

ORDINANCE No. 2001-1118

**An Ordinance Updating Parks and Recreation System Development Charges on New
Development**

WHEREAS, future growth should contribute its fair share to the cost of improvements and additions to Parks and Recreation facilities that are required to accommodate the needs of such growth; and

WHEREAS, the imposition of system development charges will provide a source of revenue to fund the construction or improvement of Sherwood's facilities necessitated by growth; and

WHEREAS, ORS 223.297 - 223.314, adopted in 1989, authorizes local governments to impose system development charges; and

WHEREAS, system development charges are charges incurred upon the decision to develop property at a specific use, density and/or intensity, and the incurred charge equals, or is less than the actual cost of providing public facilities commensurate with the needs of the chosen use, density, and/or intensity; and

WHEREAS, decisions regarding uses, densities, and/or intensities cause direct and proportional changes in the amount of the incurred charge; and

WHEREAS, system development charges are separate from and in addition to any applicable tax, assessment, charge, fee in lieu of assessment, or other fee provided by law or imposed as a condition of development; and

WHEREAS, system development charges are fees for services because they are based upon a development's receipt of services considering the specific nature of the development; and

WHEREAS, system development charges are imposed on the activity of development, not on the land, owner, or property, and, therefore, are not taxes on property or on a property owner as a direct consequence of ownership of property within the meaning of Section 11b, Article XI of the Oregon Constitution or the legislation implementing that section;

NOW, THEREFORE, the City of Sherwood hereby updates the Parks and Recreation System Development Charges as outlined herein.

Section 1. Scope and Purposes.

- (a) New Development within Sherwood contributes to the need for capacity increases and upgrades to capital improvements for parks and recreation facilities and, therefore, New Development should contribute to the funding for such capital improvements. This SDC will fund a portion of the needed capacity increases for parks and recreation facilities as identified in Sherwood Parks and Recreation SDC Capital Improvements Plan (SDC-CIP).
- (b) The funding provided by this Ordinance constitutes a mandatory collection method based upon ORS 223.297 through 223.314 to assure the construction of capacity increasing improvements to parks and recreation facilities as contemplated in the Parks, Recreation and Open Space Master Plan Update 2000, and the list of projects, referred to as the Parks and Recreation SDC-CIP, to be funded with money collected under this Ordinance and incorporated as an Appendix to the City of Sherwood Parks and Recreation System Development Charges Update Methodology Report, dated May 7, 2001.
- (c) This Ordinance is intended to be a mechanism for financing only that portion of the needed capacity-increasing parks and recreation facilities associated with New Development and does not represent a means to fund maintenance of existing facilities or the elimination of existing deficiencies.
- (d) The City hereby adopts the report entitled "City of Sherwood Parks and Recreation System Development Charges Update Methodology Report", dated _May 7, 2001, and incorporates herein by this reference the assumptions, conclusions and findings in the report which refer to the determination of anticipated costs of capital improvements required to accommodate growth and the rates for the Parks and Recreation SDC for these capital improvements. This report is hereinafter referred to as "SDC Methodology Report." The City may from time to time amend or adopt a new SDC Methodology Report by resolution.

Section 2. Definitions.

- (a) "Accessory dwelling unit" means a second dwelling unit created on a single lot with a single-family or a manufactured housing dwelling unit. The second unit is created auxiliary to, and is always smaller than the single family or manufactured housing unit.
- (b) "Administrator" means that person, or persons, appointed by the City to manage and implement this Parks and Recreation SDC program.
- (c) "Alternative System Development Charge" means an SDC established pursuant to Section 7.
- (d) "Applicant" means the person who applies for a building permit.

- (e) "Building Official" means that person, or designee, certified by the State and designated as such to administer the State Building Codes for the City.
- (f) "Building Permit" means that permit issued by a Building Official pursuant to the State of Oregon Structural Specialty Code Section 301 or as amended, and the State of Oregon One and Two Family Dwelling Code Section R-109 or as amended. In addition, "Building Permit" shall mean a Manufactured Home Installation Permit issued by the Building Official, relating to the placement of manufactured homes in the City.
- (g) "City" means the City of Sherwood, Oregon.
- (h) "City Manager" means that person appointed by City to the position of City Manager.
- (i) "Condition of Development Approval" is any requirement imposed on an Applicant by the City, a City or County land use or limited land use decision, or site plan approval.
- (j) "Construction Cost Index" means the Engineering News Record (Seattle) Construction Cost Index.
- (k) "County" means Washington County, Oregon.
- (l) "Credit" means the amount by which an Applicant may be able to reduce the SDC fee as provided in this Ordinance.
- (m) "Development" means a building or other land construction, or making a physical change in the use of a structure or land, in a manner which increases the usage of parks and recreation capital improvements or which may contribute to the need for additional or enlarged parks and recreation capital facilities.
- (n) "Duplex" means two attached single-family dwelling units on a single lot.
- (o) "Dwelling Unit" means a building or a portion of a building consisting of one or more rooms, which include sleeping, cooking, and plumbing facilities and are arranged and designed as permanent living quarters for one family or household.
- (p) "Improvement Fee" means a fee for costs associated with capital improvements to be constructed after the effective date of this ordinance.
- (q) "Manufactured Housing" means a dwelling unit constructed off-site that has sleeping, cooking and plumbing facilities, that is intended for human occupancy, that is being used for residential purposes,

and that was constructed in accordance with federal manufactured housing construction and safety standards and regulations in effect at the time of construction.

- (r) "Manufactured Housing Park" means any place where four or more manufactured housing dwelling units are located within 500 feet of one another on a lot, tract or parcel of land under the same ownership, the primary purpose of which is to rent or lease space or keep space for rent or lease to any person for a charge or fee paid or to be paid for the rental or lease or use of facilities or to offer space free in connection with securing the trade or patronage of such person. "Manufactured housing park" does not include a lot or lots located within a subdivision being rented or leased for occupancy by no more than one manufactured housing dwelling unit per lot.
- (s) "Multi-Family Housing" means three or more attached dwelling units located on a single lot.
- (t) "New Development" means development for which a Building Permit is required.
- (u) "Over-capacity" means that portion of an improvement that is built larger or with greater capacity than is necessary to serve the Applicant's New Development or mitigate for parks and recreation system impacts attributable to the Applicant's New Development.
- (v) "Parks and Recreation SDC Capital Improvements Plan" also called the Parks and Recreation SDC-CIP, means the City program set forth in the SDC Methodology Report that identifies all of the major parks and recreation system and facilities capacity improvements projected to be funded with Parks and Recreation Improvement Fee SDC revenues.
- (w) "Permit" means a Building Permit.
- (x) "Previous use" means the most intensive use conducted at a particular property within the past 18 months prior to the date of application for a building permit. Where the site was used simultaneously for several different uses (mixed use) then, for the purposes of this Ordinance, all of the specific use categories shall be considered. Where the previous use is composed of a primary use with one or more ancillary uses that support the primary use and are owned and operated in common, that primary use shall be deemed to be the sole use of the property for purposes of this Ordinance.
- (y) "Proposed use," means the use proposed by the Applicant for the New Development. Where the Applicant proposes several different uses (mixed use) for the New Development then, for purposes of this Ordinance, all of the specific use categories shall be considered. Where the proposed use is composed of a primary use with one or more ancillary uses that support the primary proposed use and are owned and operated in common, that primary use shall be deemed to be the sole proposed use of the property for purposes of this Ordinance.

- (z) "Qualified Public Improvement" means any parks and recreation system capital facility or conveyance or an interest in real property that increases the capacity of the City's Parks and Recreation System and is:
- (1) Required as a condition of development approval;
 - (2) Identified in the City's Parks and Recreation SDC-CIP; and
 - (3)
 - (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, in the opinion of the Administrator, is required to be built larger or with greater capacity (over-capacity) than is necessary for the Applicant's New Development or mitigate for parks and recreation system impacts attributable to the Applicant's New Development. There is a rebuttable presumption that improvements built to the City's minimum standards are required to serve the Applicant's New Development and to mitigate for parks and recreation system impacts attributable to the Applicant's New Development.
- (z) "Remodel" or "remodeling" means to alter, expand or replace an existing structure.
- (aa) "Row house" means an attached single-family dwelling unit on a single lot.
- (bb) "Single-family dwelling unit" means one detached dwelling unit, or one-half of a duplex, or one row house; constructed on-site, and located on a single lot.
- (cc) "SDC Methodology Report" means that report entitled *Sherwood Parks and Recreation System Development Charges Update Methodology Report*, dated May 7, 2001.

Section 3. Rules of Construction.

For the purposes of administration and enforcement of this Ordinance, unless otherwise stated in this Ordinance, the following rules of construction shall apply:

- (a) In case of any difference of meaning or implication between the text of this Ordinance and any caption, illustration, summary table, or illustrative table, the text shall control.
- (b) The word "shall" is always mandatory and not discretionary; the word "may" is permissive.
- (c) Words used in the present tense shall include the future; words used in the singular number shall include the plural and the plural the singular, unless the context clearly indicates the contrary.

- (d) The phrase "used for" includes "arranged for", "designed for", "maintained for", or "occupied for".
- (e) Where a regulation involves two or more connected items, conditions, provisions, or events:
 - (1) "And" indicates that all the connected terms, conditions, provisions or events shall apply;
 - (2) "Or" indicates that the connected items, conditions, or provisions or events may apply singly or in any combination.
- (f) The word "includes" shall not limit a term to the specific example, but is intended to extend its meaning to all other instances or circumstances of like kind or character.

Section 4. Application.

This Ordinance applies to all New Development throughout Sherwood. The amount of the Parks and Recreation SDC shall be calculated according to this Section, with rates as outlined in the SDC Methodology Report.

- (a) Except as otherwise provided in this Ordinance, the Parks and Recreation SDC set forth herein shall be imposed upon all New Development for which a technically complete Application is filed on or after the effective date of this ordinance.
- (b) Except as otherwise provided in this Ordinance, manufactured housing shall be charged at the manufactured housing SDC rate, irrespective of location.
- (c) Except as otherwise provided in this Ordinance, accessory dwelling units shall be charged at one-half the single family housing SDC rate.
- (d) The Applicant shall at the time of Application provide the Administrator with the information requested on an SDC application form regarding the previous and proposed use(s) of the New Development, including a description of each of the previous and proposed uses for the property for which the Building Permit is being sought, with sufficient detail to enable the City to calculate the number of employees and dwelling units under the previous use and for the proposed use(s) of the New Development.
 - (1) For residential uses: the number of residential dwelling units, including type (i.e., single family, multi-family, etc.) for the previous and proposed use(s) of the New Development.
 - (2) For commercial uses: the square footage for each type of non-residential use (i.e., office, warehouse, retail, etc.) for the previous and proposed use(s) of the New Development.

- (e) Except as otherwise provided in this Ordinance, the amount of the SDC shall be determined by calculating the SDC amount that would have been imposed for the previous use(s) of the property and the SDC amount for the proposed use(s).
- (f) Notwithstanding any other provision, the dollar amounts of the SDC set forth in the SDC Methodology Report shall on January 1st of each year be adjusted to account for changes in the costs of acquiring and constructing parks facilities. The adjustment factor shall be based on:
 - (1) the change in average market value of residential land in the City, according to the records of the Washington County Tax Assessor,
 - (2) the portion of growth costs for land identified in the SDC-CIP
 - (3) the change in construction costs according to the Engineering News Record (ENR) Northwest (Seattle, Washington) Construction Cost Index, and
 - (4) the portion of growth costs for construction identified in the SDC-CIP,

The adjustment shall be determined as follows:

$$\begin{aligned}
 & \text{Change in Land Value X Land Portion} \\
 + & \text{ Change in Construction Cost Index X Construction Portion } \\
 = & \text{ Parks System Development Charge Adjustment Factor}
 \end{aligned}$$

The Parks System Development Charge Adjustment Factor shall be used to adjust the Parks System Development Charge, unless it is otherwise adjusted by the City based on adoption of an updated methodology.”

Section 5. Partial and Full Exemptions.

The uses listed and described in this Section shall be exempt, either partially or fully, from payment of the Parks and Recreation SDC. Any Applicant seeking an exemption under this Section shall specifically request that exemption no later than the time of application for the Building Permit. Where New Development consists of only part of one or more of the uses described in this Section, only that/those portion(s) of the development which qualify under this Section are eligible for an exemption. The balance of the New Development which does not qualify for any exemption under this Section shall be subject to the full SDC. Should the Applicant dispute any decision by the City regarding an exemption request, the Applicant must apply for an Alternative Exemption calculation under Section 7. The Applicant has the burden of proving entitlement to any exemption so requested.

- (a) Temporary uses are fully exempt so long as the New Development use or structure will be used for not more than 180 days in a single calendar year.

- (b) Alteration permits for tenant improvements are fully exempt except when a change of use occurs.
- (c) New Development which, in the Administrator's opinion, will not create demands on the parks and recreation system greater than those of the present use of the property are fully exempt.

Section 6. SDC Credits

- (a) The City shall grant a credit against the Parks and Recreation SDC, which is otherwise assessed for a New Development, for any Qualified Public Improvement(s) constructed or dedicated as part of that New Development. The Applicant bears the burden of evidence and persuasion in establishing entitlement to an SDC Credit and to a particular value of SDC Credit.
- (b) To obtain an SDC Credit, the Applicant must specifically request a credit prior to the City's issuance of a building permit for the New Development. In the request, the Applicant must identify the improvement(s) for which credit is sought and explain how the improvement(s) meet the requirements for a Qualified Public Improvement. The Applicant shall also document, with credible evidence, the value of the improvement(s) for which credit is sought. If, in the Administrator's opinion, the improvement(s) is a Qualified Public Improvement, and the Administrator concurs with the proposed value of the improvement(s), and SDC Credit shall be granted. The value of the SDC Credits under this Section shall be determined by the Administrator based on the cost of the Qualified Public Improvement, or the value of land dedicated, as follows:
 - (1) For dedicated lands, the value shall be based upon a written appraisal of fair market value by a qualified, professional appraiser based upon comparable sales of similar property between unrelated parties in an arms-length transaction;
 - (2) For improvements yet to be constructed, value shall be based upon the anticipated cost of construction. Any such cost estimates shall be certified by a professional architect or engineer or based on a fixed price bid from a contractor ready and able to construct the improvement(s) for which SDC Credit is sought;
 - (3) For improvements already constructed, value shall be based on the actual cost of construction as verified by receipts submitted by the Applicant;
 - (4) For all improvements for which credit is sought, only the fraction of over-capacity in the improvement is eligible for SDC Credit.
- (c) The Administrator will respond to the Applicant's request in writing within 21 days of when the request is submitted. The Administrator shall provide a written explanation of the decision on the SDC Credit request.

- (d) If the Applicant disputes the Administrator's decision with regard to an SDC credit request, including the amount of the credit, the Applicant may seek an alternative SDC Credit calculation under Section 7. Any request for an Alternative SDC Credit calculation must be filed with the Administrator in writing within 10 calendar days of the written decision on the initial credit request.
- (e) Where the amount of an SDC Credit approved by the Administrator under this Section exceeds the amount of the Parks and Recreation SDC assessed by the City upon a New Development, the excess credit may be applied against parks and recreation SDC's that accrue in subsequent phases of the original development project. Any excess credit must be used not later than ten years from the date the credit is given.

Section 7. Alternative Calculation for SDC Rate, Credit, or Exemption.

- (a) Pursuant to this Section, an applicant may request an alternative SDC rate calculation, alternative SDC credit determination, or alternative SDC exemption, under the following circumstances:
 - (1) The Applicant believes that the impact on parks and recreation facilities resulting from the New Development is, or will be, less than that contemplated in the SDC Methodology Report, and for that reason, the Applicant's SDC should be lower than that calculated by the City.
 - (2) The Applicant believes that property taxes paid by the property subject to development is, or will be, more than is provided by the credit for tax payments included in the SDC Methodology Report, and for that reason, the Applicant's SDC should be lower than that calculated by the City.
 - (3) The Applicant believes the City improperly excluded from consideration a Qualified Public Improvement that would qualify for credit under Section 6, or the City accepted for credit a Qualified Public Improvement, but undervalued that improvement and therefore undervalued the credit.
 - (4) The Applicant believes the City improperly rejected a request for an exemption under Section 5 for which the Applicant believes it is eligible.
- (b) Alternative SDC Rate Request:
 - (1) If an Applicant believes that the assumptions for the class of structures that includes the New Development are not appropriate for the subject New Development, the Applicant must request an alternative SDC rate calculation, under this Section, no later than the time of issuance of a Building Permit for the New Development. Alternative SDC rate calculations for occupancy

must be based on analysis of occupancy of classes of structures, not on the intended occupancy of a particular New Development.

(2) In support of the Alternative SDC Rate request, the Applicant must provide complete and detailed documentation, including verifiable data, analyzed and certified by a suitable and competent professional. The Applicant's supporting documentation must rely upon generally accepted sampling methods, sources of information, cost analysis, demographics, growth projections, and techniques of analysis as a means of supporting the proposed alternative SDC rate. The proposed Alternative SDC Rate calculation shall include an explanation with particularity why the rate established in the SDC Methodology does not accurately reflect the New Development's impact on the City's capital improvements.

(3) The Administrator shall apply the Alternative SDC Rate if, in the Administrator's opinion, the following are found:

(i) The evidence and assumptions underlying the Alternative SDC Rate are reasonable, correct and credible and were gathered and analyzed in compliance with generally accepted principles and methodologies consistent with this Section, and

(ii) The calculation of the proposed Alternative SDC rate was by a generally accepted methodology, and

(iii) the proposed alternative SDC rate better or more realistically reflects the actual impact of the New Development than the rate set forth in the SDC Methodology Report.

(4) If, in the Administrator's opinion, all of the above criteria are not met, the Administrator shall provide to the Applicant (by Certified mail, return receipt requested) a written decision explaining the basis for rejecting the proposed alternative Parks and Recreation SDC Rate.

(c) Alternative SDC Credit Request:

(1) If an Applicant has requested an SDC Credit pursuant to Section 6 and that request has been denied by the City, the Applicant may request an Alternative SDC Credit calculation, under this Section, no later than the time of issuance of a building permit.

(2) In support of the Alternative SDC Credit request, the Applicant must provide complete and detailed documentation, including appraisals, cost analysis or other estimates of value, analyzed and certified to by an appropriate professional, for the improvements for which the Applicant is seeking credit. The Applicant's supporting documentation must rely upon generally accepted

sources of information, cost analysis, and techniques of analysis as a means of supporting the proposed Alternative SDC Credit.

(3) The Administrator shall apply the Alternative SDC Credit if, in the Administrator's opinion, the following are found:

(i) The improvement(s) for which the SDC Credit is sought are Qualified Public Improvement(s), and

(ii) The evidence and assumptions underlying the Applicant's Alternative SDC Credit request are reasonable, correct, and credible and were gathered and analyzed by an appropriate competent professional in compliance with generally accepted principles and methodologies, and

(iii) the proposed Alternative SDC Credit is based on realistic, credible valuation or benefit analysis.

(4) If, in the Administrator's opinion, any one or more of the above criteria is not met, the Administrator shall deny the request and provide to the Applicant (by Certified mail, return receipt requested) a written decision explaining the basis for rejecting the proposed Alternative Parks and Recreation SDC Credit proposal.

(d) Alternative SDC Exemption Request:

(1) If an Applicant has requested a full or partial exemption under Section 5 and that request has been denied, the Applicant may request an Alternative SDC Exemption under this Section, no later than the time of issuance of a Building Permit for the New Development.

(2) In support of the Alternative SDC Exemption request, the Applicant must provide complete and detailed documentation demonstrating that the Applicant is entitled to one of the exemptions described in Section 5.

(3) The Administrator shall grant the exemption if, in the Administrator's opinion, the Applicant has demonstrated with credible, relevant evidence that it meets the pertinent criteria in Section 5.

(4) Within 21 days of the Applicant's submission of the request, the Administrator shall provide a written decision explaining the basis for rejecting or accepting the request.

Section 8. Due Date of Payment of SDC Charges.

The Parks and Recreation SDC required by this Ordinance to be paid is due upon issuance of the Building Permit.

Section 9. Refunds.

Refunds may be given by the Administrator upon finding that there was a clerical error in the calculation of the SDC. Refunds shall not be allowed for failure to timely claim credit or for failure to timely seek an Alternative SDC Rate calculation at the time of submission of an Application for a Building Permit. The City shall refund to the Applicant any SDC revenues not expended within ten (10) years of receipt.

Section 10. Dedicated Accounts and Appropriate Use of Accounts.

- (a) All monies derived from the Parks and Recreation Improvement Fee SDC shall be placed in the Parks and Recreation SDC Improvement Fee Account and shall be used solely for the purpose of providing capacity-increasing capital improvements as identified in the adopted Parks and Recreation SDC-CIP as it currently exists or as hereinafter amended, and eligible administrative costs. All monies derived from the Parks and Recreation Reimbursement Fee SDC shall be placed in the Parks and Recreation SDC Reimbursement Fee Account and shall be used solely for the purpose of providing capital improvements to the parks and recreation system as identified in the adopted Parks and Recreation SDC-CIP as it currently exists or as hereinafter amended, and eligible administrative costs. In this regard, these SDC revenues may be used for purposes that include:
- (1) design and construction plan preparation;
 - (2) permitting;
 - (3) land and materials acquisition, including any costs of acquisition or condemnation;
 - (4) construction of parks and recreation capital improvements;
 - (5) design and construction of new drainage facilities required by the construction of parks and recreation capital improvements and structures;
 - (6) relocating utilities required by the construction of improvements;
 - (7) landscaping;
 - (8) construction management and inspection;
 - (9) surveying, soils and material testing;

- (10) acquisition of capital equipment that is an intrinsic part of a facility;
 - (11) demolition that is part of the construction of any of the improvements on this list;
 - (12) payment of principal and interest, necessary reserves and costs of issuance under any bonds or other indebtedness issued by the City to provide money to construct or acquire parks and recreation facilities;
 - (13) direct costs of complying with the provisions of ORS 223.297 to 223.314, including the consulting, legal, and administrative costs required for developing and updating the system development charges methodologies and capital improvement program; and the costs of collecting and accounting for system development charges expenditures.
- (b) Money on deposit in the Parks and Recreation SDC Accounts shall not be used for:
- (1) any expenditure that would be classified as a maintenance or repair expense; or
 - (2) costs associated with the construction of administrative office facilities that are more than an incidental part of other capital improvements; or
 - (3) costs associated with acquisition or maintenance of rolling stock.

Section 11. Challenges and Appeals.

- (a) For purposes of this Ordinance, any citizen or other interested person is an aggrieved party under OCMC 13.20.070(C) and may challenge the expenditure of SDC revenues by filing a challenge to the expenditure with the Administrator within two years after the date of the disputed SDC revenue expenditure. The fee for filing such a challenge shall be \$50.
- (b) Except where a different time for an Administrator's decision is provided in this Ordinance, all Administrator decisions shall be in writing and shall be delivered to the Applicant within 21 days of an application or other Applicant request for an Administrator determination. Delivery shall be deemed complete upon the earlier of actual delivery to the Applicant or upon deposit by the Administrator by certified mail, addressed to the address for notice Applicant has designated in the Application. Any person may appeal to the City Council any decision of the Administrator made pursuant to this Ordinance by filing a written request with the Administrator within fourteen (14) days after the delivery of the Administrator's written decision to the Applicant. The fee for appealing a decision to the City Council shall be \$ 50. The appeal to be filed with the City Council and should contain the following information:

- (1) The name and address of the applicant;
 - (2) The legal description of the property in question;
 - (3) If issued, the date the building permit was issued;
 - (4) A brief description of the nature of the development being undertaken pursuant to the building permit;
 - (5) If paid, the date the system development charges were paid; and
 - (6) A statement of the reasons why the applicant is appealing a decision.
- (c) Upon receipt of such request, the City shall schedule a hearing before the City Council at a regularly scheduled meeting or a special meeting called for the purpose of conducting the hearing and shall provide the applicant written notice of the time and place of the hearing. Such hearing shall be held within twenty-one (21) days of the date the appeal was filed.
- (d) The City Council shall conduct a hearing in a manner designed to obtain all information and evidence relevant to the requested hearing. Formal rules of civil procedures and evidence shall not be applicable; however, the hearing shall be conducted in a fair and impartial manner with each party having an opportunity to be heard and to present information and evidence.
- (e) Any applicant who appeals a decision pursuant to this Section and desires the immediate issuance of a building permit shall pay prior to or at the time the request for hearing is filed the applicable system development charges pursuant to Section 4. Said payment shall be deemed paid under "protest" and shall not be construed as a waiver of any review rights.
- (f) An applicant may appeal a decision under this Section without paying the applicable system development charges, but no building permit shall be issued until such system development charges are paid in the amount initially calculated or the amount approved upon completion of the review provided in this Section.
- (g) The City Council shall decide an appeal within sixty (60) days of the date of the appeal to the City Council and that decision may be reviewed under ORS 34.010 to 34.100, and not otherwise.

Section 12. City Review of SDC.

- (a) No later than every two (2) years as measured from initial enactment, the City shall undertake a review to determine that sufficient money will be available to help fund the Parks and Recreation SDC-CIP

identified capacity increasing facilities; to determine whether the adopted SDC rates keep pace with inflation, whether the Parks and Recreation SDC-CIP should be modified, and to ensure that such facilities will not be over funded by the SDC receipts.

- (b) In the event that during the review referred to above, it is determined that an adjustment to the SDC is necessary for sufficient funding of the Parks and Recreation SDC-CIP improvements listed in the SDC Methodology Report, or to ensure that such Parks and Recreation SDC-CIP improvements are not over funded by the SDC, the City Council may propose and adopt appropriately adjusted SDC's.
- (c) The City may from time to time amend or adopt a new SDC Methodology Report by resolution.

Section 13. Time Limit on Expenditure of SDC's.

The City shall expend SDC revenues within ten (10) years of receipt.

Section 14. Implementing Regulations; Amendments.

The City Manager may adopt regulations to implement the provisions of this Ordinance.

Section 15. Amendment of the Parks and Recreation SDC-CIP List.

The City may, by resolution, amend its Parks and Recreation SDC-CIP list, as set forth in the SDC Methodology Report, from time to time to add or remove projects the City deems appropriate. The Administrator may, at any time, change the timing, sequence, or cost estimates for projects included in the Parks and Recreation SDC-CIP list.

Section 16. Severability.

The provisions of this Ordinance are severable, and it is the intention to confer the whole or any part of the powers herein provided for. If any clause, Section or provision of this Ordinance shall be declared unconstitutional or invalid for any reason or cause, the remaining portion of this Ordinance shall be in full force and effect and be valid as if such invalid portion thereof had not been incorporated herein. It is hereby declared to be the legislative intent that this Ordinance would have been adopted had such an unconstitutional provision not been included herein.

Section 17. Amendment of Ordinance No. 91-927

This ordinance is intended to be comprehensive with regard to the Parks and Recreation System Development Charges. The provisions of this ordinance shall control over ordinance No. 91-927. Ordinance No. 91-927 is amended by removing all references to "Parks" and/or "Recreation".

Section 18. Emergency

This ordinance being necessary for the immediate preservation of the public health, safety, and welfare, an emergency is declared to exist and this Ordinance shall take effect immediately upon its passage.

ADOPTED this 22nd day of May, 2001.

	AYE	NAY
Heironimus	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Durrell	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Claus	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Weeks	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Mays	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Fox	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Cottle	<input checked="" type="checkbox"/>	<input type="checkbox"/>



Mark O. Cottle, Mayor

ATTEST:



C.L. Wiley, City Recorder



City of
Sherwood
Oregon

**PARKS AND RECREATION
SYSTEM DEVELOPMENT CHARGES**

UPDATE METHODOLOGY REPORT

as of
May 7, 2001

15418 NW White Fox Dr. ☯ Beaverton, Oregon 97006 ☯ 503-690-8981

**Don
Ganer &
Associates**

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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 SDC rates in 1993.

In 2000, the City of Sherwood prepared a Parks, Recreation, and Open Space Master Plan Update which identifies anticipated parks facility needs through "build-out" in the year 2019. In March 2001, the City engaged Don Ganer & Associates to update the City's Parks and Recreation SDC methodology and rates to reflect growth-required facility needs identified in the Master Plan. 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; (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 appendix 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 and HB 3172, passed in 1993 and 1999, respectively, include additional statutory provisions regarding SDCs. 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 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 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. Guiding Concepts

The Oregon Revised Statutes provide the source of authority for the adoption of SDCs. There is some dispute whether SDCs are also subject to the requirements of 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 SDCs 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 2.0 acres per 1,000 persons, new development can only be charged a fee sufficient to provide facilities for new residents at 2.0 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 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 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 *Parks, Recreation and Open Space Master Plan Update 2000* includes Level of Service Standards for Mini-Parks/Playlots, Neighborhood Parks, Community Parks, Linear Parks, Greenspaces/Greenways, Natural Areas and Trails and Connector facilities. In addition, the City has a Recreation Center and Indoor Swimming Pool facilities for which the current level of service and anticipated future needs have been identified. These level of service standards have been used to identify both excess capacity and facility needs. A list of capital improvement projects through the year 2010 has been developed to address the facility needs for the City's projected population and employment in the year 2010. 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 "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.

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, linear parks, trails and connectors, 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 2000 population estimate was provided by the Population Research Center. Metro anticipates the projected population for the year 2017 will achieve build-out, so the City's build-out population estimate (17,480) was used to determine the anticipated average annual rate of population increase between 2000 and 2017 (2.12%). A projected population of 15,089 for the year 2010 was determined based on a 2.12% average increase per year between 2000 and 2010. Metro estimated employment in Sherwood at 2,309 persons in 1994 and projects employment of 11,851 in 2017, for an average annual rate of growth of 7.37%. Both the 2000 employment estimate of 3,538 persons and the 2010 projection of 7,204 were calculated based on average annual increases of 7.37%. The projected increases in population and employment between 2000 and 2010 are shown in Table 3.1, below.

TABLE 3.1

**PROJECTED POPULATION AND EMPLOYMENT
INCREASES FROM NEW DEVELOPMENT (2000 - 2010)**

	<u>2010 (Projected)</u>		<u>Estimated 2000</u>		<u>Projected Increase</u>
Population:	15,089	-	12,230	=	2,859
Employment:	7,204	-	3,538	=	3,666

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 1990 was analyzed, and the resulting calculations are displayed in Table 3.2, below.

TABLE 3.2

AVERAGE PERSONS PER DWELLING UNIT

<u>Type of Unit</u>	<u>1990 Census Avg. Persons Per Dwelling Unit</u>
Single-Family	2.79
Multi-Family	1.76
Manufactured Housing	1.95

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 and 2000 Parks, Recreation and Open Space Master Plan updates. 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, trails and connectors, etc., both population and employment were considered in identification of the 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 10.

TABLE 3.3**ESTIMATES OF AVERAGE DAILY
AVAILABILITY OF PARKS AND RECREATION FACILITIES**

	<u>Non-Employed Adult (18+)</u>	<u>5-17 Kids</u>	<u>Live In/ Work In</u>	<u>Live In/ Work Out</u>	<u>Live Out/ Work In</u>	<u>Total</u>
Summer (June-Sept)						
<u>Weekday</u>						
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
<u>Weekend</u>						
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)						
<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		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	0	40
Spring/Fall Hours/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	8	2	1	1		12
Sub-Total	8	2	3	1	2	16
<u>Weekend</u>						
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 Wtd. 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:

$$(\text{Summer Hours/Day} \times 3 [\text{months}] + \text{Spring/Fall Hours/Day} \times 6 + \text{Winter Hours/Day} \times 3) / 12$$

Next, the Annual Weighted Average Hours (from Table 3.3, page 10) 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**

	<u>Non-Employed Adult (18+)</u>	<u>5-17 Kids</u>	<u>Live In/ Work In</u>	<u>Live In/ Work Out</u>	<u>Live Out/ Work In</u>	<u>Total</u>
Population & Emp. Data (1990 Census)	712	667	294	1,183	1,087	3,943
Annual Wtd. Avg. Hours	<u>10</u>	<u>7.14</u>	<u>6.07</u>	<u>4.05</u>	<u>2.02</u>	<u>29.29</u>
Tot. Annual Wtd. Avg. Hrs.	7,120	4,764	1,785	4,788	2,200	20,658

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

TABLE 3.5

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

	<u>Hours</u>	<u>% of Total</u>
<u>Residence Related</u>		
Resident Non-Employee	16,673	80.71%
Resident Employee	<u>1,190</u>	<u>5.76%</u>
sub-total	17,863	86.47%
<u>Employment Related</u>		
Resident Employee	595	2.88%
Non-Resident Employee	<u>2,200</u>	<u>10.65%</u>
sub-total:	2,795	13.53%

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.

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>
17,863 (86.47%)	2,795 (13.53%)	15.6%

D. Facility Needs

The Level of Service standards identified in the *Parks, Recreation and Open Space Master Plan Update 2000* provided the framework for identifying the facilities required to serve new development. These 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

<u>Facility Type</u>	<u>LOS Standard (Units per 1,000 persons)</u>
Mini-Park/Playlot	1.00 acre
Neighborhood Park	2.00 acres
Community Park	2.50 acres
Linear Park	2,403.00 linear feet*
Greenspaces/Greenways	17.22 acres*
Natural Areas	5.49 acres*
Trails and Connectors	0.11 miles*
Recreation Center	3,404.64 sq. ft.**
Indoor Swimming Pool	9.73 person load*

* standards based on systems at build-out: linear parks - 42,000 linear feet, Greenspaces/Greenways - 301 acres, natural areas - 96 acres, trails and connectors - one system totaling approximately 2 miles, indoor swimming pool - 170 person load.
 **standard based on a total of 55,200 sq. ft. in 2010.

Table 3.8, below, presents a summary of facilities needed through 2010 for growth needs and to repair deficiencies for current residents and employees, based on application of the LOS standards identified in Table 3.7. Acreage for Mini-Parks/Playlots and Neighborhood Parks has been combined in Table 3.8.

TABLE 3.8

FACILITY NEEDS FOR POPULATION AND EMPLOYMENT GROWTH AND DEFICIENCY REPAIR

<u>Facility Type</u>	<u>Current Inventory</u>	<u>Current Need</u>	<u>Surplus or (Deficiency)</u>	<u>2010 Need</u>	<u>Growth Req. Units</u>	<u>Def. Repair Req. Units</u>
Mini-Parks/Playlots and Neighborhood Parks (acres)	21.30	36.69	(15.39)	45.27	8.58	15.39
Dev. Community Parks (acres)	29.23	31.95	(2.72)	40.53	8.58	2.72
Linear Parks (linear feet)	0.00	30,712.00	(31,712.00)	38,956.00	8,244.00	31,712.00
Greenspaces/Greenways (acres)	230.00	220.10	9.90	279.19	49.19	0.00
Natural Areas (acres)	94.00	70.20	23.80	89.04	0.00	0.00
Trails and Connectors (miles)	0.00	1.46	(1.46)	1.86	0.40	1.86
Recreation Centers (sq. ft.)	45,000.00	43,517.76	1,482.24	55,200.00	10,200.00	0.00
Indoor Swimming Pool (load)	70.00	124.31	(54.31)	157.68	33.37	54.31

There are deficiencies in the number of acres of Mini-Parks/Neighborhood Parks, developed Community Parks, and Linear Parks; in the miles of Trails and Connectors; and in the Indoor Swimming Pool load 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, Linear 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 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.

There are surpluses in the number of acres of Greenspaces/Greenways, and Natural Areas; and in the number of square feet of Recreation Center. This means there is excess capacity in these facilities available to serve growth, and a reimbursement fee SDC may be charged to new development for the growth-benefit portion of this excess capacity.

E. 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. Table 3.9, shows the number and value of units of excess capacity that will be used by growth through 2010. This table also includes a breakout between residential and non-residential benefits. Because facilities which benefit both residential and non-residential development (i.e., community parks, linear parks, etc.) are available for use by employees less often than for residents, the residential share of the value is 83.3% of the total.

TABLE 3.9

**RESIDENTIAL AND NON-RESIDENTIAL
BENEFITS FROM EXCESS CAPACITY**

<u>Facility</u>	<u>Excess Capacity Units Used*</u>	<u>Value of Excess Capacity</u>	<u>Residential Growth Share</u>	<u>Non-Residential Growth Share</u>
Greenspaces/Greenways (acres)	9.90	99,000	82,498	16,502
Natural Areas (acres)	18.84	188,445	157,035	31,410
Recreation Center (sq. ft.)	1,482.24	<u>222,336</u>	<u>185,278</u>	<u>37,058</u>
Totals		\$ 509,781	\$ 424,811	\$ 84,970

*pro-rata portion of excess capacity that will be used by growth between 2001 and 2010.

F. New Facility Costs

The SDC Capital Improvement Plan (CIP), which is included as an appendix, identifies new facilities to serve both residential and non-residential development through the year 2010. Table 3.10, below, shows the breakout between residential and non-residential costs for these new facilities. Because employees need fewer facilities than those required for a resident, the residential share of growth costs is 83.3% 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 3.10

**RESIDENTIAL AND NON-RESIDENTIAL
GROWTH-REQUIRED NEW FACILITY COSTS**

<u>Facility</u>	<u>Total New Facility Growth Costs</u>	<u>Residential Growth Costs</u>	<u>Non-Residential Growth Costs</u>
Mini-Parks/Neighborhood Parks*	\$ 2,145,000	\$ 2,145,000	\$ 0
Community Parks	858,000	714,714	143,286
Linear Parks	82,440	68,697	13,743
Trails and Connectors	136,500	116,508	16,492
Greenspaces/Greenways	491,900	409,753	82,147
Recreation Centers	1,530,000	1,274,949	255,051
Indoor Swimming Pools	<u>768,789</u>	<u>640,401</u>	<u>128,388</u>
Totals	\$ 6,012,629	\$ 5,370,022	\$ 642,607

* these facilities are considered to benefit residential population only.

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 improvement fee per dwelling unit (Formula 4b, page 16)
- c) the residential reimbursable cost per capita (Formula 4c, page 16)
- d) the residential reimbursement fee per dwelling unit Formula 4d, page 17)
- e) the compliance/administrative fee per dwelling unit (Formula 4e, page 17)
- f) the residential SDC credit per dwelling unit (Formula 4f, page 18), and
- g) the residential SDC per dwelling unit (Formula 4g, page 19).

The Residential SDC rates include both “improvement fee” and “reimbursement fee” components.

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 3.10, page 14) by the increase in the City's population expected to be created by new development during the next ten years (from Table 3.1, page 8).

$$4a. \quad \begin{array}{c} \text{Residential} \\ \text{New Facility} \\ \text{Costs} \end{array} \div \begin{array}{c} \text{Population} \\ \text{Increase} \end{array} = \begin{array}{c} \text{Residential} \\ \text{Improvements Cost} \\ \text{Per Capita} \end{array}$$

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

TABLE 4.1

RESIDENTIAL IMPROVEMENTS COST PER CAPITA

<u>Residential New Facility Costs</u>		<u>Population Increase</u>		<u>Residential Improvements Cost Per Capita</u>
\$ 5,370,022	÷	2,859	=	\$ 1,878

B. Formula 4b: Residential Improvement Fee Per Dwelling Unit

The residential improvement fee per dwelling unit is calculated by multiplying the average number of persons per dwelling unit (from Table 3.2, page 8) by the residential improvements cost per capita (from Table 4.1, page 15).

$$4b. \quad \begin{array}{c} \text{Persons Per} \\ \text{Dwelling Unit} \end{array} \times \begin{array}{c} \text{Residential} \\ \text{Improvements Cost} \\ \text{Per Capita} \end{array} = \begin{array}{c} \text{Residential} \\ \text{Improvement Fee Per} \\ \text{Dwelling Unit} \end{array}$$

The results of these calculations are displayed in Table 4.2:

TABLE 4.2

RESIDENTIAL IMPROVEMENT FEE PER DWELLING UNIT

<u>Type of Dwelling Unit</u>	<u>Average Persons Per Dwelling Unit</u>	X	<u>Residential Improvements Cost Per Capita</u>	=	<u>Residential Improvement Fee Per Dwelling Unit</u>
Single-Family:	2.79		\$1,878		\$ 5,240
Multi-Family:	1.76		\$1,878		\$ 3,305
Manufactured Housing:	1.95		\$1,878		\$ 3,662

C. Formula 4c: Residential Reimbursable Cost Per Capita

The residential reimbursable cost per capita is calculated by dividing the residential share of value of excess capacity 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 ten years (from Table 3.1, page 8).

$$4c. \quad \begin{array}{c} \text{Residential} \\ \text{Share of Excess} \\ \text{Capacity} \end{array} \div \begin{array}{c} \text{Population} \\ \text{Increase} \end{array} = \begin{array}{c} \text{Residential} \\ \text{Reimbursable Cost} \\ \text{Per Capita} \end{array}$$

Table 4.3, page 17, presents the calculation of the facilities cost per capita.

TABLE 4.3

RESIDENTIAL REIMBURSABLE COST PER CAPITA

<u>Residential Share of Excess Capacity</u>		<u>Population Increase</u>		<u>Residential Reimbursable Cost Per Capita</u>
\$ 424,811	÷	2,859	=	\$ 149

D. Formula 4d: Residential Reimbursement Fee Per Dwelling Unit

The residential reimbursement fee per dwelling unit is calculated by multiplying the average number of persons per dwelling unit (from Table 3.2, page 8) by the residential reimbursable cost per capita (from Table 4.3).

$$4d. \quad \begin{array}{l} \text{Persons Per} \\ \text{Dwelling Unit} \end{array} \times \begin{array}{l} \text{Residential} \\ \text{Reimbursable Cost} \\ \text{Per Capita} \end{array} = \begin{array}{l} \text{Residential} \\ \text{Reimbursement Fee Per} \\ \text{Dwelling Unit} \end{array}$$

The results of these calculations are displayed in Table 4.4:

TABLE 4.4

RESIDENTIAL REIMBURSEMENT FEE PER DWELLING UNIT

<u>Type of Dwelling Unit</u>	<u>Average Persons Per Dwelling Unit</u>	X	<u>Residential Reimbursable Cost Per Capita</u>	=	<u>Residential Reimbursement Fee Per Dwelling Unit</u>
Single-Family:	2.79		\$ 149		\$ 416
Multi-Family:	1.76		\$ 149		\$ 262
Manufactured Housing:	1.95		\$ 149		\$ 291

E. Formula 4e: Compliance/Administration Fee 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 compliance/administrative fee is estimated to total approximately 5% of the combined improvement fee and reimbursement fee per dwelling unit.

The compliance/administrative fee per dwelling unit is determined by multiplying the sum of the improvement fee (from Table 4.2, page 16) and reimbursement fee (from Table 4.4, page 17) by 5%.

$$4e. \quad \begin{array}{l} \text{Improvement Fee +} \\ \text{Reimbursement Fee} \\ \text{Per Dwelling Unit} \end{array} \quad \times \quad \begin{array}{l} \text{Compliance/} \\ \text{Administration} \\ \text{Rate} \end{array} \quad = \quad \begin{array}{l} \text{Compliance/} \\ \text{Admin. Fee Per} \\ \text{Dwelling Unit} \end{array}$$

Table 4.5 presents the compliance/administration fee per dwelling unit.

TABLE 4.5
COMPLIANCE/ADMINISTRATION FEE PER DWELLING UNIT

<u>Type of Dwelling Unit</u>	<u>Improvement Fee Per Dwelling Unit</u>	+	<u>Reimbursement Fee Per Dwelling Unit</u>	X	<u>Compliance/ Administration Rate</u>	=	<u>Compliance/ Admin. Fee Dwelling Unit</u>
Single-Family:	(\$ 5,240	+	416)		5%		\$ 283
Multi-Family:	(\$ 3,305	+	262)		5%		\$ 179
Manufactured Housing:	(\$ 3,662	+	291)		5%		\$ 198

F. Formula 4f: Residential SDC Credit Per Dwelling Unit

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 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 \$1.5 million 10 year bank note issued in 1998.
- \$6.0 million in 20 year G.O. bonds at 5.5 % for park improvements to be issued in 2005,
- 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 2000 property valuations for new construction at \$170,000 for single family, \$55,000 for multi-family, and \$85,000 for manufactured housing units (\$75,000 for unit, \$10,000 for lot)

$$4f. \quad \begin{array}{l} \text{Present Value} \\ \text{of Future Property} \\ \text{Tax Payments} \end{array} = \begin{array}{l} \text{SDC} \\ \text{Credit Per} \\ \text{Dwelling Unit} \end{array}$$

The amounts of these credits are shown in Table 4.6.

TABLE 4.6

CREDIT PER DWELLING UNIT

<u>Type of Dwelling Unit</u>	<u>Credit Per Dwelling Unit</u>
Single-Family:	\$1,951
Multi-Family:	\$ 631
Manufactured Housing:	\$ 616

G. Formula 4g: Residential SDC Per Dwelling Unit

The residential SDC rate per dwelling unit is calculated by adding the improvement fee (Table 4.2, page 16), reimbursement fee (Table 4.4, page 17), and compliance/admin. fee (Table 4.5, page 18), and subtracting the credit per dwelling unit (from Table 4.6).

$$4g. \quad \begin{array}{l} \text{Improvement} \\ \text{Fee Per} \\ \text{Dwelling Unit} \end{array} + \begin{array}{l} \text{Reimbursement} \\ \text{Fee Per} \\ \text{Dwelling Unit} \end{array} + \begin{array}{l} \text{Comp./Admin.} \\ \text{Fee Per} \\ \text{Dwelling Unit} \end{array} - \begin{array}{l} \text{Credit} \\ \text{Per} \\ \text{Dwelling Unit} \end{array} = \begin{array}{l} \text{Residential} \\ \text{SDC Per} \\ \text{Dwelling Unit} \end{array}$$

The results of these calculations are shown in Table 4.7, below.

TABLE 4.7

RESIDENTIAL SDC PER DWELLING UNIT

<u>Type of Dwelling Unit</u>	<u>Improvement Fee Per Dwelling Unit</u>	<u>+</u>	<u>Reimbursement Fee Per Dwelling Unit</u>	<u>+</u>	<u>Compliance/ Admin. Fee Per Dwelling Unit</u>	<u>-</u>	<u>Credit Per Dwelling Unit</u>	<u>=</u>	<u>Residential SDC Per Dwelling Unit</u>
Single-Family:	\$ 5,240		\$ 416		\$ 283		(\$1,951)		\$ 3,988
Multi-Family:	\$ 3,305		\$ 262		\$ 179		(\$ 631)		\$ 3,115
Manufactured:	\$ 3,662		\$ 291		\$ 198		(\$ 616)		\$ 3,535

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 Improvement Fee Per Employee (Formula 5a, below),
- b) the Non-Residential Reimbursement Fee Per Employee (Formula 5b, page 21),
- c) the Compliance/Administration Fee Per Employee (Formula 5c, page 22),
- d) the Credit Per Employee (Formula 5d, page 22); and
- e) the Non-Residential SDC Per Employee (Formula 5e, page 23).

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 Improvement Fee Per Employee

The Non-Residential Improvement Fee Per Employee is calculated by dividing the non-residential growth-required new facility costs (from Table 3.10, page 14) by the increase in the City’s employment expected to be created by new development through 2010 (from Table 3.1, page 8).

$$5a. \quad \begin{array}{l} \text{Non-Residential} \\ \text{Growth-Required} \\ \text{New Facility Costs} \end{array} \div \begin{array}{l} \text{Employment} \\ \text{Increase From} \\ \text{Development} \end{array} = \begin{array}{l} \text{Non-Residential} \\ \text{Improvement Fee} \\ \text{Per Employee} \end{array}$$

Table 5.1 presents the calculation of the Non-Residential Improvement Fee Per Employee.

TABLE 5.1

NON-RESIDENTIAL IMPROVEMENT FEE PER EMPLOYEE

Non-Residential Growth-Required New Facility Cost	÷	Employment Increase <u>From Development</u>	=	Non-Residential Improvement Fee <u>Per Employee</u>
\$ 642,607		3,666		\$ 175

B. Formula 5b: Non-Residential Reimbursement Fee Per Employee

The Non-Residential Reimbursement Fee Per Employee is calculated by dividing the non-residential growth share of the value of excess capacity (from Table 3.9, page 13) by the increase in the City's employment expected to be created by new development through 2010 (from Table 3.1, page 8).

$$5a. \quad \begin{array}{l} \text{Non-Residential} \\ \text{Growth Share} \\ \text{of Excess Capacity} \end{array} \div \begin{array}{l} \text{Employment} \\ \text{Increase From} \\ \text{Development} \end{array} = \begin{array}{l} \text{Non-Residential} \\ \text{Reimbursement Fee} \\ \text{Per Employee} \end{array}$$

Table 5.2 presents the calculation of the Non-Residential Reimbursement Fee Per Employee.

TABLE 5.2

NON-RESIDENTIAL REIMBURSEMENT FEE PER EMPLOYEE

<u>Non-Residential Growth Share of Excess Capacity</u>	<u>Employment Increase From Development</u>	<u>Non-Residential Reimbursement Fee Per Employee</u>
\$ 84,970	3,666	\$ 23

C. Formula 5c: Compliance/Administration Fee 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 compliance/administrative fee is estimated to total approximately 5% of the combined improvement fee and reimbursement fee per employee.

The compliance/administrative fee per employee is determined by multiplying the sum of the improvement fee (from Table 5.1, page 20) and reimbursement fee (from Table 5.2) by 5%.

$$5c. \quad \begin{array}{l} \text{Improvement Fee +} \\ \text{Reimbursement Fee} \\ \text{Per Employee} \end{array} \times \begin{array}{l} \text{Compliance/} \\ \text{Administration} \\ \text{Rate} \end{array} = \begin{array}{l} \text{Compliance/} \\ \text{Admin. Fee Per} \\ \text{Employee} \end{array}$$

Table 5.3 presents the calculation of the Compliance/Administration Fee Per Employee.

TABLE 5.3

COMPLIANCE/ADMINISTRATION FEE PER EMPLOYEE

Improvement Fee Per <u>Employee</u>	+	Reimbursement Fee Per <u>Employee</u>	X	Compliance/ Administration <u>Rate</u>	=	Compliance/ Admin. Fee <u>Employee</u>
(\$ 175	+	\$ 23)	X	5%	=	\$ 10

D. Formula 5c: Non-Residential 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 \$1.5 million 10 year bank note issued in 1998.
- \$6.0 million in 20 year G.O. bonds at 5.5 % for park improvements to be issued in 2005,
- 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 2000 property valuation for non-residential (office) development at \$35 per square foot,
- An average of 350 square feet per employee (office)

5d.	Present Value of Tax Payments Per Employee	=	Credit Per Employee
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The amount of this credit is shown in Table 5.4, page 23.

TABLE 5.4

CREDIT PER EMPLOYEE

$$\text{Present Value of Tax Payments} = \frac{\text{Credit Per Employee}}{\text{Employee}} = \$ 141$$

E. Formula 5e: Non-Residential SDC Per Employee

The non-residential SDC rate per employee is calculated by adding the improvement fee (Table 5.1, page 20), reimbursement fee (Table 5.2, page 21), and compliance/admin. fee (Table 5.3, page 22), and subtracting the credit per employee (from Table 5.4).

	Improvement		Reimbursement		Comp./Admin.		Credit		Non-Residential
5e.	Fee Per	+	Fee Per	+	Fee Per	-	Per	=	SDC Per
	Employee		Employee		Employee		Employee		Employee

The results of these calculations are shown in Table 5.5.

TABLE 5.5

NON-RESIDENTIAL SDC PER EMPLOYEE

Non-Residential		Non-Residential		Compliance/		Credit Per		Non-Residential
Improvement Fee	+	Reimbursement Fee	+	Administration	-	Employee	=	SDC Per
<u>Per Employee</u>		<u>Per Employee</u>		<u>Per Employee</u>		<u>Per Employee</u>		<u>Employee</u>
\$ 175		\$ 23		\$ 10		(\$ 141)		\$ 67

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 5.6, page 24), and
- 2) multiplying the result (from step 1) by the Non-Residential SDC Per Employee (from Table 5.5).

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) ÷ 350 (sq. ft. per employee) = 114 employees,
- 2) 114 employees X \$67 (SDC rate) = \$7,638.

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 5.6
SQUARE FEET PER EMPLOYEE
(recommended guidelines from *Metro Employment Density Study*)

<u>Standard Industry Classification (SIC)*</u>	<u>Square Feet Per Employee</u>	<u>Standard Industry Classification (SIC)</u>	<u>Square Feet Per Employee</u>
Manufacturing:		Trucking 1,500	
General	700	Communications	250
Food Related	775	Utilities	225
Textile, Apparel	575		
Lumber, Wood Products	560	Retail:	
Paper and Related	1,400	General	700
Printing and Publishing	600	Hardware	1,000
Chemicals, Petrol,		Food Stores	675
Rubber, Plastics	850	Restaurant/Bar	225
Cement, Stone, Clay, Glass	800	Appliance/Furniture	1,000
Furniture and Furnishings	600	Auto Dealership	650
Primary Metals	1,000	Gas Station (gas only)	300
Secondary Metals	800	Gas Station (gas and service)	400
Non-Electrical Machinery	600	Regional Shopping Center	600
Electrical Machinery	375		
Electrical Design	325	Services:	
Transportation Equipment	500	Hotel/Motel	1,500
Other 400		Health Services (hospital)	500
Wholesale Trade:		Health Services (clinic)	350
Durable Goods	1,000	Educational	1,300
Non-Durable Goods	1,150	Cinema	1,100
		Personal Services	600
Warehousing:		Finance, Insurance,	
Storage	20,000	Real Estate, Business Services	350
Distribution	2,500	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 and other funds to pay for capital facilities needed to serve the parks and recreation needs of current and future residents and employees. 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.