City of Sherwood Oregon

Resolution 2004-077

A RESOLUTION UPDATING THE CITY OF SHERWOOD PARKS AND RECREATION SYSTEM DEVELOPMENT CHARGES METHODOLOGY AND RATES, CLARIFYING LEVEL OF SERVICE STANDARDS, AND DECLARING AN EMERGENCY

WHEREAS, City of Sherwood Ordinance 2001-118, Section 1(d) provides that the City may from time to time amend or adopt a new System Development Charges (SDC) Methodology Report by resolution; and

WHEREAS, after adopting the updated parks SDC methodology in March 2004, the City determined that the actual costs for developing community parks were higher than the estimates used for the adopted parks SDC rates, and that the projected number of additional acres for community parks exceeds acreage available for these facilities within the planning area; and

WHEREAS, the City of Sherwood has prepared an updated Parks and Recreation System Development Charges Update Methodology Report (Report), dated June 30, 2004; and

WHEREAS, the Report includes updated SDC rates which reflect the higher costs and lower level of service for community parks;

NOW, THEREFORE, THE CITY RESOLVES AS FOLLOWS:

Section 1. The City of Sherwood hereby adopts the Parks and Recreation System Development Charges Update Methodology Report and SDC rates included within the Report, to be effective September 15, 2004.

Duly passed by the City Council this 14th day of September 2004.

Mark O. Cottle, Mayor

ATTEST:

C.L. Wiley, City Recorder

City of
Sherwood
Oregon

Home of the Tualatin River National Wildlife Refuge

PARKS AND RECREATION SYSTEM DEVELOPMENT CHARGES

UPDATE METHODOLOGY REPORT

as of
June 30, 2004

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Don
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CITY OF SHERWOOD

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. SDCs are authorize for five types of capital facilities including transportation, water, sewer, stormwater, and parks and recreation. The City of Sherwood adopted parks and recreation SDCs in 1991, and last updated the parks SDCs methodology in March 2004.

After adopting the updated parks SDCs methodology in March 2004, the City found that the actual costs for developing community parks were much higher than the estimates used for the adopted parks SDC rates. The City also determined that the projected number of additional acres for community parks exceeds acreage available for these facilities within the planning area. In June 2004, the City engaged Don Ganer & Associates to update the City's Parks and Recreation SDC methodology and rates to reflect revised estimated costs and acreage for community parks. This report presents an updated 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; and (4) 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, section 5.0 presents the calculation of Non-Residential Parks and Recreation SDC Rates, and section 6.0 discusses annual adjustment of the 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 appendix to this report.

2.0 AUTHORITY AND BACKGROUND INFORMATION

A. Legislative Authority

The source of authority for the adoption of SDCs is found both in state statute and the City's own plenary authority to adopt this type of fee. 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..". Additions and modifications to the Oregon Systems Development Act have been made in 1993, 1999, 2001, and 2003. Together, these pieces of legislation require local governments who enact SDCs to:

- Adopt SDCs 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";
- 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).

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, cost, and growth-required percentage 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 decide to charge new development an SDC rate sufficient to pay for some types of facilities but not for others (i.e., neighborhood parks but not trails, etc.), or to pay only a percentage (i.e., 80%, 50%, etc.) of identified growth-required costs. The portion of growth-required costs to be funded with SDCs must be identified in the SDC-CIP.

Because discounts reduce SDC revenues, they increase the amounts that must come from other sources, such as bonds or general fund contributions, in order to achieve or maintain adopted levels of service.

D. 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 projected future population and employment, as applicable. SDC-eligible amounts are calculated based on the costs of 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 and employment, as applicable. This approach works best where a detailed master plan or project list is available and the benefits of projects can be readily apportioned between growth and current users.

(3) Combination/Hybrid Approach

The combination/hybrid-approach includes elements of both the "improvements-driven" and "standards-driven" approaches. Level of Service standards may be used to create a list of planned capacity-increasing projects, and the growth-required portions of projects can then be used as the basis for determining SDC-eligible costs. This approach works best where Levels of Service have been identified and the benefits of individual projects are not easily apportioned between growth and current users.

3.0 PARKS AND RECREATION SDC METHODOLOGY

The Combination/Hybrid approach has been used to develop the updated Parks and Recreation SDC methodology. The *Parks, Recreation and Open Space Master Plan Update 2000 (amended)* includes Recommended Standards for Mini-Parks/Playlots, Neighborhood Parks, Community Parks, Linear Parks, Community Recreation Centers, Indoor Aquatics Facilities, Football/Soccer Fields, Baseball/Softball Fields, Greenspaces/Greenways, Natural Areas and Trails and Connector facilities. These standards have been compared with current levels of service to identify both excess capacity and facility needs. A list of capital improvement projects through the year 2019 has been developed to address the facility needs for the City's projected population and employment in the year 2019. The SDC Capital Improvement Plan (Appendix) includes these projects and identifies the growth-required portion (if any), the estimated timing, and the estimated cost of each project.

Parks and recreation facilities benefit City residents, businesses, non-resident employees, and visitors. The methodology used to update the City's Parks and Recreation SDCs establishes the required connection between the demands of growth 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 statutory requirements 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 the 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. For facilities that are not generally used by employees (e.g., mini-parks/playlots and neighborhood parks), only a residential parks and recreation SDC may be charged. For facilities which benefit both residents and employees (i.e., community parks, etc.), parks and recreation SDCs may be charged to both residential and non-residential development.

A. Population and Employment Growth

The Parks and Recreation SDCs are based on costs per "capita" (person). Estimates of current and projected population and employment within the City of Sherwood were calculated using data from Metro and the Population Research Center at Portland State University.

The 2003 population estimate was provided by the Population Research Center. Metro's projected population for the year 2017 prior to expansion of the UGB was 17,480, and UGB expansion is expected to add 1,227 dwelling units and approximately 3,411 persons between approximately 2017 and 2022. Assuming that approximately 1/5 of these persons will be added in each of the five years, the City's population will total approximately 18,844 in 2019. Employment in Sherwood was 3,861 persons in 2000 and projected employment in 2017 was 11,851 prior to expansion of the UGB. Metro does not anticipate that the UGB expansion will increase employment in Sherwood, so the employment projection for 2019 remains 11,851. The projected increases in population and employment between 2003 and 2019 are shown in Table 3.1, below.

TABLE 3.1

PROJECTED POPULATION AND EMPLOYMENT INCREASES FROM NEW DEVELOPMENT (2003 - 2019)

	2019 (Projected)		Estimated 2003		Projected Increase
Population:	18,844	-	14,050	=	4,794
Employment:	11,851	-	4,275	=	7,576

B. Persons Per Dwelling Unit

The Residential 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.). To determine the appropriate number of persons per dwelling unit, official U.S. Census data gathered in 2000 was analyzed, and the resulting calculations are displayed in Table 3.2, below.

TABLE 3.2

AVERAGE PERSONS PER DWELLING UNIT

Type of Unit	2000 Census Avg. Persons Per Dwelling Unit
Single-Family	2.94
Multi-Family	1.94
Manufactured Housing	2.56

C. Benefit of Facilities

Facility needs 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 Sherwood 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. The parks and recreation facilities discussed in this report are defined in the City's 1991 Parks, Recreation and Open Space Master Plan and the 2000 Parks, Recreation and Open Space Master Plan Update (amended). For purposes of this report, mini-parks and neighborhood parks are considered to be used primarily by residents, rather than by 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, etc., both population and employment were considered when identifying 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, page 9.

TABLE 3.3

ESTIMATES OF AVERAGE DAILY AVAILABILITY OF PARKS AND RECREATION FACILITIES

	Non-Employed Adult (18+)	5-17 Kids	Live In/ Work In	Live In/ Work Out	Live Out/ Work In	Total
Summer (June-Sept)						
Weekday						
Before Work			1		1	2
Meals/Breaks			1		1	2
After Work			2		2	4
Other Leisure	12	12	2	2		28
Sub-Total	12	12	6	2	4	36
Weekend						
Leisure	12	12	12	12	0	48
Sub-Total	12	12	12	12	0	48
Summer Hrs/Day	12	12	7.71	4.86	2.86	39.43
Spring/Fall (April-May, Oct-Nov)						
Weekday						
Before Work			0.5		0.5	1
Meals/Breaks			1		1	2
After Work			1		1	2
Other Leisure	10	4	2	2		18
Sub-Total	10	4	4.5	2	2.5	23
Weekend						
Leisure	10	10	10	10	0	40
Sub-Total	10	10	10	10	0	40
Spring/Fall Hours/Day	10	5.71	6.07	4.29	1.79	27.86
Winter (December-March)						
Weekday						
Before Work			0.5		0.5	1
Meals/Breaks			1		1	2
After Work			0.5		0.5	1
Other Leisure	8	2	1	1		12
Sub-Total	8	2	3	1	2	16
Weekend						
Leisure	8	8	8	8	0	32
Sub-Total	8	8	8	8	0	32
Winter Hours/Day	8	3.71	4.43	3	1.43	20.57
Annual Weighted Avg. Hours	**10**	**7.14**	**6.07**	**4.05**	**2.02**	**29.29**

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, page 9) were applied to population and employment data (2000 Census) to determine the Total Annual Weighted Average Hours for each category of Resident and Employee. The results are displayed in Table 3.4.

TABLE 3.4

TOTAL ANNUAL AVAILABILITY OF PARKS AND RECREATION FACILITIES

	Non-Employed Adult (18+)	5-17 Kids	Live In/ Work In	Live In/ Work Out	Live Out/ Work In	Total
Population & Employment Data (2000 Census)	1,079	2,341	908	5,575	2,953	12,856
Annual Weighted Avg. Hours	10	7.14	6.07	4.05	2.02	29.29
Tot. Annual Weighted Avg. Hrs.	10,790	16,721	5,513	22,565	5,976	62,566

Next, the available hours (from Table 3.4) were allocated between resident hours and non-resident employment hours, as displayed in Table 3.5.

TABLE 3.5

TOTAL RESIDENCE AND NON-RESIDENT EMPLOYMENT RELATED AVAILABILITY OF PARKS AND RECREATION FACILITIES

	Hours	% of Total
Resident		
Non-Employed Adult	10,790	
5-17 Kids	16,721	
Live In/Work In	5,513	
Live In/Work Out	22,565	
sub-total	55,589	90.45%
Non-Resident		
Non-Resident Employee	5,976	9.55%

Finally, the Non-Resident Employee to Resident Parks Demand Ratio was calculated by dividing the total of non-resident employment hours by the total for resident hours (from Table 3.5), with results summarized in Table 3.6, page 10.

TABLE 3.6

NON RESIDENT EMPLOYEE-TO-RESIDENT PARKS DEMAND RATIO

Weighted Average Hours/Non-Resident Employment		Weighted Average Weighted Average Hours/Residents		Non-Resident Employment % to Resident Demand
5,976	÷	55,589	=	10.8%

D. Facility Needs

The Recommended Standards identified in the *Parks, Recreation and Open Space Master Plan Update 2000 (amended)* were used for the mini-park/playlot and neighborhood parks LOS standards The current level of service was used as the LOS standard for community parks. For facilities where no standard was included in the Master Plan, Level of Service (LOS) Standards were developed based on anticipated facility needs at build out. The Master Plan includes standards for some facilities, including Linear Parks, Greenspaces/Greenways, and Natural Areas, which function primarily as open space and offer only limited recreation opportunities. A legal challenge to the collection and use of SDCs for open space is currently on appeal in the courts. In order to avoid potential legal issues, open space facilities are not included in this methodology. The standards, shown in Table 3.7, below, provided objective criteria by which the growth-required portion of facility needs were identified.

TABLE 3.7

LEVEL OF SERVICE (LOS) STANDARDS

Facility Type	LOS Standard (Units per 1,000 persons)
Mini-Park/Playlot	0.50 acre
Neighborhood Park	2.00 acres
Community Park	1.99 acres
Trails and Connectors	0.09miles*
Community Recreation Centers	4,200 sq. ft.**
Indoor Aquatics Facilities	7.50 person load
Baseball/Softball Fields	0.55 fields**
Football/Soccer Fields	0.63 fields**

* standard based on system at build-out: trails and connectors – one system totaling approximately 2 miles.

** a portion of these facilities are located at public schools and are available for non-school, public use approximately 2/3 of available time. School facilities are estimated to be available for use a total of approximately 4,410 hours per year (315 days X 14 hours per day), with exclusive school use for 1,520 hours (20 days X 14 hours, plus 155 days X 8 hours), and non-school use for 2,890 hours (140 days X 14 hours, plus 155 days X 6 hours).

The standards in Table 3.7 have been used to determine facility needs for the City. Table 3.8, page 12, presents a summary of facility needs through the year 2019, both for growth and to repair deficiencies for current residents and employees. Acreages for Mini-Parks/Playlots and for Neighborhood Parks have been combined in Table 3.8, below.

TABLE 3.8

FACILITY NEEDS FOR POPULATION AND EMPLOYMENT GROWTH AND DEFICIENCY REPAIR

Facility Type	Current Inventory	Current Need	Surplus or (Deficiency)	2019 Need	Growth Req. Units
Mini-Parks/Playlots and Neighborhood Parks (acres)	21.30	35.13	(13.82)	47.11	11.99
Dev. Community Parks (acres)	29.23	29.23	0.00	41.10	11.87
Trails and Connectors (miles)	0.00	1.32	(1.32)	1.86	0.54
Community Recreation Centers* (sq. ft.)	85,500.00	61,811.00	23,689.00	86,911.26	1,411.26
Indoor Aquatics Facility (load)	70.00	110.38	(40.38)	155.20	44.82
Baseball/Softball Fields* (each)	7.92	8.10	(0.17)	11.38	3.29
Football/Soccer Fields* (each)	8.58	9.20	(0.62)	12.93	3.74

* some facilities located at schools; needs reflect proportionate availability for public, non-school use approximately 2/3 of the time. School use needs are not included in these numbers.

There are deficiencies in the number of acres of Mini-Parks/Neighborhood Parks; in the miles of Trails and Connectors; in the Indoor Aquatics Facility load; and in the numbers of Baseball/Softball Fields and Football/Soccer Fields available to serve current residents and employees. Improvement fee SDC revenues must be used only for growth needs, and may not be used to remedy existing deficiencies. The City may use improvement fee SDC revenues for Mini-Parks/Neighborhood Parks and Trails and Connectors only in those areas of the City where growth is occurring or is planned, and for the portion of the increase in Indoor Aquatics Facility load capacity, Baseball/Softball Fields, and Football/Soccer Fields needed to serve growth. Alternative non-SDC sources of revenue must be used to repair deficiencies.

There is a surplus in the square footage of Community Recreation Centers, but a portion of these facilities have been acquired and developed by public school funds and are not eligible for a parks reimbursement fee SDC.

E. New Facility Costs

The SDC Capital Improvement Plan (CIP), which is included as an appendix, identifies new facilities needed to serve parks and recreation needs of the City through the year 2019. Table 3.9, below, shows the breakout between residential and non-residential costs for these new facilities.

The costs shown in table 3.9 reflect only parks and recreation facility needs. For facilities that will be used for both school needs and parks and recreation needs, the schools portion of costs are in addition to those shown here. Because employees need fewer facilities than those required for a resident, the residential share of growth costs is 80.2% of the total for those facilities which benefit both residential and non-residential development (i.e., community parks, linear parks, etc.), and 100% for those facilities which benefit residential development only (e.g., mini-parks and neighborhood parks).

TABLE 3.9

RESIDENTIAL AND NON-RESIDENTIAL GROWTH-REQUIRED NEW FACILITY COSTS

Facility	Cost Per Unit	Total New Facility Costs	New Facility Growth Costs	Residential Growth Costs	Non-Residential Growth Costs
Developed Mini-Parks/Playlots and Neighborhood Parks (acres)*	$375,483	$9,691,216	$4,502,041	$4,502,041	$ 0
Developed Community Parks (acres)**	455,483	4,173,685	4,173,685	3,347,296	826,390
Trails and Connectors (miles)***	517,284	962,148	279,333	224,025	55,308
Community Recreation Centers (sq.ft.)	270	381,040	381,040	305,594	75,446
Indoor Aquatics Facilities (load)	30,000	2,556,000	1,344,600	1,078,369	266,231
Baseball/Softball Fields (each)	200,000	692,000	658,000	527,716	130.284
Football/Softball Fields (each)	200,000	872,000	748,000	599,896	148,104
Totals		$19,328,090	$12,086,700	$10,584,938	$1,501,762
Percentage of Growth Costs				87.6%	12.4%

* Mini-Parks/Playlots and Neighborhood Parks are considered to benefit residential population only; cost per unit is based on land at $205,483 per acre and development at $170,000 per acre. Land cost estimate is based on a review of recent similar acquisitions by the cities of Tigard, Tualatin and Hillsboro, and by the Tualatin Hills Park & Recreation District.

** Community Parks cost is based on $205,483 per acre for acquisition and $250,000 for development. Development does not include the costs of sports fields, which are considered separately. Land cost estimate is based on a review of recent similar acquisitions by the cities of Tigard, Tualatin and Hillsboro, and by the Tualatin Hills Park & Recreation District.

*** Trails and Connectors costs include land acquisition at approximately $67,284 per mile (1/2 acre per mile), and development at $450,000 per mile. Land cost estimate is based on a review of recent similar acquisitions by the cities of Tigard, Tualatin and Hillsboro, and by the Tualatin Hills Park & Recreation District.

F. Compliance/Administrative Costs

The City incurs costs in the development and administration of the SDCs and may recoup a portion of those costs in accordance with ORS 223.307(5). Compliance/administrative costs during the 15-year collection period have been estimated as follows:

Building Department Collection Fees (@ 2.5% of SDC per unit):	$325,000
Master Plan Updates (three @ $100,000 each for consulting and staff services)	$300,000
Annual CIP Management, Accounting and Reporting Costs (approximately $10,000 per year for consulting, legal, audit, financial reporting and staff services)	$150,000
SDC Methodology Reviews and Updates (three @ $15,000 each for consulting legal and staff services)	$45,000
Total Estimated 15-year Compliance/Administrative Costs	$820,000

These costs are allocated between population and employment based on the growth share percentages included in Table 3.9, page 12, and are shown in Table 3.10, below.

TABLE 3.10

COMPLIANCE/ADMINISTRATIVE COST ALLOCATIONS

Type of Development	Share of Growth Costs	Estimated 20-year Compliance/ Administrative Costs	Compliance/ Administrative Cost Allocation
Population (Residential)	87.6%	$820,000	$718,116
Employment (Non-residential)	12.4%	$820,000	$101,884

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 improvements cost per capita (Formula 4a, below),
b) the residential improvements cost per dwelling unit (Formula 4b, page 14),
c) the residential SDC tax credit per dwelling unit (Formula 4c, page 15), and
d) the residential SDC per dwelling unit (Formula 4d, page 16).

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

A. Formula 4a: Residential Improvements Cost Per Capita

The residential improvements cost per capita is calculated by dividing the residential portion of growth-required improvements cost (identified in Table 3.9, page 12) and Compliance/Administrative Costs (Table 3.10, page 13) by the increase in the City's population expected to be created by new development through 2019 (from Table 3.1, page 6).

	Residential				Residential
4a.	New Facility Costs	÷	Population Increase	=	Improvements Cost Per Capita

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

TABLE 4.1

RESIDENTIAL IMPROVEMENTS COST PER CAPITA

Service Area	Residential SDC Eligible Costs		Population Increase		Residential Improvements Cost Per Capita
Growth-Required Facilities	$10,584,938	÷	4,794	=	$2,208
Compliance/Administrative Costs	$718,116	÷	4,794	=	$150
Total SDC-Eligible Costs	$11,303,053	÷	4,794	=	$2,358

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

The residential improvements cost per dwelling unit is calculated by multiplying the average number of persons per dwelling unit (from Table 3.2, page 7) by the residential improvements cost per capita (from Table 4.1, above).

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

The results of these calculations are displayed in Table 4.2, page 15.

TABLE 4.2

RESIDENTIAL IMPROVEMENTS COST PER DWELLING UNIT

Type of Dwelling Unit	Average Persons Per Dwelling Unit	X	Total Residential Cost Per Capita	=	Residential Improvements Cost Per Dwelling Unit
Single-Family:	2.94		$2,358		$6,932
Multi-Family:	1.94		$2,358		$4,574
Manufactured Housing:	2.56		$2,358		$6,036

C. Formula 4c: Residential SDC Tax Credit Per Dwelling Unit

Bonds and bank notes have been used in the past for facility acquisitions and development, and will likely be used as a future source for funding a portion of capacity improvements. A portion of bond repayments come from property taxes paid by growth. Therefore, a credit must be calculated to account for these payments in order to avoid charging growth twice; once through the SDC, and a second time through property taxes. A credit has been calculated for each type of dwelling unit based on the following:

- future payments for $7.9 million in 20 year G.O. bonds for park improvements issued in 1996, and a $1.97 million 15 year bank note issued in 2001.
- $7.0M in 20 year G.O. bonds at 5.5 %, $3.5M to be issued in 2007 and $3.5M in 2011.
- 8.0% average annual increase in total City property valuation for taxes,
- 3.0% annual increase in assessed property valuations,
- 3.0% annual inflation (decrease in value of money),
- Average 2003 property valuations for new construction at $200,000 for single family, $75,000 for multi-family, and $85,000 for manufactured housing units ($70,000 for unit, $15,000 for lot)

	Present Value of Future Property Tax Payments	=	SDC Tax Credit Per Dwelling Unit
4c.			

The amounts of these credits are shown in Table 4.3, page 16.

TABLE 4.3

TAX CREDIT PER DWELLING UNIT

Type of Dwelling Unit	Tax Credit Per Dwelling Unit
Single-Family:	$1,945
Multi-Family:	$ 729
Manufactured Housing:	$ 568

D. Formula 4d: Residential SDC Per Dwelling Unit

The residential SDC rate per dwelling unit is calculated by subtracting the tax credit per dwelling unit (Table 4.3, above) from the residential improvements cost per dwelling unit (Table 4.2, page 15).

	Residential		SDC Tax			Residential
4d.	Improvements Cost	-	Credit Per	=		SDC Per
	Per Dwelling Unit		Dwelling Unit			Dwelling Unit

The results of these calculations are shown in Table 4.4, below.

TABLE 4.4

RESIDENTIAL SDC PER DWELLING UNIT

Type of Dwelling Unit	Residential Improvements Cost Per Dwelling Unit	-	SDC Tax Credit Per Dwelling Unit	=	Residential SDC Per Dwelling Unit
Single-Family:	$6,932		$1,945		$4,987
Multi-Family:	$4,574		$ 729		$3,845
Manufactured Housing:	$6,036		$ 568		$5,478

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 Improvements Cost Per Employee (Formula 5a, below),
b) the Tax Credit Per Employee (Formula 5b, page 18); and
c) the Non-Residential SDC Per Employee (Formula 5c, page 18).

The Non-Residential SDC rates include both "improvement fee" and "reimbursement fee" components. The SDC rates are based on costs required for and benefits received by new development only, and do not assume that costs are necessarily incurred for capital improvements when an employer hires an additional employee.

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

The Non-Residential Improvements Cost Per Employee is calculated by dividing the non-residential growth-required new facility costs (from Table 3.9, page 12) by the increase in the City's employment expected to be created by new development through 2019 (from Table 3.1, page 6).

	Non-Residential		Employment		Non-Residential
5a.	Growth-Required	÷	Increase From	=	Improvements Cost
	New Facility Costs		Development		Per Employee

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

TABLE 5.1

NON-RESIDENTIAL IMPROVEMENTS COST PER EMPLOYEE

	Non-Residential SDC Eligible Costs		Employment Increase		Non- Residential Improvements Cost Per Employee
Growth-Required Facilities	$1,501,762	÷	7,576	=	$198
Compliance/Administrative Costs	$101,884	÷	7,576	=	$14
Total SDC-Eligible Costs	$1,603,647	÷	7,576	=	$212

B. Formula 5b: Non-Residential Tax Credit Per Employee

Bonds and bank notes have been used in the past for facility acquisitions and will likely be used as a future source for funding a portion of capacity improvements. A portion of bond repayments come from property taxes paid by growth. Therefore, a credit must be calculated to account for these payments in order to avoid charging growth twice; once through the SDC, and a second time through property taxes. A credit has been calculated for each employee based on the following:

- future payments for $7.9 million in 20 year G.O. bonds for park improvements issued in 1996, and a $1.97 million 15 year bank note issued in 2001.
- $7.0M in 20 year G.O. bonds at 5.5 %, $3.5M to be issued in 2007 and $3.5M in 2011.
- 8.0% average annual increase in total City property valuation for taxes,
- 3.0% annual increase in assessed property valuations,
- 3.0% annual inflation (decrease in value of money),
- Average 2003 property valuation for non-residential (office) development at $45 per square foot,
- An average of 370 square feet per employee (office)

5b.	Present Value of Tax Payments Per Employee	=	Tax Credit Per Employee

The amount of this credit is shown in Table 5.4, below.

TABLE 5.2

TAX CREDIT PER EMPLOYEE

	Tax Credit Per Employee
Present Value of Tax Payments =	$162

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

The non-residential SDC rate per employee is calculated by subtracting the tax credit per employee (from Table 5.2, above) from the improvements cost (Table 5.1, page 17).

5c.	Non-Residential Improvements Cost Per Employee	-	SDC Tax Credit Per Employee	=	Non-Residential SDC Per Employee

The results of these calculations are shown in Table 5.3, below.

TABLE 5.3

NON-RESIDENTIAL SDC PER EMPLOYEE

Improvements Cost Per Employee	-	Tax Credit Per Employee	=	Non-Residential SDC Per Employee
$212		$162		$50

The parks and recreation SDC for a particular non-residential development is 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 5.4, page 20), and
2) multiplying the result (from step 1) by the Non-Residential SDC Per Employee (from Table 5.3, above).

For example, the parks and recreation SDC for a 40,000 square foot office building for services such as finance and real estate would be calculated as follows:

1) 40,000 (sq. ft. building size) ÷ 370 (sq. ft. per employee) = 108 employees,
2) 108 employees X $50 (SDC rate) = $5,400.

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

TABLE 5.4

SQUARE FEET PER EMPLOYEE
(recommended guidelines from *Metro Employment Density Study*)

Standard Industry Classification (SIC)*		Square Feet Per Employee
1 – 19	Ag., Fish & Forest Services; Construction; Mining	590
20	Food & Kindred Products	630
22,23	Textile & Apparel	930
24	Lumber & Wood	640
25, 32, 39	Furniture; Clay, Stone, & Glass; Misc.	760
26	Paper and Allied	1,600
27	Printing, Publishing & Allied	450
28 - 31	Chemicals, Petroleum, Rubber, Leather	720
33, 34	Primary & Fabricated Metals	420
35	Machinery Equipment	300
36, 38	Electrical Machinery, Equipment	400
37	Transportation Equipment	700
40 – 42, 44, 45, 47	Transportation and Warehousing	3,290
43, 46, 48, 49	Communications and Public Utilities	460
50, 51	Wholesale Trade	1,390
52 - 59	Retail Trade	470
60 – 68	Finance, Insurance & Real Estate	370
70 – 79	Non-Health Services	770
80	Health Services	350
81 - 89	Educational, Social, Membership Services	740
90 – 99	Government	530

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

6.0 ANNUAL RATE ADJUSTMENTS

Section 4(f) of the City's Parks and Recreation SDC Ordinance (No. 2001-118) provides for annual adjustment of the SDC rates to account for changes in the costs of acquiring and constructing parks facilities. The SDC rate adjustment factor is based on the change in average market value of residential land in Washington County and the change in construction costs according to the Engineering News Record (ENR) Northwest (Seattle, Washington) Construction Cost Index.

APPENDIX

	SDC CAPITAL IMPROVEMENTS PLAN							page 1 of 4
	City of Sherwood							as of 06/30/04
	Parks and Recreation Facilities							
	2004 - 2019							
			TOTAL	%	SDC-ELIGIBLE	%	OTHER	PROJECT
			PROJECT	GROWTH	PORTION	OTHER	PORTION	FUNDING
	PROJECT	YRS	COST	NEED	OF TOTAL COST	NEED	OF TOTAL COST	SOURCES
1	Mini-Park/Neighborhood Park Site Acquisition	04-08	$1,232,898	100%	$1,232,898	0%	$0	SDC, Grants, Donations
	- acquire approximately 6 acres for							Bonds, Partnerships, LIDs
	mini-parks and neighborhood parks in growth							Sponsorships, Other
	areas of the City planning area							
2	Mini-Park/Neighborhood Park Site Acquisition	04-08	$1,230,843	100%	$1,230,843	0%	$0	SDC, Grants, Donations
	- acquire approximately 5.99 acres for							Bonds, Partnerships, LIDs
	mini-parks and neighborhood parks in growth							Sponsorships, Other
	areas of the City planning area							
3	Mini-Park/Neighborhood Park Development	04-08	$1,020,000	100%	$1,020,000	0%	$0	SDC, Grants, Donations
	- develop approximately 6 acres of							Bonds, Partnerships, LIDs
	mini-parks and neighborhood parks in growth							Sponsorships, Other
	areas of the City planning area							
4	Mini-Park/Neighborhood Park Site Acquisition	04-08	$1,438,381	0%	$0	100%	$1,438,381	Grants, Donations
	- acquire approximately 7 acres for							Bonds, Partnerships, LIDs
	neighborhood parks for non-growth							Sponsorships, Other
	needs in the City planning area.							
5	Mini-Park/Neighborhood Park Development	04-08	$1,190,000	0%	$0	100%	$1,190,000	Grants, Donations
	- develop approximately 7 acres of							Bonds, Partnerships, LIDs
	neighborhood parks for non-growth							Sponsorships, Other
	needs in the City planning area.							

APPENDIX

	SDC CAPITAL IMPROVEMENTS PLAN							page 2 of 4
	City of Sherwood							as of 06/30/04
	Parks and Recreation Facilities							
	2004 - 2019							
			TOTAL	%	SDC-ELIGIBLE	%	OTHER	PROJECT
			PROJECT	GROWTH	PORTION	OTHER	PORTION	FUNDING
	PROJECT	YRS	COST	NEED	OF TOTAL COST	NEED	OF TOTAL COST	SOURCES
6	Baseball/Softball Fields Acquisition/Development	04-08	$292,000	88%	$258,000	12%	$34,000	SDC, Grants, Donations,
	- acquire/develop approximately 1.46 fields in cooperation							Bonds, Partnerships, LIDs
	with school district for growth (1.29) and							Sponsorships, Other
	non-growth (0.17) needs.							
7	Football/Soccer Fields Acquisition/Development	04-08	$472,000	74%	$348,000	26%	$124,000	SDC, Grants, Donations,
	- acquire/develop approximately 2.36 fields in cooperation							Bonds, Partnerships, LIDs
	with school district for growth (1.74) and							Sponsorships, Other
	non-growth (0.62) needs.							
8	Community Recreation Center Acquisition/Developme	09-12	$381,040	100%	$381,040	0%	$0	SDC, Grants, Donations,
	- acquire/develop approximately 1411.26 square feet in							Bonds, Partnerships, LIDs
	cooperation with the school district for growth needs.							Sponsorships, Other
9	Mini-Park/Neighborhood Park Development	09-12	$1,018,300	100%	$1,018,300	0%	$0	SDC, Grants, Donations
	- develop approximately 5.99 acres of							Bonds, Partnerships, LIDs
	mini-parks and neighborhood parks in growth							Sponsorships, Other
	areas of the City planning area							
10	Community Park Development	09-12	$1,500,000	100%	$1,500,000	0%	$0	SDC, Grants, Donations
	- develop approximately 6 acres of community							Bonds, Partnerships, LIDs
	parks on existing land for growth needs.							Sponsorships, Other

	SDC CAPITAL IMPROVEMENTS PLAN							
	City of Sherwood							as of 06/30/04
	Parks and Recreation Facilities							
	2004 - 2019							
			TOTAL	%	SDC-ELIGIBLE	%	OTHER	PROJECT
			PROJECT	GROWTH	PORTION	OTHER	PORTION	FUNDING
	PROJECT	YRS	COST	NEED	OF TOTAL COST	NEED	OF TOTAL COST	SOURCES
11	Mini-Park/Neighborhood Park Site Acquisition	09-12	$1,401,394	0%	$0	100%	$1,401,394	Grants, Donations
	- acquire approximately 6.82 acres for							Bonds, Partnerships, LIDs
	neighborhood parks for non-growth							Sponsorships, Other
	needs in the City planning area.							
12	Community Park Site Acquisition	09-12	$1,206,185	100%	$1,206,185	0%	$0	SDC, Grants, Donations
	- acquire approximately 5.87 acres for community parks							Bonds, Partnerships, LIDs
	for growth needs in the City planning area.							Sponsorships, Other
13	Mini-Park/Neighborhood Park Development	09-12	$1,159,400	0%	$0	100%	$1,159,400	Grants, Donations
	- develop approximately 6.82 acres of							Bonds, Partnerships, LIDs
	neighborhood parks for non-growth							Sponsorships, Other
	needs in the City planning area.							
14	Trails and Connectors Acquisition/Development	13-19	$962,148	29%	$279,333	71%	$682,815	SDC, Grants, Donations,
	- acquire/develop approximately 1.86 miles of							Bonds, Partnerships, LIDs
	trails and connectors to meet growth (0.54) and							Sponsorships, Other
	non-growth (1.32) needs.							
15	Indoor Aquatics Facility Expansion	13-19	$2,556,000	53%	$1,344,600	47%	$1,211,400	SDC, Grants, Donations,
	- expand indoor aquatics facility load capacity by							Bonds, Partnerships, LIDs
	approximately 85.2 persons for growth (44.82)							Sponsorships, Other
	and non-growth (40.38) needs.							

APPENDIX

	SDC CAPITAL IMPROVEMENTS PLAN							page 4 of 4
	City of Sherwood							as of 06/30/04
	Parks and Recreation Facilities							
	2004 - 2019							
			TOTAL	%	SDC-ELIGIBLE	%	OTHER	
			PROJECT	GROWTH	PORTION OF	OTHER	PORTION OF	
	PROJECT	YRS	COST	NEED	TOTAL COST	NEED	TOTAL COST	
16	Community Park Development	13-19	$1,467,500	100%	$1,467,500	0%	$0	SDC, Grants, Donations
	- develop approximately 5.87 acres of community parks							Bonds, Partnerships, LIDs
	for growth needs in the City planning area.							Sponsorships, Other
17	Baseball/Softball Fields Acquisition/Development	13-19	$400,000	100%	$400,000	0%	$0	SDC, Grants, Donations,
	- acquire/develop approximately 2.0 fields in cooperation							Bonds, Partnerships, LIDs
	with the school district for growth needs.							Sponsorships, Other
18	Football/Soccer Fields Acquisition/Development	13-19	$400,000	100%	$400,000	0%	$0	SDC, Grants, Donations,
	- acquire/develop approximately 2.0 fields in cooperation							Bonds, Partnerships, LIDs
	with the school district for growth needs.							Sponsorships, Other
	sub-total	04-08	$6,876,122	59.48%	$4,089,741	40.52%	$2,786,381	
	sub-total	09-12	$6,666,319	61.59%	$4,105,525	38.41%	$2,560,794	
	sub-total	13-19	$5,785,648	67.26%	$3,891,433	32.74%	$1,894,215	
	TOTALS		$19,328,090	62.53%	$12,086,700	37.47%	$7,241,390	
	Mini-Parks/Neighborhood Parks		$9,691,216	46.45%	$4,502,041	53.55%	$5,189,175	
	Community Parks		$4,173,685	100.00%	$4,173,685	0.00%	$0	
	Trails/Connectors		$962,148	29.03%	$279,333	70.97%	$682,815	
	Community Recreation Centers		$381,040	100.00%	$381,040	0.00%	$0	
	Indoor Aquatics Facilities		$2,556,000	52.61%	$1,344,600	47.39%	$1,211,400	
	Baseball/Softball Fields		$692,000	95.09%	$658,000	4.91%	$34,000	
	Football/Soccer Fields		$872,000	85.78%	$748,000	14.22%	$124,000	
	Totals		$19,328,090	62.53%	$12,086,700	37.47%	$7,241,390	