

## Tualatin Hills Park & Recreation District



### Draft Report PARKS SYSTEM DEVELOPMENT CHARGE UPDATE

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# SECTION I: BACKGROUND

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This section describes the policy context and project scope upon which the body of this report is based. It concludes with an overview of the calculation approach employed in subsequent report sections.

## A. POLICY

Oregon Revised Statutes (ORS) 223.297 to 223.314 authorize local governments to establish system development charges (SDCs). These are one-time fees on new development which are paid at the time of development. SDCs are intended to recover a fair share of the cost of existing and planned facilities that provide capacity to serve future growth.

ORS 223.299 defines two types of SDC:

- ◆ A reimbursement fee that is designed to recover “costs associated with capital improvements already constructed, or under construction when the fee is established, for which the local government determines that capacity exists”
- ◆ An improvement fee that is designed to recover “costs associated with capital improvements to be constructed”

ORS 223.304(1) states, in part, that a reimbursement fee must be based on “the value of unused capacity available to future system users or the cost of existing facilities” and must account for prior contributions by existing users and any gifted or grant-funded facilities. The calculation must “promote the objective of future system users contributing no more than an equitable share to the cost of existing facilities.” A reimbursement fee may be spent on any capital improvement related to the system for which it is being charged (whether cash-financed or debt-financed).

ORS 223.304(2) states, in part, that an improvement fee must be calculated to include only the cost of projected capital improvements needed to increase system capacity for future users. In other words, the cost of planned projects that correct existing deficiencies or do not otherwise increase capacity for future users may not be included in the improvement fee calculation. An improvement fee may be spent only on capital improvements (or portions thereof) that increase the capacity of the system for which it is being charged (whether cash-financed or debt-financed).

## B. SCOPE OF SERVICES

In April, 2015, Tualatin Hills Park & Recreation District (district) contracted with FCS GROUP to update the district’s SDC methodology for parks. We approached this project in three steps:

- ◆ **Framework for Charges.** In this step, we worked with district staff to identify and agree on the approach to be used and the components to be included in the analysis. This step included the identification of overlay areas where differential costs could be isolated.
- ◆ **Technical Analysis.** In this step, we worked with district staff to isolate the recoverable portion of facility costs and calculate draft SDCs.

- ◆ **Draft Methodology Report Preparation.** In this step, we documented the calculation of the draft SDCs included in this report.

## C. CALCULATION OVERVIEW

In general, SDCs are calculated by adding a reimbursement fee component and an improvement fee component—both with potential adjustments. Each component is calculated by dividing the eligible cost by growth in units of demand. The unit of demand becomes the basis of the charge. Below are details on the components and how they may be adjusted. **Exhibit 1.1** shows this calculation in equation format:

Exhibit 1.1 – SDC Equation						
Eligible costs of available capacity in existing facilities	+	Eligible costs of capacity-increasing capital improvements	+	Costs of complying with Oregon SDC law	=	SDC per unit of growth in demand
Units of growth in demand		Units of growth in demand		Units of growth in demand		

### C.1 Reimbursement Fee

The reimbursement fee is the cost of available capacity per unit of growth that such available capacity will serve. In order for a reimbursement fee to be calculated, unused capacity must be available to serve future growth. For facility types that do not have excess capacity, no reimbursement fee may be charged.

### C.2 Improvement Fee

The improvement fee is the cost of capacity-increasing capital projects per unit of growth that those projects will serve. The unit of growth becomes the basis of the fee. In reality, the capacity added by many projects serves a dual purpose of both meeting existing demand and serving future growth. To compute a compliant SDC rate, growth-related costs must be isolated, and costs related to current demand must be excluded.

We have used the capacity approach to allocate costs to the improvement fee basis.<sup>1</sup> Under this approach, the cost of a given project is allocated to growth by the portion of total project capacity that represents capacity for future users. That portion, referred to as the improvement fee eligibility percentage, is multiplied by the total project cost to determine that project’s improvement fee cost basis.

Although there are facility types with available capacity that may be eligible for a reimbursement fee, the district has decided to pursue only an improvement fee at this time, consistent with past practice.

### C.3 Adjustments

Two cost basis adjustments are potentially applicable to both reimbursement and improvement fees: fund balance and compliance costs.

<sup>1</sup> Two alternatives to the capacity approach are the incremental approach and the causation approach. The incremental approach is computationally complicated, because it requires the computation of hypothetical project costs to serve existing users. Only the incremental cost of the actual project is included in the improvement fee cost basis. The causation approach, which allocates 100 percent of all growth-related projects to growth, is vulnerable to legal challenge.

### C.3.a Fund Balance

To the extent that SDC revenue is currently available in a fund balance, that revenue should be deducted from its corresponding cost basis. This prevents a jurisdiction from double-charging for projects that will be constructed with fund balance monies.

### C.3.b Compliance Costs

ORS 223.307(5) authorizes the expenditure of SDCs on “the costs of complying with the provisions of ORS 223.297 to 223.314, including the costs of developing system development charge methodologies and providing an annual accounting of system development charge expenditures.” To avoid spending monies for compliance that might otherwise have been spent on projects, this report includes an estimate of compliance costs in its SDCs.

## C.4 Geographic Allocation

Parks SDCs are often calculated and applied uniformly throughout a local government service area, but such uniformity is not a legal requirement. Local governments can calculate and impose area-specific SDCs. Area-specific SDCs allow a local government to identify and isolate differential costs to serve particular areas within its jurisdiction. SDCs are calculated separately for each area. If used, it is important to note that area-specific improvement fees must be spent on projects in the improvement fee cost basis for the area in which those improvement fees were earned.

Area-specific SDCs can be implemented in two ways. The first way is to divide the district into a set of non-overlapping areas. Under this method, the SDCs for a particular area are determined by the assets, projects, and projected growth in that area. The second method is a layered approach. The first layer consists of a district-wide SDC based on assets and projects of district-wide benefit. The second layer consists of one or more overlays. Each overlay is a separate list of assets and projects that benefit a particular area within the district. For each overlay, the cost basis are divided by projected growth in that particular area. Development within an overlay pays both the district-wide SDC and the overlay SDC. Development outside of an overlay pays only the district-wide SDC. District-wide SDCs can be spent on any project in the district’s project list, but overlay SDCs can be spent only in the area in which they were earned.

Given the district’s desire to isolate the costs of serving specific growth areas, we recommend (and have calculated in this report) both a district-wide SDC and overlay SDCs for the North Bethany, Bonny Slope West, and South Cooper Mountain areas.

## SECTION II: GROWTH

This section provides detailed calculations related to growth in demand, which is the denominator in the SDC equation.

### A. GROWTH

The district's park system serves residents and employees in the city of Beaverton and several unincorporated areas in eastern Washington County. The planning period for this study is 20 years. We therefore define growth for the parks SDC as the growth in the total population and employment in the district during the 20-year period from 2015 to 2035. See **Exhibit 2.1** for the current and future population in the planning period.

<b>Exhibit 2.1: Population Growth 2015-2035</b>			
<b>Growth Scenario</b>	<b>2015</b>	<b>2035</b>	<b>2015-2035 Change</b>
<b>Tualatin Hills Park &amp; Rec District</b>			
<b>Population</b>	238,013	300,021	62,008
<b>Employees</b>	100,015	126,071	26,056
<b>South Cooper Mountain Area</b>			
<b>Population</b>	0	19,021	19,021
<b>Employees</b>	0	482	482
<b>Bonny Slope West</b>			
<b>Population</b>	0	1,536	1,536
<b>Employees</b>	0	0	0
<b>North Bethany</b>			
<b>Population</b>	315	10,721	10,406
<b>Employees</b>	44	184	140

**Source:** THPRD comprehensive plan, South Cooper Mountain Area Concept Plan, Bonny Slope West Draft Finance Plan, North Bethany Transportation SDC Methodology, Metroscope Gamma 2040 forecast, and U.S. Census, compiled by FCS GROUP.

**Abbreviations:** CAGR - compound annual growth rate

We use the medium population growth scenario from the district's comprehensive plan to derive total population and growth during the 20-year period. Employment in the district is based on the percentage of the population in Washington County residing in the district applied to Washington County employment. Employment growth is forecasted using the compound annual growth rate of population during the same period.

Growth in the overlay areas is calculated based on financing and concept plans for each area. Households are converted to population using Beaverton's average household size. Finally, current population and employment in North Bethany is derived by projecting Metro traffic analysis zone data to 2015.

## B. ALLOCATION TO RESIDENTIAL AND NON-RESIDENTIAL GROWTH

The parks and recreation facilities described in the project list below are designed with the needs of both residents and non-resident employees in mind. It is therefore appropriate to allocate the cost of these facilities to both residents and non-resident employees. The only exceptions are neighborhood parks. Because these facilities are primarily designed for the needs of local residents, it is appropriate to allocate the cost of these facilities to residents only.

Even though most parks and recreation facilities benefit residents and non-resident employees, these two groups do not utilize parks and recreation facilities with the same intensity. To apportion the demand for facilities between non-resident employees and residents in an equitable manner, a non-resident-employee-to-resident demand ratio must be calculated based on differential intensity of use.

First, we estimate the potential demand for parks and recreation facilities. **Appendix A** identifies potential use by different population groups in a manner that averages day-of-week and seasonal effects. These averages are based on the maximum number of hours per day that each population group would consider the use of parks and recreation facilities to be a viable option. In the bottom panel of **Appendix A** (Demand by Population Group), we multiply the weighted average hours by a count for each population group based on data from the U. S. Census Bureau. We then apportion this potential demand among residents (four population groups) and non-residents (one population group).

## SECTION III: IMPROVEMENT FEE

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This section provides detailed calculations on improvement fee eligible costs, which is part of the numerator in the SDC equation.

### A. FACILITY NEEDS

Facility needs are determined by a level of service, which is typically expressed as a quantity of facility (e.g., acres) per 1,000 residents. There are three approaches to determining level of service. They are described below.

- ◆ **Current Level of Service.** This method determines the facility needs using the level of service currently provided to citizens. The current amount of parks facilities is divided by the current population amount to derive the current level of service. The level of service is then multiplied by the projected population to determine the facility needs in the future. The current level of service means that the existing inventory of facilities will have no surpluses (eligible for a reimbursement fee) or deficiencies. However, if completion of the project list would result in a higher level of service than currently exists, the eligibility percentage of each project would have to be limited.
- ◆ **Planned Level of Service.** This method determines the facility needs using the level of service targeted by the district as a policy choice. The targeted level of service is multiplied by the current and projected population to determine both current and future facility needs. A planned level of service can lead to surpluses if the level of service is lower than the current level of service. It can also lead to deficiencies if the current facility needs are higher than the current inventory.
- ◆ **Realized Level of Service.** This method determines the facility needs using the level of service that the district will have at the end of the planning period after constructing all the projects on its project list. That future level of service is then applied to current population to determine any surpluses or deficiencies in the current inventory.

The district has elected to determine facility needs using the realized level of service.

For purposes of this SDC methodology, each of the district's existing and future park facilities falls into one of the following six categories.

- ◆ Community parks
- ◆ Neighborhood parks
- ◆ Natural areas
- ◆ Trails
- ◆ Recreation facilities
- ◆ Sports facilities

**Exhibit 3.1** shows how the inputs of inventory, growth, and projects come together to determine the proportion of project costs that can be recovered in an improvement fee. We calculate this percentage



separately for each category of facility. Projects are eligible for improvement fee funding only to the extent that the projects will benefit future users within the defined level of service. Therefore, if the district is curing deficiencies in the current system, the improvement fee eligibility for projects must be downwardly adjusted accordingly.

<b>Exhibit 3.1: Inventory and Needs, Improvement Fee Eligibility</b>	<b>Community Parks</b>	<b>Neighborhood Parks</b>	<b>Natural Area</b>	<b>Trails</b>	<b>Recreation Facilities</b>	<b>Sports Facilities</b>
<b>Current Inventory</b>						
Fully Developed Facilities	175.00 ac.	370.00 ac.	1,055.00 ac.	34.10 mi.	413,207 sf	267.00 fields
Undeveloped Land	42.37 ac.	45.52 ac.	119.00 ac.	4.80 mi.	60,000 sf	55.00 fields
<b>Planned Projects</b>						
Land Acquisition	24.00 ac.	48.50 ac.	120.00 ac.	36.00 mi.	60,000 sf	0.00 fields
Development	66.37 ac.	94.02 ac.	119.00 ac.	36.10 mi.	120,000 sf	55.00 fields
<b>Inventory at Completion of Planned Projects</b>						
Fully Developed Facilities	241.37 ac.	464.02 ac.	1,174.00 ac.	70.20 mi.	533,207 sf	322.00 fields
Undeveloped Land	0.00 ac.	0.00 ac.	120.00 ac.	4.70 mi.	0 sf	0.00 fields
<b>Realized Level of Service</b>						
Fully Developed Facilities per 1,000 Residents	0.80 ac.	1.55 ac.	3.91 ac.	0.23 mi.	1,777 sf	1.07 fields
Total Land per 1,000 Residents	0.80 ac.	1.55 ac.	4.31 ac.	0.25 mi.	1,777 sf	1.07 fields
<b>Required Inventory Based on Realized Level of Service</b>						
Fully Developed Facilities Required in 2015	191.48 ac.	368.12 ac.	931.36 ac.	55.69 mi.	423,004 sf	255.45 fields
Required to Accommodate Growth	49.89 ac.	95.90 ac.	242.64 ac.	14.51 mi.	110,203 sf	66.55 fields
Required in 2035	241.37 ac.	464.02 ac.	1,174.00 ac.	70.20 mi.	533,207 sf	322.00 fields
Total Land Required in 2015	191.48 ac.	368.12 ac.	1,026.56 ac.	59.42 mi.	423,004 sf	255.45 fields
Required to Accommodate Growth	49.89 ac.	95.90 ac.	267.44 ac.	15.48 mi.	110,203 sf	66.55 fields
Required in 2035	241.37 ac.	464.02 ac.	1,294.00 ac.	74.90 mi.	533,207 sf	322.00 fields
<b>Analysis of Planned Land Acquisition</b>						
Curing Deficiency	0.00 ac.	0.00 ac.	0.00 ac.	20.52 mi.	0 sf	0.00 fields
Accommodating Growth	24.00 ac.	48.50 ac.	120.00 ac.	15.48 mi.	60,000 sf	0.00 fields
Overbuilding	0.00 ac.	0.00 ac.	0.00 ac.	0.00 mi.	0 sf	0.00 fields
Total Land Acquisition	24.00 ac.	48.50 ac.	120.00 ac.	36.00 mi.	60,000 sf	0.00 fields
<b>Analysis of Planned Development</b>						
Curing Deficiency	16.48 ac.	0.00 ac.	0.00 ac.	21.59 mi.	9,797 sf	0.00 fields
Accommodating Growth	49.89 ac.	94.02 ac.	119.00 ac.	14.51 mi.	110,203 sf	55.00 fields
Overbuilding	0.00 ac.	0.00 ac.	0.00 ac.	0.00 mi.	0 sf	0.00 fields
Total Development	66.37 ac.	94.02 ac.	119.00 ac.	36.10 mi.	120,000 sf	55.00 fields
<b>Improvement Fee Eligibility</b>						
Land Acquisition	100.00%	100.00%	100.00%	43.00%	100.00%	100.00%
Development	75.16%	100.00%	100.00%	40.19%	91.84%	100.00%
<b>Reimbursement Fee Eligibility</b>						
Fully Developed Facilities	0.00 ac.	1.88 ac.	123.64 ac.	0.00 mi.	0 sf	11.55 fields
Undeveloped Land	25.89 ac.	45.52 ac.	23.80 ac.	0.00 mi.	50,203 sf	55.00 fields

Source: THPRD staff, compiled by FCS GROUP.

The exhibit above begins analysis of future needs by looking at the current inventory of park facilities by category. In the community parks category, the district currently has 175 acres (see “Current Inventory”) and plans to develop 66.37 additional acres (see “Planned Projects”). This leads to a level of service of 0.80 acres per 1,000 residents (see “Realized Level of Service”). Then, applying that level of service to the current population in 2015 leads to a current required inventory of 191.48 acres (see “Required Inventory Based on Realized Level of Service”). Since the district does not currently have 191.48 acres of community parks, the district’s SDC project list in part cures a deficiency based on the level of service (see “Analysis of Planned Development”). This leads to a

calculated improvement fee eligibility of 75.16 percent, or land accommodating growth divided by total development (see “Analysis of Planned Development” and “Improvement Fee Eligibility”).

Certain facility types have to cure an existing deficiency based on the realized level of service (see community parks, trails, and recreation facilities). The improvement fee eligibility for these facility types decreases to reflect that certain projects will serve the existing population rather than future growth.

## B. PROJECT LIST

The district provided a list of projects by category and area of benefit based on planned infrastructure needs, master plans, and growth in the identified overlay areas. See **Exhibit 3.2** for a summary of project costs by category/overlay and **Appendix B** for a complete list of projects.

The district staff envisioned the overlay SDCs to reflect only the increment of acquisition and development costs in the overlay areas that exceeds district-wide acquisition and development costs. Therefore, a majority of the costs for projects in the overlay areas are allocated to the district-wide SDC.

<b>Exhibit 3.2: Total Project Costs</b>					
	<b>Tualatin Hills Park &amp; Rec District</b>	<b>South Cooper Mountain Area</b>	<b>Bonny Slope West</b>	<b>North Bethany</b>	<b>Total</b>
<b>Community Parks</b>	\$60,859,000	\$7,200,000	\$0	\$5,100,000	<b>\$73,159,000</b>
<b>Neighborhood Parks</b>	\$66,708,000	\$7,600,000	\$1,200,000	\$3,375,000	<b>\$78,883,000</b>
<b>Natural Area</b>	\$1,319,000	\$0	\$0	\$0	<b>\$1,319,000</b>
<b>Trails</b>	\$101,845,000	\$0	\$0	\$0	<b>\$101,845,000</b>
<b>Recreation Facilities</b>	\$75,840,000	\$0	\$0	\$0	<b>\$75,840,000</b>
<b>Sports Facilities</b>	\$43,600,000	\$0	\$0	\$0	<b>\$43,600,000</b>
<b>Total</b>	<b>\$350,171,000</b>	<b>\$14,800,000</b>	<b>\$1,200,000</b>	<b>\$8,475,000</b>	<b>\$374,646,000</b>

Source: THPRD, compiled by FCS GROUP.

## C. IMPROVEMENT FEE ELIGIBILITY

Now that we have total project costs allocated to the district-wide and overlay SDCs, we must reduce total project costs in **Exhibit 3.2** by the improvement fee eligibility percentages from **Exhibit 3.1**. The improvement fee eligibility reflects the amount of the project list that will achieve the realized level of service at the end of the planning period. **Exhibit 3.3** shows the improvement fee eligible costs by category and overlay.

<b>Exhibit 3.3: Project Cost Improvement Fee Eligibility</b>						
	Total Project Cost	Land		Improvement		Improvement Fee Eligible Costs
		Project Costs	Percent Eligible for Improvement Fee	Project Costs	Percent Eligible for Improvement Fee	
<b>Tualatin Hills Park &amp; Rec District</b>						
Community Parks	\$60,859,000	\$14,400,000	100.00%	\$46,459,000	75.16%	\$49,320,429
Neighborhood Parks	\$66,708,000	\$29,100,000	100.00%	\$37,608,000	100.00%	\$66,708,000
Natural Area	\$1,319,000	\$1,200,000	100.00%	\$119,000	100.00%	\$1,319,000
Trails	\$101,845,000	\$1,845,000	43.00%	\$100,000,000	40.19%	\$40,984,305
Recreation Facilities	\$75,840,000	\$8,400,000	100.00%	\$67,440,000	91.84%	\$70,334,181
Sports Facilities	\$43,600,000	\$0	100.00%	\$43,600,000	100.00%	\$43,600,000
<b>Total</b>	<b>\$350,171,000</b>	<b>\$54,945,000</b>		<b>\$295,226,000</b>		<b>\$272,265,915</b>
<b>South Cooper Mountain Area</b>						
Community Parks	\$7,200,000	\$3,600,000	100.00%	\$3,600,000	75.16%	\$6,305,903
Neighborhood Parks	\$7,600,000	\$3,800,000	100.00%	\$3,800,000	100.00%	\$7,600,000
Natural Area	\$0	\$0	100.00%	\$0	100.00%	\$0
Trails	\$0	\$0	43.00%	\$0	40.19%	\$0
Recreation Facilities	\$0	\$0	100.00%	\$0	91.84%	\$0
Sports Facilities	\$0	\$0	100.00%	\$0	100.00%	\$0
<b>Total</b>	<b>\$14,800,000</b>	<b>\$7,400,000</b>		<b>\$7,400,000</b>		<b>\$13,905,903</b>
<b>Bonny Slope West</b>						
Community Parks	\$0	\$0	100.00%	\$0	75.16%	\$0
Neighborhood Parks	\$1,200,000	\$600,000	100.00%	\$600,000	100.00%	\$1,200,000
Natural Area	\$0	\$0	100.00%	\$0	100.00%	\$0
Trails	\$0	\$0	43.00%	\$0	40.19%	\$0
Recreation Facilities	\$0	\$0	100.00%	\$0	91.84%	\$0
Sports Facilities	\$0	\$0	100.00%	\$0	100.00%	\$0
<b>Total</b>	<b>\$1,200,000</b>	<b>\$600,000</b>		<b>\$600,000</b>		<b>\$1,200,000</b>
<b>North Bethany</b>						
Community Parks	\$5,100,000	\$2,100,000	100.00%	\$3,000,000	75.16%	\$4,354,919
Neighborhood Parks	\$3,375,000	\$1,575,000	100.00%	\$1,800,000	100.00%	\$3,375,000
Natural Area	\$0	\$0	100.00%	\$0	100.00%	\$0
Trails	\$0	\$0	43.00%	\$0	40.19%	\$0
Recreation Facilities	\$0	\$0	100.00%	\$0	91.84%	\$0
Sports Facilities	\$0	\$0	100.00%	\$0	100.00%	\$0
<b>Total</b>	<b>\$8,475,000</b>	<b>\$3,675,000</b>		<b>\$4,800,000</b>		<b>\$7,729,919</b>

Source: Previous tables, compiled by FCS GROUP.

## D. IMPROVEMENT FEE CALCULATION

In order to calculate the residential and non-residential improvement fees, we allocate the fee eligible costs between residential and non-residential growth. Then, these costs are divided by growth in the area. **Exhibit 3.4** shows the improvement fee by overlay district and by development type (residential or non-residential).

We propose to combine all non-residential costs into one district-wide SDC. First, the non-residential costs would be prohibitively high in each overlay because of the small amount of employment projected for the overlay areas. Additionally, the demand allocation for non-residential use in **Appendix A**, the basis for deriving non-residential SDCs, does not adequately reflect worker use in smaller geographic boundaries with very small populations.

<b>Exhibit 3.4: Improvement Fee</b>					
	<b>Tualatin Hills Park &amp; Rec District</b>	<b>South Cooper Mountain Area</b>	<b>Bonny Slope West</b>	<b>North Bethany</b>	<b>Total</b>
<b>Project Costs</b>					
<b>Eligible project costs by facility type:</b>					
Community Parks	\$49,320,429	\$6,305,903	\$-	\$4,354,919	\$59,981,251
Neighborhood Parks	66,708,000	7,600,000	1,200,000	3,375,000	78,883,000
Natural Area	1,319,000	-	-	-	1,319,000
Trails	40,984,305	-	-	-	40,984,305
Recreation Facilities	70,334,181	-	-	-	70,334,181
Sports Facilities	43,600,000	-	-	-	43,600,000
Total adjusted project costs by facility type	<b>\$272,265,915</b>	<b>\$13,905,903</b>	<b>\$1,200,000</b>	<b>\$7,729,919</b>	295,101,737
<b>Allocation to residential growth:</b>					
Community Parks	\$47,177,696	\$6,031,942	\$-	\$4,165,719	\$57,375,357
Neighborhood Parks	66,708,000	7,600,000	1,200,000	3,375,000	78,883,000
Natural Area	1,261,696	-	-	-	1,261,696
Trails	39,203,737	-	-	-	39,203,737
Recreation Facilities	67,278,503	-	-	-	67,278,503
Sports Facilities	41,705,792	-	-	-	41,705,792
Total allocation to residential growth	<b>\$263,335,423</b>	<b>\$13,631,942</b>	<b>\$1,200,000</b>	<b>\$7,540,719</b>	285,708,084
<b>Allocation to non-residential growth:</b>					
Community Parks	\$2,142,733	\$273,961	\$-	\$189,200	\$2,605,894
Neighborhood Parks	-	-	-	-	-
Natural Area	57,304	-	-	-	57,304
Trails	1,780,569	-	-	-	1,780,569
Recreation Facilities	3,055,678	-	-	-	3,055,678
Sports Facilities	1,894,208	-	-	-	1,894,208
Total allocation to non-residential growth	<b>\$8,930,492</b>	<b>\$273,961</b>	<b>\$-</b>	<b>\$189,200</b>	9,393,653
<b>Improvement SDCs</b>					
Residential improvement fee per capita	\$4,247	\$717	\$781	\$725	
Non-residential improvement fee per employee	\$361				

Source: Previous table, compiled by FCS GROUP.

## E. ADJUSTMENTS

Before calculating the total parks SDC, we must adjust the total SDC cost basis upward for the compliance cost fee basis and downward for existing fund balance. The district estimates that costs of compliance includes the following: the current SDC methodology update contract, three comprehensive plan updates estimated at \$220,000 each, annual CIP management of \$35,000, and city/county collection costs of 1.6 percent of total project costs. This largely mirrors the compliance costs from the prior SDC methodology. The district does not believe there is additional compliance costs associated with the overlay districts.

The second adjustment is a deduction of current Parks SDC fund balance. Deducting the current fund balance ensures that SDC payers are not double-charged for projects planned and not yet built. **Exhibit 3.5** shows total net adjustments allocated to residential and non-residential fees.

<b>Exhibit 3.5: Adjustments</b>				
	<b>Tualatin Hills Park &amp; Rec District</b>	<b>South Cooper Mountain Area</b>	<b>Bonny Slope West</b>	<b>North Bethany</b>
<b>Adjustments:</b>				
Compliance costs	\$7,386,486	\$ -	\$ -	\$ -
Fund balance	\$(7,635,896)	\$ -	\$ -	\$ -
Total adjustments	<b>\$(249,410)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Total allocation to residential growth	<b>\$(238,574)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Total allocation to non-residential growth	<b>\$(10,836)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Adjustment per capita	<b>\$(4)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Adjustment per employee	<b>\$(0)</b>			

**Source:** THPRD staff, compiled by FCS GROUP.

The per capita and per employee unit costs in **Exhibit 3.6** are the result of combining the improvement fee and compliance fee after adjusting for the fund balance. Note that the overlay fees shown below do not include the district-wide base costs. This means that the actual SDC in an overlay district will include the district-wide SDC in addition to the overlay SDC. As noted above, the cost per employee is district-wide and does not change in an overlay district.

<b>Exhibit 3.6: Unit Cost Summary</b>			
	<b>Improvement Fee</b>	<b>Compliance Fee and Adjustments</b>	<b>Total</b>
<b>Per Capita Unit Cost</b>			
<b>District-Wide</b>	4,247	(4)	4,243
<b>South Cooper Mountain Area</b>	717	-	717
<b>Bonny Slope West</b>	781	-	781
<b>North Bethany</b>	725	-	725
<b>Per Employee Unit Cost</b>			
<b>District-Wide</b>	361	(0)	360

**Source:** Previous tables, compiled by FCS GROUP.

## SECTION IV: IMPLEMENTATION

This section summarizes the calculated SDCs for both residential and non-residential development. It also addresses policies related to implementation of the SDC program.

### A. CALCULATED SDCS BY USE

The residential unit costs shown in **Exhibit 3.6** are on a per capita basis. As such, they must be converted to dwelling units to reflect actual SDCs levied by the district. The SDCs per dwelling unit are shown in **Exhibit 4.1** adjusted for the number of people in a dwelling unit type. SDCs for residential development are calculated by multiplying the number of occupants (by housing category) by the corresponding unit cost. The district wished to combine manufactured housing and multifamily charges per unit, reflected in the exhibit below. Additionally, the senior housing charge per unit applies only to congregate care facilities with common dining facilities, such as independent living facilities. Facilities such as nursing homes are still considered non-residential.

	Number of People	District-Wide, No Overlays	South Cooper Mountain	Bonny Slope West	North Bethany
<b>Residential Charges</b>					
Single Family per Unit	2.55	\$10,800	\$12,624	\$12,789	<b>\$12,645*</b>
Multifamily per Unit <sup>1</sup>	2.03	8,619	10,075	10,206	<b>10,091*</b>
Accessory Dwellings per Unit	1.45	6,152	7,191	7,285	7,203
Senior Housing per Unit <sup>2</sup>	1.50	6,364	7,439	7,536	7,451
<b>Non-Residential Charge per Employee</b>		<b>THPRD</b>			
Per Employee	1.00	\$360			

Source: U.S. Census American Community Survey, Metro, and DEQ, compiled by FCS GROUP.

<sup>1</sup>Multifamily charge per unit applies manufactured housing units as well.

<sup>2</sup>Senior housing defined as congregate care facilities with common dining.

**\* A 3% discount was adopted for Single Family per Unit and Multifamily per Unit fees in North Bethany. See attached Resolution No. 2016-07, Exhibit A, System Development Charge - Schedule of Fees for adopted discounted fees in North Bethany.**

### B. ANNUAL ADJUSTMENT

ORS 223.304 allows for the periodic indexing of system development charges for inflation, as long as the index used is:

- (A) A relevant measurement of the average change in prices or costs over an identified time period for materials, labor, real property or a combination of the three;
- (B) Published by a recognized organization or agency that produces the index or data source for reasons that are independent of the system development charge methodology; and
- (C) Incorporated as part of the established methodology or identified and adopted in a separate ordinance, resolution or order.

The district currently uses a comprehensive escalation factor based on land value increases in Washington County and construction costs in the *Engineering News Record* Construction Cost Index for the City of Seattle to adjust its charges annually. We recommend the district continue its present escalation index.

## C. EXISTING AND PROPOSED SDCS

**Exhibit 4.2** compares the calculated SDCs to the current SDCs adopted by the district.

<b>Exhibit 4.2: SDC Fee Comparison</b>			
	<b>Single Family Residential</b>	<b>Multi-family Residential</b>	<b>New Employee</b>
<b>Current Fee</b>			
<b>District-Wide</b>	\$6,450	\$4,824	\$167
<b>SDC Fee Summary - Acre-Based Level of Service, Current</b>			
<b>District-Wide, No Overlays</b>	\$10,800	\$8,619	\$360
<b>South Cooper Mountain Area</b>	\$12,624	\$10,075	\$360
<b>Bonny Slope West</b>	\$12,789	\$10,206	\$360
<b>North Bethany</b>	\$12,645	\$10,091	\$360

**Source:** Previous tables and THPRD, compiled by FCS GROUP.

## D. COMPARISON WITH OTHER JURISDICTIONS

**Exhibit 4.3** compares the proposed SDCs with SDCs in jurisdictions around the metro area.

<b>Exhibit 4.3: Parks SDC Comparison</b>	
<b>City</b>	<b>Single Family</b>
<b>THPRD - Bonny Slope West (Proposed)</b>	<b>\$12,789</b>
Hillsboro - South Hillsboro (fully phased in)	\$12,693
<b>THPRD - North Bethany (Proposed)</b>	<b>\$12,645</b>
<b>THPRD - South Cooper Mountain Area (Proposed)</b>	<b>\$12,624</b>
Lake Oswego	\$12,334
<b>Tualatin Hills Park &amp; Rec District - Base (Proposed)</b>	<b>\$10,800</b>
West Linn	\$10,014
Portland - Central City	\$9,090
Gresham - Springwater	\$9,039
Portland - Non-Central City	\$8,523
Hillsboro - South Hillsboro (initial)	\$8,287
Gresham - Pleasant Valley	\$8,137
Sherwood	\$7,669
Tigard - River Terrace	\$7,202
Tigard	\$6,824
Clackamas County - Zone 2	\$6,760
<b>Tualatin Hills Park &amp; Rec District (current)</b>	<b>\$6,450</b>
Clackamas County - Zone 3 and Sunnyside Village	\$6,075
Canby	\$5,265
Tualatin	\$4,637
Hillsboro	\$4,451
Oregon City	\$4,034
Milwaukie	\$3,985
Gresham	\$3,837

**Source:** Respective cities, compiled by FCS GROUP.

**Note:** Hillsboro SDC reflects fully phased in SDC.

# APPENDICES

## Appendix A: Parks Demand by Place of Resident

Demand by Place of Residence	Residents				Non-Residents		Total
	Non-Employed, Ages 18+	Ages 5-17	Work inside Area	Work outside Area	Work inside Area		
<b>Summer (June through September)</b>							
Weekday							
Before work			1.00		1.00		
Meals and breaks			1.00		1.00		
After work			2.00		2.00		
Other leisure	12.00	12.00	2.00	2.00			
Total weekday	12.00	12.00	6.00	2.00	4.00		
Weekend	12.00	12.00	12.00	12.00			
Total summer	12.00	12.00	7.71	4.86	2.86		
<b>Spring/fall (April, May, October, and November)</b>							
Weekday							
Before work			0.50		0.50		
Meals and breaks			1.00		1.00		
After work			1.00		1.00		
Other leisure	10.00	4.00	2.00	2.00			
Total weekday	10.00	4.00	4.50	2.00	2.50		
Weekend	10.00	10.00	10.00	10.00			
Total spring/fall	10.00	5.71	6.07	4.29	1.79		
<b>Winter (December through March)</b>							
Weekday							
Before work			0.50		0.50		
Meals and breaks			1.00		1.00		
After work			0.50		0.50		
Other leisure	8.00	2.00	1.00	1.00			
Total weekday	8.00	2.00	3.00	1.00	2.00		
Weekend	8.00	8.00	8.00	8.00			
Total winter	8.00	3.71	4.43	3.00	1.43		
<b>Weighting factors</b>							
Summer	0.33	0.33	0.33	0.33	0.33		
Spring/fall	0.33	0.33	0.33	0.33	0.33		
Winter	0.33	0.33	0.33	0.33	0.33		
Total weighting factors	1.00	1.00	1.00	1.00	1.00		
<b>Demand by Population Group</b>							
Daily weighted average hours	10.00	7.14	6.07	4.05	2.02		
Census counts in THPRD	65,695	39,959	65,672	46,737	34,342		
Potential daily demand in THPRD	656,951	285,419	398,725	189,174	69,502	1,599,771	
Proportion	41.1%	17.8%	24.9%	11.8%	4.3%	100.0%	
<b>Proportion by place of residence</b>		<b>95.7%</b>			<b>4.3%</b>	<b>100.0%</b>	

Source: U. S. Census Bureau, 2009-2013 American Community Survey 5-Year Estimates, U.S. Census On the Map application, and Tualatin Hills Parks and Recreation, compiled by FCS GROUP.





**RESOLUTION NO. 2016-07**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE  
TUALATIN HILLS PARK & RECREATION DISTRICT  
ADOPTING SYSTEM DEVELOPMENT CHARGE (SDC)**

**WHEREAS**, the Tualatin Hills Park & Recreation District (THPRD) adopted a system development charge and corresponding methodology by resolution in November 1998 (the "SDC Resolution"), which was amended in September 2001 and August 2003, and updated in November 2007; and

**WHEREAS**, the system development charge methodology adopted by THPRD in 2007 was based on needs identified in THPRD's 2006 20-year comprehensive master plan; and

**WHEREAS**, THPRD adopted an updated comprehensive parks and recreation master plan (the "2013 Comprehensive Plan Update") in June 2013 which considers capital facility needs through the year 2035; and

**WHEREAS**, an updated system development charge methodology report titled "Tualatin Hills Park & Recreation District Parks System Development Charge Update Report" and dated November 2015 (the "2015 SDC Methodology Report") has been prepared to reflect growth costs identified in the 2013 Comprehensive Plan Update; and

**WHEREAS**, a public hearing was held on January 12, 2016, at which the THPRD Board of Directors ("Board of Directors") received testimony regarding the 2015 Methodology Report and the proposed SDCs; and

**WHEREAS**, the Board of Directors adopted the 2015 SDC Methodology Report by Resolution 2016-06 on March 7, 2016; and

**WHEREAS**, as reflected in the 2015 SDC Methodology Report, the SDCs represent 100% of the growth costs for the THPRD base area and the South Cooper Mountain, Bonny Slope West and North Bethany overlay areas; and

**WHEREAS**, the Board of Directors determined the SDC for residential development in the North Bethany overlay area should be discounted by three (3) percent; and

**WHEREAS**, the Board of Directors may re-evaluate whether to implement the full SDC for the North Bethany overlay area at such time as the board deems appropriate.

**NOW THEREFORE, the Tualatin Hills Park & Recreation District resolves:**

- Section 1: The SDC schedule attached as Exhibit A to this Resolution is adopted.
- Section 2: The existing SDC schedule and references to SDC amounts in the SDC Administrative Procedures Guide shall be updated to reflect the SDC schedule attached as Exhibit A.
- Section 3: This Resolution 2016-07 becomes effective on March 7, 2016.

**RESOLUTION NO. 2016-07**

Approved by the Tualatin Hills Park & Recreation District Board of Directors on the 7<sup>th</sup> day of March 2016.

Jerry Jones, Jr  
Secretary  
on behalf of  
Larry Pelatt

  
\_\_\_\_\_  
Larry Pelatt, President

  
\_\_\_\_\_  
Jerry Jones, Jr., Secretary

John Griffiths, Secretary Pro-Tempore  
on behalf of Jerry Jones, Jr.

ATTEST:

  
\_\_\_\_\_  
Lindsay Beckman, Recording Secretary

RESOLUTION NO. 2016-07

Exhibit A

SYSTEM DEVELOPMENT CHARGE  
Schedule of Fees

	Single Family Residential	Multi-family Residential	New Employee
Tualatin Hills Park & Rec District (Base)	\$10,800	\$8,619	\$360
South Cooper Mountain Area	\$12,624	\$10,075	\$360
Bonny Slope West	\$12,789	\$10,206	\$360
North Bethany	<b>\$12,268</b>	<b>\$9,791</b>	\$360