed to increase the capacity of the parks and recreation system, including costs of financing, over a designated period, as set forth in Attachment A, Methodology for Parks Systems Development Charge, City of Troutdale, Oregon, May 1998, applied equally to the anticipated number of permanent residential dwelling units to be constructed within the City.
- B. Parks and recreation system development charges will be levied against permanent residential uses only.

Section 3. Cost.

The system development charge hereby imposed as set forth in Attachment A, Table 5, is increased to \$811 per housing unit, a 2.7% adjustment to account for inflationary cost impacts based on the construction cost index as published in the January 21st edition of Engineering News Record magazine. The system development charge is due and payable at the time of issuance of a building permit by the City. Except as otherwise provided in Chapter 12.02 of the Troutdale Municipal Code, no building permit shall be issued for a development subject to this system development charge unless the system development charge is first paid in full.

Section 4. Exemptions.

The following development is exempt from parks and recreation system development charges:

- A. Remodeling or replacement of any single-family structure (including manufactured homes);
- B. Multi-family structure remodeling or replacement that does not include the addition of new dwelling units;
- C. Office, business, commercial, industrial or institutional structures that do not allow for residential occupancies.

Section 5. Effective Date.

The effective date of this resolution is July 1, 2002.

Section 6. Distribution of Funds.

The system development funds collected under authority of this Resolution shall be deposited in the Parks Improvement Fund. These funds may only be expended for accomplishing the capacity-enhancing parks and recreation projects as set forth in the Capital Improvement List, Table 4 of Attachment A, which may be amended from time to time by resolution of the Council.

Section 7. Applicability of Troutdale Municipal Code.

The provisions of Chapter 12.02 of the Troutdale Municipal Code govern credits, refunds, collection, appeals, and other matters pertaining to the charge established in this Resolution.

Section 8. Administration.

The Community Development Director of the City of Troutdale or the Director's designee shall be responsible for the administration of this Resolution.

Section 9. Previous Resolution Rescinded.

Resolution No. 1382 is rescinded effective July 1, 2002.

YEAS: 6

NAYS: 0

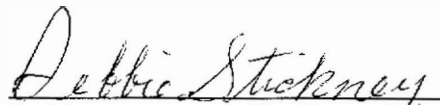
ABSTAINED: 0



Paul Thalhoff, Mayor

Date

5-15-02



Debbie Stickney, City Recorder

Adopted: May 14, 2002

**METHODOLOGY FOR PARKS SYSTEMS DEVELOPMENT CHARGE
CITY OF TROUTDALE, OREGON**

May 29, 1998

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INTRODUCTION AND SUMMARY

The City of Troutdale contracted with Economic & Financial Analysis (EFA) to update the City's Park & Recreation Systems Development Charge. The City's current SDC is \$374 per housing unit, and is applied only to residential developments. It is an improvement fee.¹ The City implemented the current SDC six years ago, February 26, 1992, and has not changed it since then.

In November 1995 the City completed the *Troutdale Parks Recreation & Greenways Plan* (the Plan).² This plan has been the City's guide to park and greenway land acquisition and development. The plan identified \$3.32 million of park developments to be completed over a 6-year period. These improvements were designed for a population that was expected to grow from 11,400 people in 1995 to 21,400 people by the year 2015 within the Troutdale urban growth area.

Since 1995, the City's population has grown to 13,880 people, the City has acquired more park land, and it has added projects to its capital improvements list. Taking these changes into consideration with the Plan, EFA recommends the City amend its park SDC to increase the improvement fee. Since the park system is still deficit the gross acres needed to meet the plans adopted standards (acres of park land per 1,000 people), no reimbursement fee is possible.

Table 1 summarizes the current and proposed park SDC by fee. The proposed park SDC will be applied only to housing developments.

Table 1: Summary of Current and Proposed Park SDC

Current Improvement Fee	Proposed		Percent Increase
	Reimbursement Fee	Improvement Fee Total	
374		790	111%

¹A SDC may be composed of a reimbursement fee and an improvement fee. The reimbursement fee covers costs already incurred to build facilities to be used by future populations. The improvement fee covers cost to be incurred for facilities used by future development.

²City of Troutdale, *Troutdale Parks Recreation & Greenways Plan*, written by JC Draggoo & Associates, and adopted by City Ordinance No. 635, November 15, 1995.

BACKGROUND INFORMATION

Park Standards

The Plan contains standards for park development that are contained in Table 2. Table 2 also shows the existing ratios of acres in parks to population. For example, in 1995 the ratio of community parks was 1.08 acres per 1,000 people, i.e.,

$$1.08 \text{ acres} = \frac{12 \text{ acres}}{11,400 \text{ people} / 1,000}$$

The adopted standard increases this ratio to 2.50 acres per 1,000 people. To meet this standard, the City would have to have 28.5 acres (2.5 acres x 11.4 thousand people). Since it only actually had 12 acres in 1995, the City had a deficit of 16.5 acres of community park land (28.5 acres minus 12 acres).

EFA calculated the needed park land for each type of park for the 1995 population and found that the City had an overall deficit of about 60 acres, or about 24 percent more land was needed in 1997 to meet the adopted standards. Table 3 shows the calculation of the deficit for 1997. The acres of park land "Needed" is determined by applying the adopted park standards to the population. The acres of actual park land is how much the City had in 1997. The "Surplus (Deficit)" is the difference between actual acres and needed acres.

For the purposes of SDCs, future development cannot be expected to pay for the existing deficit. To account for the deficit, EFA reduced the expected cost of the unfinished parks by the deficit in 1997, 22.93 percent.

Table 2: Park Standards

	Actual, 1995 Ratios		Adopted Standards	
	Acres per	Population	Acres per	Population
Mini	0.18	1,000	0.10	1,000
Neighborhood	1.26	1,000	1.50	1,000
Community	1.08	1,000	2.50	1,000
Special Use Areas	0.59	1,000	1.10	1,000
Linear	0.00	1,000	0.70	1,000
Natural Open Spaces	4.92	1,000	12.40	1,000
Landscaped Areas	0.16	1,000	0.25	1,000
Undeveloped land	3.60	1,000		1,000

Source: Ibid, Troutdale, page V-5.

Table 3: Acres of Park Land and Current Deficit of Land

	Actual Acres	Needed 13,880	Surplus (Deficit)
Mini	5.74	1.39	4.35
Neighborhood	19.02	20.82	(1.80)
Community	15.00	34.70	(19.70)
Special Use Areas	2.74	15.27	(12.53)
Linear	2.80	9.72	(6.92)
Natural Open Spaces	119.33	172.11	(52.78)
Other City & State Parks	15.71		15.71
Undeveloped Acres	12.89		12.89
Total	193.23	254.00	(60.77)
Percent Deficit			-23.93%

Acquisitions since 1995

Source: Compiled by EFA from City records and the Plan.

Completed and Proposed Capital Improvements (since 1995)

Table 4 shows the list of capital improvements contained in the 1995 Plan and additional projects added to the Plan's list to compose the Capital Improvements List for the purposes of establishing a parks systems development charge (SDC). Table 4 shows completed and uncompleted projects. EFA uses the uncompleted projects to determine the improvement fee portion of the SDC.

The original budget for projects are stated either in 1995 dollars or in dollars for the year built (sometime between 1995 and 1997).³ In that time inflation has increased the cost of construction and the cost of land has increased more rapidly than the cost of construction. To estimate what these parks will cost to acquire and build in 1998, we compared the budget costs to the actual cost for completed projects. The Plan forecast a cost of \$854,000 for the 13 completed projects (including some acquisitions) and the actual cost amounted to \$1,045,934, 22.5 percent higher than planned. Based on the fact that these projects were constructed in 1995 through 1997, EFA

³The Plan itself gives only level-of-planning estimates of cost and no detailed cost estimates. Also much of the research was done in 1994 meaning that the data were more likely to be in 1994 dollars than in 1995 dollars.

rounded up this percentage to 25 percent, and used it to estimate the cost for the uncompleted projects in 1998 dollars, except for some land acquisition costs.

After estimating the cost of the uncompleted projects in 1998 dollars, EFA deducted contributions from the use of a general obligation bond and from grants. The bond amount is minor relative to the total costs. The \$1,000,000 grant is expected to come from the Metropolitan Service District's Greenspace Program (Metro) to purchase land in the Beaver Creek Canyon, a portion of which is in Hood View park.

The City and Metro have been actively negotiating with land owners in the canyon to purchase the land. These negotiations have led to tentative sales agreements at about \$50,000 per acre for land that is largely developable, and in the proposed Hood View park site. The Plan estimated the cost at \$25,000 per acre for the proposed Hood View park. These data indicate the cost for land either was underestimated in 1995 or that it has doubled since 1995. However, within the canyon itself only a fraction of the land is developable under current development policies. The rest of the land has a small commercial value. For this reason, EFA chose to increase the Plan's values for this land only 25 percent rather than the 100 percent increase indicated by the increase for Hood View park. The average price per acre for the remaining land in the canyon is about \$28,300 per acre.

The right hand column on Table 4 shows the net of all project costs that are allocated of the improvement fee (uncompleted projects) of the SDC. The projects associated with these costs compose the capital improvements list for the purposes of developing a parks systems development charge.

Table 4: Capital Improvements List

	Original Budget	Status as of Jan. 1998	Value of Capital Improvement				Deductions		Capital Improvements List
			(1995 \$'s)		(1998's)		Bond	Grants	
			Completed	Uncompleted	Completed	Uncompleted			
Glenn Otto Community Park Improvements	25,000			25,000		31,250		31,250	
Helen Althaus Open Space	10,000	Completed	10,000		7,000				
Lewellyn Park Improvements	5,000	Completed	5,000		6,100				
Mayor Square (Phase I)	144,000	Completed	144,000		166,750				
Mayor Square (Phase II)	30,000					30,000		30,000	
Sandee Palisades Park Improvements	5,000	Completed	5,000		12,500				
Sandy River Day Use Park	200,000			200,000		250,000		250,000	
Weedin Park Improvements	5,000	Completed	5,000		1,000				
Columbia Park Improvements (Phase I)	135,000	Completed	135,000		143,171				
Columbia Park Improvements (Phase II)	150,000	Completed	150,000		126,075				
Columbia Park Improvements (Phase III)	150,000	Completed	150,000		270,094				
Columbia Park Improvements (Phase IV)	80,000					80,000		80,000	
Sunrise Park Development (Phase I)	100,000			100,000		125,000	7,232	117,768	
Sunrise Park Development (Phase II)	150,000			150,000		187,500		187,500	
Beaver Creek Greenway Acquisition	50,000	Completed	50,000		37,515				
Beaver Creek Greenway Acquisition	75,000			75,000		93,750	93,750		
Beaver Creek Greenway Acquisition	50,000			50,000		62,500	62,500		
Beaver Creek Greenway Acquisition	50,000			50,000		62,500	62,500		
Beaver Creek Greenway Acquisition	75,000			75,000		93,750	93,750		
Beaver Creek Greenway Acquisition	200,000			200,000		250,000	250,000		
Beaver Creek Greenway Acquisition	200,000			200,000		250,000	250,000		
Sunrise O.S. Improvements (Phase I)	40,000	Completed	40,000		86,000				
Sunrise O.S. Improvements (Phase II)	50,000			50,000		62,500		62,500	
Trail Development along Beaver Creek	50,000	Completed	50,000		65,740				
Trail Development along Beaver Creek	50,000			50,000		62,500	3,947	58,553	
Trail Development along Beaver Creek	10,000	Completed	10,000		17,722				
Trail Development along Beaver Creek	100,000			100,000		125,000		125,000	
Trail Development along Beaver Creek	100,000			100,000		125,000		125,000	
Trail Development along Beaver Creek	100,000			100,000		125,000		125,000	
Hood View Park Acquisition (Phase I)	500,000			500,000		1,000,000	187,500	812,500	
Hood View Park Acquisition (Phase II)	350,000			350,000		437,500		437,500	
Hood View Park Improvements (Phase I)	150,000					150,000		150,000	
Hood View Park Improvements (Phase II)	350,000			350,000		437,500		437,500	
Miscellaneous	100,000	Completed	100,000		106,267				
Maintenance Facility	200,000			200,000		250,000		See Table 5	
Totals	4,039,000		854,000	2,925,000	1,045,934	4,041,250	11,179	1,000,000	3,030,071

Shaded projects were added since the Plan was completed in 1995.

The negotiated price for Hood View park is \$50,000/acre for 20 acres.

The SDC for the Maintenance Facility is based on the ratio of population growth to total future population as shown in Table 5.

CALCULATION OF THE SYSTEMS DEVELOPMENT CHARGE

In Table 5, EFA develops the parks systems development charge. We base it on the expected increase in population from 13,880 in 1997 to 21,400 in year 2015, the planning horizon in the Plan.

Table 5: Parks Systems Development Charge

	1997	2015	Systems Development Charge		
			Reimbursement	Improvement	Total
Population	13,880	21,400			
Projected Growth (1997 - 2015)		7,520			
% from 1997		54%			
<u>Category 1 Capital Improvements</u>					
Cost of Park Improvements				\$3,030,071	\$3,030,071
% Deficit			23.93%	23.93%	23.93%
Cost allocated to SDC				\$2,304,975	\$2,304,975
		Cost/capita (Projected Growth, 7,520 people)		\$306.51	\$306.51
<u>Category 2 Capital Improvements</u>					
Cost of Maintenance Facility		\$250,000			
Attributable to Parks	70%	\$175,000			
		Cost/capita (2015 Population, 21,400 people)		\$8.18	\$8.18
Total Cost/capita				\$315	\$315
Persons/housing unit			2.5	2.5	2.5
SDC/Housing unit				\$790	\$790

Note: The SDC/Housing unit is rounded up to the nearest \$5, from \$787.50 to \$790.

For the reimbursement fee, EFA assumes that the entire park system is deficit and hence no justification for a reimbursement fee exists. It is zero. In fact, excess capacity in some park types does exist, and if the City could determine its total investment in those parks, it could develop a reimbursement fee. These data do not exist in any convenient form, so EFA did not determine a reimbursement fee.

For the improvement fee, EFA categorized the planned improvements on the Capital Improvements List into two categories. The first category includes all facilities except the maintenance building. All of the projects in the first category will make up the existing park deficit and be used by future residential developments. To determine the proportion of total cost to allocate to new development through the improvement fee, EFA reduced the total land

acquisition and development costs from \$3,030,071 to \$2,304,975 to account for the 23.93 percent deficit in the current park system. The City will have to use a source of revenue other than SDC revenues to pay for 23.93 percent of the total capital improvements. The amount allocated to new development (\$2,304,975) divided by the growth in population (7,520 people) produces the improvement fee for the first category of capital improvements, \$307 per capita.

The second category of capital improvements is the maintenance facility. This facility will be used to store park maintenance equipment, office area for the parks maintenance personnel, and repair facilities. Since it will be used to service parks and City-owned buildings that are not park related (e.g., City Hall), we proportion the total cost \$250,000 to parks (\$175,000) and to other purposes (75,000). EFA then allocated the parks portion, \$175,000 to all parks by using the total forecast population, 21,400 people. In essence, only 35 percent of the cost is allocated to future development by the SDC. The cost per capita for new development is \$8.18.

The sum of the two categories of improvement fee per capita, \$307 plus \$8 is rounded to \$315 per capita. The expected household size is 2.5 persons per housing unit. The improvement fee per housing unit is rounded to \$790, $\$315 \times 2.5$ persons per housing unit. The SDC/housing unit is rounded up to the nearest \$5, from \$787.50 to \$790.

The sum of the reimbursement fee (\$0/housing unit) and the improvement fee (\$790/housing unit) is the parks systems development charge of \$790 per housing unit.

IMPLEMENTATION AND CREDITS

Since the parks SDC is an improvement fee only, it should be adjusted annually for inflation. Two measures of inflation are relevant: improvement costs and land costs. At least in the short run, land prices likely will increase more rapidly than the price of improvements. To account for these different rates of inflation we develop two cost adjustments.

Table 6 shows the allocation of total costs for capital improvements broken out by category of park and by land and improvements. About 40 percent of the total cost for SDC-eligible park facilities is for land.

Table 6: Land and Improvement Costs

	Land	Improvements	Total
Category 1	1,250,000	1,780,071	3,030,071
Category 2		175,000	175,000
Total	1,250,000	1,955,071	3,205,071

Note: The land value excludes land to be acquired with grants from Metro

The City already adjusts its other SDCs (sewer, water, storm water, and transportation) using the Construction Cost Index (CCI) as published by McGraw Hill in the magazine *Engineering News-Record*. The cost of capital improvements in parks is subject to the same inflation as affects the other public facilities. The City should as it adjusts the other SDCs adjust the cost of park facilities in the SDC.

Land acquisition is a major cost component in the park system but is only an ancillary cost in lists of capital improvements for the other SDCs. Also, in parks the opportunities for credits largely stems from developers offering land in exchange for payment of the parks SDC. The City will be expected to offer park SDC credits valued at the cost of land. Therefore, it is in the City's interest to keep the land component of its capital improvements list current to the market.

There is not a published and scientifically measured cost index for land in local land markets such as Troutdale. A cost index for land does not exist that is comparable to the CCI for capital improvements. To obtain a reasonable estimate, the City should contact the Multnomah County Assessor's office and ask the office's chief residential appraiser to provide an estimate of cost escalation for undeveloped single-family residential property. This measure will provide at least a more reasonable estimate of how much land is escalating in price, than the CCI will provide. Most of the land the City wants to acquire for parks is undeveloped land in residential areas. The Assessor's office determines the market value of land annually as a means of determining the assessed value for ad valorem taxation.

The SDC can be updated annually by using the Construction Cost Index (CCI) and the rate of increase in residential land values (r). To update the SDCs annually, obtain the CCI and r and apply them to the equation:

$$SDC/Capita_{nextyear} = \frac{C_{lastyear}^{land} \times (1 + r)}{7,520} + \frac{C_{lastyear}^{Imp1} \times \frac{CCI_{lastyear}}{CCI_{thisyear}}}{7,520} + \frac{C_{lastyear}^{Imp2} \times \frac{CCI_{lastyear}}{CCI_{thisyear}}}{21,400}$$

Where:

$C_{lastyear}$ is the cost of land or improvements for category 1 or improvements for category 2 as shown in Table 6 as adjusted in the previous year. For example, next year the $C_{lastyear}$ for land will be that shown in Table 6, \$1,250,000. Let's assume the r (rate of inflation for land) was 10 percent this year. The new value will be \$1,375,000 or, \$1,250,000 x (1 + 10%). In the following year $C_{lastyear}$ will equal \$1,375,000. Also, the $C_{lastyear}^{Imp1}$ refers to the category 1 improvement costs, which excludes the maintenance facility. The $C_{lastyear}^{Imp2}$ refers to the category 2 improvement, namely the maintenance facility.

CCI is the Construction Cost Index

Notice that the equation recalculates the SDC/Capita for next year so that the differences between the category 1 and category 2 capital improvements is maintained. To obtain the SDC/housing unit multiply the SDC/Capita by 2.5 persons per household.

The credits for park SDCs are generally described in the City's SDC Ordinance. Most of the opportunities for a parks SDC credit are dedication of land. The City will have to carefully consider land dedications to make sure any offer of land in exchange for credits is land that meets a specific park purpose as described in its *Parks Recreation and Greenways Plan*. If a proposed dedication does not provide useful land for parks, it should not be accepted, nor a credit given for it.

SDC Comparison of Similar Metro Municipalities

NOTE: In certain municipalities, some of the above/below fees include SDC's charged to customers within the city limits by regional utility providers (ie Clean Water Services). Such fees are collected by the municipality on behalf of the regional provider.

2/27/2002 System Development Charges for a Single Family Dwelling (Ranked)							
Rank	Municipality	Water	Sanitary	Roads	Storm	Parks	TOTAL
1	Sherwood	\$3,007.00	\$2,465.85	\$2,486.00	\$583.70	\$3,988.00	\$12,530.55
2	Wilsonville	\$5,796.00	\$1,504.00	\$2,693.00	\$89.00	\$2,142.00	\$12,224.00
3	Troutdale (proposed)	\$949.00	\$4,391.00	\$589.00	\$920.00	\$811.00	\$7,660.00
4	Tualatin	\$940.00	\$2,300.00	\$2,260.00	\$275.00	\$1,400.00	\$7,175.00
5	Forest Grove	\$1,000.00	\$2,300.00	\$2,260.00	\$290.00	\$1,295.00	\$7,145.00
6	Gresham	\$2,200.00	\$1,900.00	\$1,201.90	\$803.00	\$1,038.00	\$7,142.90
7	Fairview	\$2,056.00	\$2,127.00	\$0.00	\$0.00	\$1,030.53	\$5,213.53
8	Wood Village	\$336.00	\$2,798.00	\$0.00	\$0.00	\$0.00	\$3,134.00
9	Gladstone	\$1,248.71	\$186.59	\$964.07	\$0.00	\$0.00	\$2,399.37
10	Milwaukie	\$1,065.00	\$893.00	\$141.40	\$0.00	\$0.00	\$2,099.40
	AVG (with zeros)	\$1,859.77	\$2,086.54	\$1,259.54	\$296.07	\$1,170.45	\$6,672.38
	MEDIAN	\$1,156.86	\$2,213.50	\$1,730.95	\$436.85	\$1,295.00	\$7,143.95
	MIN (non-zero)	\$336.00	\$186.59	\$141.40	\$89.00	\$811.00	\$2,099.40
	MAX (non-zero)	\$5,796.00	\$4,391.00	\$2,693.00	\$920.00	\$3,988.00	\$12,530.55

NOTE: The above chart shows municipalities ranked according to the total SDC for a single family dwelling. The highest total is rank one.