Parks and Recreation
System Development Charges

Administrative Procedures Guide

effective

January 18, 1999

Revised Effective January 1, 2006

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1. PURPOSE OF ADMINISTRATIVE PROCEDURES GUIDE

The purpose of this guide is to provide procedures for implementation and administration of Parks and Recreation System Development Charges (SDC's) for new development within the Tualatin Hills Park and Recreation District (District). The guide follows SDC's from determination of their applicability to individual developments, through calculation, payment, and deposit of the SDC's, to uses (expenditures) of SDC revenues. The guide also addresses refunds, appeals, record keeping, and updates to the SDC Capital Improvement Program (SDC-CIP).

This guide is based on and implements the THPRD Parks and Recreation SDC Resolution, adopted on November 17, 1998. The guide presents information directly from the SDC Resolution (*in italics*), and provides forms, notifications, and directions at a level of detail more specific than is provided in the SDC Resolution. The guide also includes modifications adopted subsequent to November 17, 1998.

> *…ORS 223.297 - 223.314, adopted in 1989, authorizes local governments to impose system development charges…[THPRD SDC Resolution Preamble]*

2. APPLICABILITY OF PARKS SYSTEM DEVELOPMENT CHARGES

Except as otherwise provided... a Parks and Recreation SDC shall be imposed upon all New Development for which an Application is filed on or after the effective date of this resolution. [Section 4(a)]

The Parks and Recreation SDC applies to all new development within the Tualatin Hills Park and Recreation District, unless it is specifically exempted from the SDC (see Section 3 of this guide regarding exemptions). The SDC resolution defines "new development" as follows:

"New Development" means Development for which a Building Permit is required. [Section 2(s)]

In a case where there is a modification to an existing structure (such as a change in use, alteration, expansion or replacement), the SDC is charged only if the modification will result in a net increase in the number of dwelling units (for residential development) or employees (for non-residential development).

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 District to calculate the number of employees and dwelling units under the previous use and for the proposed use(s) of the New Development.

a) 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.

b) 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 [Section 4(d)]

3. EXEMPTIONS

Certain types of new development are either fully or partially exempt from paying Parks and Recreation SDC's.

A. Fully Exempt New Development

(1) *Temporary uses are fully exempt so long as the use or structure proposed in the New Development will be used for not more than 180 days in a single calendar year. [Section 5(a)].*

(2) *Alteration permits for tenant improvements are fully exempt. [Section 5(b)]*

(3) *New Development that, 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 5(c)]*

B. Partially Exempt New Development

For New Development that includes a mix of exempt and non-exempt forms of Development, the applicable exemption(s) shall apply only to that portion of the New Development to which the exemption applies. [Section 5(d)]

C. Applying for Exemption

The Tualatin Hills Park and Recreation District System Development Charges Application and SDC Calculation Worksheet includes a checklist of potential exemptions.

D. Appealing a Denial of Exemption

An Applicant whose exemption has been denied may request an alternative SDC exemption in accordance with Section 7(a)(4) if:

...The Applicant believes the District improperly rejected a request for an exemption under Section 5 for which the Applicant believes it is eligible. [Section 7(a)(4)]

(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, prior to the issuance of a Building Permit for the New Development. [Section 7(d)(1)]*

(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. [Section 7(d)(2)]*

(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. [Section 7(d)(3)]*

(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 7(d)(4)]*

The decision of the Administrator may be appealed to the Tualatin Hills Park and Recreation District Board of Directors, as described in Section 7, Challenges and Appeals.

4. AMOUNT AND PAYMENT OF SYSTEM DEVELOPMENT CHARGES

A. Calculation of the SDC Amount

Parks and Recreation SDC's for New Development are calculated as follows:

(1) Residential Development

a. An Applicant for a building permit shall prepare a Tualatin Hills Park and Recreation District System Development Charges Application and SDC Calculation Worksheet indicating the type and number of new Dwelling Units to be included in the project.

b. The Building Department shall enter the SDC rates per dwelling on the application form and calculate the SDC's to be paid by the Applicant. The rates per unit are as follows:

Type of Dwelling Unit	SDC Per Dwelling Unit
Single Family Dwelling Unit.....	$ 2,981
Multi-Family Dwelling Unit.....	$ 2,293
Manufactured Housing Unit.....	$ 2,103

(2) Non-Residential Development

a. An Applicant for a building permit shall prepare a Tualatin Hills Park and Recreation District System Development Charges Application and SDC Calculation Worksheet indicating the type and number of square feet of building space for each non-residential use to be included in the project. Guidelines for the number of square feet required for each employee are included in the table on the following page for major Standard Industry Classifications. Where a proposed use does not specifically match one of the classifications listed in the table, the listed classification that most closely matches the proposed use, as determined by the Administrator, may be substituted.

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

Standard Industry Classification (SIC)	Square Feet Per Employee
Manufacturing:	
General	700
Food Related	775
Textile, Apparel	575
Lumber, Wood Products	560
Paper and Related	1,400
Printing and Publishing	600
Chemicals, Petrol, Rubber, Plastics	850
Cement, Stone, Clay, Glass	800
Furniture and Furnishings	600
Primary Metals	1,000
Secondary Metals	800
Non-Electrical Machinery	600
Electrical Machinery	375
Electrical Design	325
Transportation Equipment	500
Other	400
Wholesale Trade;	
Durable Goods	1,000
Non-Durable Goods	1,150
Warehousing -	
Storage	20,000
Distribution	2,500

Standard Industry Classification (SIC)	Square Feet Per Employee
Trucking	1,500
Communications	250
Utilities	225
Retail:	
General	700
Hardware	1,000
Food Stores	675
Restaurant/Bar	225
Appliance/Furniture	1,000
Auto Dealership	650
Gas Station (gas only)	300
Gas Station (gas and service)	400
Regional Shopping Center	600
Services:	
Hotel/Motel	1,500
Health Services (hospital)	500
Health Services (clinic)	350
Educational	1,300
Cinema	1,100
Personal Services (office)	600
Finance, Insurance, Real Estate, Business Services (office)	350
Government Administration	300

b. The Building Department shall calculate the non-residential SDC by:

1) dividing the building space (square feet) for each non-residential use in the development by the number of square feet per employee (from the guidelines in the Square Feet Per Employee table, above), and

2) multiplying the result (from step 1) by the SDC rate Per New Employee ($93). Any proposed use which constitutes 10% or less of the total building space is considered an ancillary use and does not require a separate calculation; however, the building space for such uses must be included in the total for other non-residential uses.

(3) Modification, Expansion, or Redevelopment

If the New Development is a modification or expansion of an existing structure, or redevelopment of a property from a previous use, the SDC amount is based on the net increase in the number of Dwelling Units and/or employees, calculated as follows:

a. Calculate an SDC on the New Development as though the entire development was subject to the SDC;

b. Calculate an SDC on the existing development, before modification, expansion, or redevelopment, as though the existing development was subject to the SDC;

c. Calculate the net SDC amount by subtracting the result of Step b from the result of Step a; if the result is zero or less than zero, no SDC is due.

B. Alternative SDC Rate Calculation

An Applicant may request an Alternative SDC Rate Calculation pursuant to Section 7(a) if:

(1) *The Applicant believes that the number of persons per Dwelling Unit resulting from the New Development is, or will be, less than the number of persons per Dwelling Unit established in the SDC Methodology Report, and for that reason, the Applicant's SDC should be lower than that calculated by the District. [Section 7(a)(1)]*

(2) *The Applicant believes that the number of employees resulting from the New Development is, or will be, less than the number of employees established in the SDC Methodology Report, and for that reason, the Applicant's SDC should be lower than that calculated by the District. [Section 7(a)(2)]*

Section 7(b) provides the following process for an alternative SDC Rate Request.

(1) If an Applicant believes that the occupancy or employment assumptions for the class of structures that includes New Development are inaccurate, the Applicant must request an alternative SDC rate calculation, under this Section, prior to the issuance of a Building Permit for the New Development. Alternative SDC rate calculations 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 dwelling occupancy or employment 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 District'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.

The decision of the Administrator may be appealed to the Tualatin Hills Park and Recreation District Board of Directors, as described in Section 7, Challenges and Appeals. In addition, all persons who object to the calculation of a system development charge have a right to challenge the decision and petition for review of a final Board decision pursuant to ORS 34.010 to 34.100, as outlined in Section 11(h).

C. Credits for Qualified Public Improvements

Developers may apply for credits against (reductions of) the amount of SDC's they owe. Credits may be given by the District for the value of the donation or contribution of land, an improvement or another asset that is considered a "qualified public improvement". Section 2(y) includes the following definition of "qualified public improvement":

"Qualified Public Improvement" means any parks and recreation system capital facility or conveyance of an interest in real property that increases the capacity of the District's Parks and Recreation System and is:

(1) Required as a condition of development approval;

(2) Identified in the District'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 resumption that improvements built to the District'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.

The Applicant must submit a letter to the Tualatin Hills Park and Recreation District requesting a credit. Section 6(b) includes the following requirements concerning credits:

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), an 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.

Section 6(c) sets the time limit for the Administrator's response to the Applicant as follows:

> *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.*

In addition to the above requirements, the following specific conditions must be met in order for a developer/land owner to receive SDC credits:

1. DEVELOPMENT PLANS & SPECIFICATIONS must be reviewed and approved by the District prior to the beginning of construction.

   A. Improvements constructed without prior District approval that do not meet District specifications will not receive SDC credit and may not be accepted by the District, and

B. The District may require such improvements to be reconstructed to meet District specifications and the extra related costs shall be assumed by the developer/land owner. Additional SDC credits will not be allowed for extra work required to meet District specifications.

2. CONSTRUCTION MATERIALS must be extremely durable. Park and recreation facilities must withstand hard use, wear and tear and the outdoor elements. Recycled plastics (or similar materials) should be considered and utilized whenever possible for the construction of boardwalks, bridges, benches and picnic tables.

3. PLAYGROUNDS AND PLAY EQUIPMENT must meet National Playground Safety Institute (NPSI) and American Society of Testing Materials (ASTM) standards, and Consumer Product Safety Commission (CPSC) guidelines.

4. IRRIGATION SYSTEMS must be Maxi-Com centrally controlled systems. Boilerplate specifications are available from the District's Planning and Development Department upon request.

5. LANDSCAPING MATERIALS must utilize native plant species whenever possible and practical (Consult with District Planning and Development staff prior to preparing landscape plans and specifications).

A. Invasive, non-native plant species such as English ivy, English hawthorn, English holly, morning glory, blackberries, and Scot's Broom should never be used. A list of acceptable native plant species is available from the District Planning and Development Department upon request.

B. The District may request the removal of invasive species (and re-vegetation with native plants) in exchange for SDC credits if existing conditions or subject properties reveal excessive or unacceptable levels of invasive species on-site. Prior District approval must be received to obtain SDC credit for this type of work.

6. AMERICANS WITH DISABILITIES ACT (ADA) access standards must be met in the construction of all parks and recreation facilities including playgrounds, trails, sport courts, picnic tables, benches, bridges, pools, pavilions, sport fields, bleachers, drinking fountains, restrooms, concession areas, picnic shelters, parking lots, sidewalks, etc.

7. CONSTRUCTION CLOSEOUT. The developer/land owner must provide as-built plan drawings and a one-year written warranty guarantee for all improvements constructed on land to be transferred to the District. The warranty period begins the day SDC credited improvements are accepted by the District.

When a developer/land owner has completed construction (if applicable) or is otherwise ready to claim SDC credits, the following information must be submitted:

1. FOR LAND TRANSFERS, submit the following:
   a) Preliminary Title Report,
   b) Signed, unrecorded warranty deed, and
   c) Appraisal Report.

Upon receipt, District staff will conduct a needs assessment and due diligence review and issue credits as provided in this guide.

2. FOR CAPITAL IMPROVEMENTS, request a final inspection. District staff will inspect all improvements and develop a closeout punch list. Once all punch list items have been satisfied, the one-year warranty is in place and as-build plan drawings are received, credits will be issued as provided in this guide.

Section 6(d) provides the Applicant with a method to seek an alternative SDC Credit calculation, as follows:

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.

The decision of the Administrator may be appealed to the Tualatin Hills Park and Recreation District Board of Directors, as described in Section 7, Challenges and Appeals.

D. Excess Credits

If the value of land, improvements or other assets donated or contributed by an Applicant exceeds the amount of the SDC the Applicant owes, the Applicant can use the excess credit against future SDC's, as follows:

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 District upon a New Development, the excess may be applied against parks and recreation SDCs that accrue in subsequent phases of the original development project, or, if approved by the Board of Directors, the excess credits may be applied against parks and recreation SDCs that accrue from other development within the District. Any excess credit must be used not later than ten years from the date the credit is given. [Section 6(e)]

E. Appealing a Denial of Credit Request

An Applicant whose Credit Request has been denied may request an alternative SDC credit determination if:

...The Applicant believes the District improperly excluded from consideration a Qualified Public Improvement that would qualify for Credit under Section 6, or the District accepted for credit a Qualified Public Improvement, but undervalued that improvement and therefore undervalued the credit. [Section 7(a)(3)]

Section 7(c) provides the following process for an alternative SDC Credit Request:

(1) If an Applicant has requested an SDC Credit pursuant to Section 6 and that request has either been denied by the District, the Applicant may request an Alternative SDC Credit calculation, under this Section, prior to the 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 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...proposal.

The decision of the Administrator may be appealed to the Tualatin Hills Park and Recreation District Board of Directors, as described in Section 7, Challenges and Appeals.

F. When Payment is Due

Payment of the Parks SDC is due at the time of issuance of the Building Permit.

5. UPDATING THE PARKS AND RECREATION SDC RATES

A. Annual Cost Adjustment

The Parks and Recreation SDC Resolution includes a provision to annually adjust SDC rates for inflation, as follows:

> *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 and recreation facilities. The adjustment factor shall be based on the change in average market value of undeveloped land in the District, within the Metro Urban Growth Boundary, according to the records of the County Tax Assessor, and the change in construction costs according to the Engineering News Record (ENR) Northwest (Seattle, Washington) Construction Cost Index; and shall be determined as follows:*
>
> *Change in Average Market Value X 0.50*
> *+ Change in Construction Cost Index X 0.50*
> *= Parks and Recreation System Development Charge Adjustment Factor*
>
> *The Parks and Recreation System Development Charge Adjustment Factor shall be used to adjust the Parks and Recreation SDC, unless it is otherwise adjusted by the Board [Section 4(f)]*

Following calculation of the Parks and Recreation System Development Charge Adjustment Factor, each of the adopted SDC rates, fees, and charges included in the methodology report and outlined in this Administrative Procedures Guide shall be adjusted, effective on January 1st of each year.

B. Revising the Methodology

The Parks and Recreation SDC Methodology Report is the basis for calculating the Parks SDC's due from New Development, and may be amended or replaced as provided in the resolution:

(1) *No later than every two (2) years as measured from initial enactment, the District 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 rate keeps 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. [Section 12(a)]*

(2) *In the event that during the review referred to above, it is determined an adjustment to the SDC is necessary for sufficient funding of the Parks and Recreation SDC-CIP improvements listed in the SDC Methodology Report to ensure that the Parks and Recreation SDC-CIP improvements are not overfunded by the SDC, the Board of Directors may propose and adopt appropriately adjusted SDC's. [Section 12(b)]*

(3) The Board of Directors may from time to time amend or adopt a new SDC Methodology Report by resolution. [Section 12(c)]

6. RECEIPT, EXPENDITURE, AND REFUNDS OF PARKS SDC REVENUES

A. Deposits

All SDC revenues collected by the District must be deposited in the appropriate Parks and Recreation SDC Accounts[1].

1) Residential SDC Accounts

SDC revenues collected for Residential New Development shall be deposited into the Residential SDC accounts using the following allocations:

a) Residential Improvement Fee Account

Type of Dwelling Unit	Improvement Fee SDC Per Dwelling Unit
Single Family Dwelling Unit	$ 2,562
Multi-Family Dwelling Unit	$ 1,746
Manufactured Housing Unit	$ 1,683

b) Residential Reimbursement Fee Account

Type of Dwelling Unit	Reimbursement Fee SDC Per Dwelling Unit
Single Family Dwelling Unit	$ 68
Multi-Family Dwelling Unit	$ 276
Manufactured Housing Unit	$ 172

c) Residential Compliance/Administration Account

Type of Dwelling Unit	Compliance/Administration Fee Per Dwelling Unit
Single Family Dwelling Unit	$ 261
Multi-Family Dwelling Unit	$ 202
Manufactured Housing Unit	$ 185

[1] amounts shown are based on rates effective January 1, 2006, net of 3% City/County administrative fees.

d) Non-Residential Improvement Fee Account

Non-Residential	Improvement Fee SDC Per Employee
Fee Per Employee…….....	$ 83

e) Non-Residential Compliance/Administration Account

Non-Residential	Compliance/Administration Fee Per Employee
Fee Per Employee…….....	$ 7

Until needed for an authorized use, funds deposited in the SDC Accounts may be invested by the District, with interest earned credited to the Parks and Recreation SDC accounts.

B. Permitted Uses

"Improvement Fee" SDC revenues can be used only for capacity-increasing capital improvements, and "Reimbursement Fee" SDC revenues can be used for any type of parks and recreation capital improvement. The capital improvements must be included in the District's Parks and Recreation SDC Capital Improvement Program (SDC-CIP). The SDC-CIP must: (1) list the specific projects that may be funded with SDC revenues, (2) provide the cost of each project, and (3) provide the estimated timing of each project. The SDC-CIP may be amended at any time.

"Compliance/Administration" fees may be used and for the direct costs of complying with the State statutes governing SDC's, and for the costs of administering the SDC's.

Examples of costs that can be paid by SDC's include parks planning, land acquisition, site improvements, necessary off-site improvements, construction, and other related costs including, but not limited to, permitting and fees, design and construction plan preparation, engineering, surveying, and acquisition of certain capital equipment. SDC's can also be used to pay principal and interest on bonds, notes, leases or other debt for Parks and Recreation facilities. Permitted uses of SDC revenues are outlined in Section 10(a) as follows:

(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 District 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.

C. Prohibited Uses

Section 10(b) outlines the following prohibited uses:

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; or

(4) operating costs after completion of capital improvements.

D. Refunds of SDC's

The District shall grant a refund of SDC's for the following reasons:

1. The Administrator finds that...*there was a clerical error in the calculation of the SDC [Section 9]*,

2. The SDC's have not been *expended within ten years of receipt [Section 9]*, or

3. The District determines through an Alternative SDC Rate Calculation, Alternative SDC Credit Calculation, Alternative SDC Exemption, or Appeal that the amount paid for the SDC's exceeded the amount determined to be appropriate for the New Development.

Except for refunds associated with an Alternative SDC Rate Calculation, Alternative SDC Credit Calculation, Alternative SDC Exemption, or Appeal, requests for refunds shall be made in writing to the Administrator. Refunds shall include interest earned on funds while on deposit in the Parks and Recreation SDC Account.

7. CHALLENGES AND APPEALS

A. Challenges of Expenditures

Any citizen or other interested person may challenge an 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 $100. [Section 11(a)]*

The District will review the challenge and determine whether or not the expenditure was made in accordance with the provisions of the THPRD SDC Resolution and ORS 223. If the District finds that the expenditure was not appropriate, the Parks and Recreation SDC Account(s) must be reimbursed from other revenue sources. The District shall notify the person who submitted the challenge of the results of the review within twenty-one (21) days following completion of the review.

B. Appeals

As outlined in Section 11(b):

...Any person may appeal to the Board of Directors any decision of the Administrator made pursuant to this Resolution 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 Board of Directors shall be $250. The appeal to be filed with the Board of Directors 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.

The Board will schedule and conduct the hearing within twenty-one 21 days of the date the appeal was filed. An applicant who appeals a decision and desires the immediate issuance of a building permit must pay the applicable system development charges prior to the time the request for hearing is filed. Said payment shall be deemed paid under "protest" and shall not be construed as a waiver of any review rights. The Board of Directors shall decide an appeal within one hundred twenty (120) days of the date of the appeal unless otherwise agreed to between the appellant and the Board of Directors.

C. Objection to Calculations

As outlined in Section 11(h):

...all persons who object to the calculation of a system development charge shall be advised of their right to challenge the decision and petition for review of a final Board decision pursuant to ORS 34.010 to 34.100

8. RECORD KEEPING

A. Records of Receipts

All Parks and Recreation SDC's received should be listed in chronological order, with each record indicating the date received, the amounts received, the name and location of the development for which the SDC was paid, the number(s) of the building permit(s), and the name of the Applicant who paid the SDC.

B. Records of Investments

Any funds on deposit in the Parks and Recreation SDC Accounts that are not immediately necessary for expenditure must be invested by the District, with all income derived from such investments deposited in the account. All investment transactions should include the date and a description of the transaction.

C. Records of Expenditures

Records of disbursements should be recorded for each account, and should include the date of the expenditure and the name of the specific capital improvement project for which the funds are expended. In the case of a refund, the date and name of the person receiving the refund should be recorded.

D. Timeliness of Records

Records of receipts and disbursements of SDC's shall be updated on each business day during which a transaction occurred. This information shall be recorded for each SDC transaction and shall be forwarded to the District at frequencies agreed upon by the District and the City/and or County.

E. Reports

The District is required by ORS 223 to prepare by January 1 of each year an annual report accounting for all receipts and expenditures of Parks and Recreation SDC revenues. The annual report must show the total amount of system development charge revenues collected for each system and the projects that were funded in the previous fiscal year, and must include a list of the amount spent on each project funded, in whole or in part with system development charge revenues.