City of Albany

PARKS SYSTEM DEVELOPMENT CHARGE UPDATE

Draft Report
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Section I. INTRODUCTION

This section describes the project scope and policy context upon which the body of this report is based.

I.A. PROJECT

The City of Albany (City) imposes a system development charge (SDC) to provide partial funding for the capital needs of its parks system. The current SDC, which was developed in 1993, is charged only to residential developments based on the number of square feet and bedrooms at rates of $0.56 per square foot and $293.33 per bedroom. For a three-bedroom house with 2,400 square feet, the charge is $2,223.99.

In 2019, the City engaged MIG, Inc. (MIG) to begin updating its parks master plan. At the same time, the City and MIG engaged FCS GROUP to update the City's parks SDC based on that new master plan.

I.B. POLICY

SDCs are enabled by state statutes, authorized by local ordinance, and constrained by the United States Constitution.

I.B.1. State Statutes

Oregon Revised Statutes (ORS) 223.297 to 223.314 enable local governments to establish SDCs, which are one-time fees on development that are paid at the time of development or redevelopment that creates additional demand for park facilities. SDCs are intended to recover a fair share of the cost of existing and planned facilities that provide capacity to serve future users -- 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 that 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).

In addition to the reimbursement and improvement fees, ORS 223.307(5) states, in part, that "system development charge revenues may be expended on the costs of complying" with state statutes concerning SDCs, including "the costs of developing system development charge methodologies and providing an annual accounting of system development charge expenditures."

I.B.2. Local Ordinance

Chapter 15.20 of the Albany Municipal Code (AMC) authorizes and governs the imposition and expenditure of parks SDCs in Albany. Currently, the City is authorized to charge parks SDCs only to residential developments, but this report is based on both residential and non-residential demands on the parks system. Further, the code currently does not allow for the imposition of a reimbursement fee or a fee for the cost of complying with state SDC law.

We recommend revising AMC Chapter 15.20 to provide for (1) the imposition of a parks SDC on non-residential developments, (2) the imposition of a reimbursement fee as part of the parks SDC, and (3) the collection of revenues for the cost of complying with state SDC law. The analysis that follows assumes implementation of these recommendations.

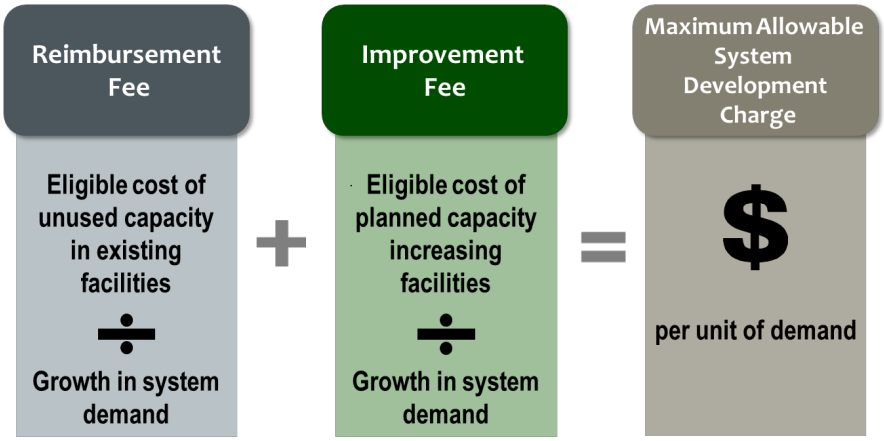
I.B.3. United States Constitution

The United States Supreme Court has determined that SDCs, impact fees, or other exactions that comply with state and/or local law may still violate the United States Constitution if they are not proportionate to the impact of the development. The SDCs calculated in this report are designed to meet all constitutional and statutory requirements.

Section II. ANALYSIS

This section provides the detailed calculations of the maximum allowable parks SDC.

In general, SDCs are calculated by adding a reimbursement fee component (if applicable) 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 is an illustration of this calculation:



II.A. GROWTH

The calculation of projected growth begins with defining the units by which current and future demand will be measured. Then, using the best available data, we quantify the current level of demand and estimate a future level of demand. The difference between the current level and the future level is the growth in demand that will serve as the denominator in the SDC calculations.

II.A.1. Unit of Measurement

A good unit of measurement allows an agency to quantify the incremental demand of development or redevelopment that creates additional demand for park facilities. A great unit of measurement allows an agency to distinguish different levels of demand added by different kinds of development or redevelopment.

II.A.1.a Options

For parks SDCs, demand that can be attributed to individual developments is usually measured in the number of people who will occupy a development. For residential developments, the number of occupants means the number of residents. We use data from the U. S. Census Bureau to estimate the number of residents for different kinds of dwelling units. For non-residential developments, the number of occupants means the number of employees. We use industry data to estimate the number employees per square foot for different kinds of non-residential developments.

When an agency chooses to impose a parks SDC on both residential and non-residential developments, the demand of one additional resident must be carefully distinguished from the demand of one additional employee. This is usually accomplished by the calculation of a demand-adjusted user. One resident is equal to one demand-adjusted user, and one employee is typically less than one demand-adjusted user.

II.A.1.b Recommendation

The City finds that non-residential developments are a significant source of demand for parks facilities. We therefore recommend that the City begin to charge parks SDCs for non-residential development while continuing to charge parks SDCs for residential development.

II.A.2. Demand Adjustment for Non-Residential Users

To charge parks SDCs to both residential and non-residential developments, we must estimate both (1) how much availability non-residential occupants (i.e., employees) have to use parks facilities and (2) how that availability differs from residential occupants (i.e., residents).

The calculation begins with the most recent counts for population and employment in Albany. As shown below, in 2017 (the most recent year for which both population and employment data were available), 52,710 residents live in Albany, and 21,352 employees work in Albany. Of these, 7,808 people both live and work in Albany.

Table 1

Population and Employment, 2017	Living Inside Albany	Living Outside Albany	Total
Working Inside Albany	7,808	13,544	21,352
Working Outside Albany	16,973		
Not Working	27,929		
Total	52,710		

Source: *Portland State University, Population Research Center, 2017 annual report tables, Table 7 (total living inside Albany); U.S. Census Bureau, OnTheMap Application, 2017 Inflow/Outflow analysis (all jobs)*

Next, we estimate the number of hours per week that each category of person would be available to use the parks facilities in Albany. Table 2 below shows our estimate of maximum availability. It is not an estimate of actual use.

Table 2

Hours per Week of Park Availability Per Person, Residential Demand	Living Inside Albany
Working Inside Albany	72
Working Outside Albany	72
Not Working	112

Source: *FCS GROUP.*

Hours per Week of Park Availability Per Person, Non-Residential Demand	Living Inside Albany	Living Outside Albany
Working Inside Albany	10	10
Working Outside Albany		
Not Working		

Source: *FCS GROUP.*

A person who both lives and works in Albany is allocated 72 hours per week of residential availability and 10 hours per week of non-residential availability. This is not double counting. Rather, it is a careful distinguishing of the two types of demand.

When the hours of availability above are multiplied by the counts presented earlier, we can determine the relative demand of residents and employees. As shown in Table 3 below, the parks demand of one employee is equivalent to the parks demand of about 0.11 resident. To put it another way, the parks demand of 9.32 employees is equivalent to the parks demand of one resident.

Table 3

Total Hours per Week of Park Availability, 2017	Residential hours	Non-residential hours	Total Hours
Working Inside Albany	562,176	213,520	775,696
Working Outside Albany	1,222,056		
Not Working	3,128,048		
Total	4,912,280	213,520	775,696
Hours per resident	93		
Hours per employee		10	
Residents per employee			0.11

Source: *Previous tables*

II.A.3. Growth in Demand

The current (2020) demand for parks facilities is 58,574 demand-adjusted users. That number is the sum of 56,134 residents (based on the Population Research Center at Portland State University and the 2020 "City of Albany Housing Needs Analysis and Economic Opportunities Analysis"), and 2,440 demand-adjusted users for 26,888 employees.

During the forecast period from 2020 to 2030, the residential population is expected to grow by 10,242 residents to a total of 66,375 residents (based on the 2020 "City of Albany Housing Needs Analysis and Economic Opportunities Analysis"). If total demand-adjusted users remain

proportionate to the residential population, then demand-adjusted users will grow by 10,687 to a total of 69,261 demand-adjusted users. Therefore, 10,687 demand-adjusted users will be the denominator for the SDC calculations later in this report.

Table 4 below summarizes these calculations:

Table 4

Population Growth	2017	2019	2020	2030	2020-2030 Growth
Residents	52,710	55,201	56,134	66,375	10,242
Employees	21,352	22,361	22,739	26,888	4,149
Demand-adjusted employees	2,291	2,399	2,440	2,885	445
Total Demand-adjusted users	55,001	57,600	58,574	69,261	10,687

***Source** : Previous tables (2017); Portland State University, Population Research Center, 2017 annual report tables, Table 7 (total living inside Albany); Angelo Planning Group and Johnson Economics, City of Albany Housing Needs Analysis and Economic Opportunities Analysis, 2020.*

II.B. IMPROVEMENT FEE

An improvement fee is the eligible cost of planned projects per unit of growth that such projects will serve. Since we have already calculated growth (denominator) above, we will focus here on the improvement fee cost basis (numerator).

II.B.1. Eligibility

A project's eligible cost is the product of its total cost and its eligibility percentage. The eligibility percentage represents the portion of the project that creates capacity for future users.

For parks SDCs, eligibility is determined by a level-of-service analysis that quantifies the park facilities that are needed for growth (and are therefore eligible to be included in an improvement fee cost basis). We perform this analysis using acres of parks and natural areas and number of special use sites, and targeting the future level of service after all of the projects in the planning period have been finished. Determining eligibility based on the future level of service means that only those project costs that exceed the cost of curing any existing deficiency are considered eligible.

Starting with the parks and natural areas, we can see that the City has 876.61 acres in 2020. That equals 15.62 acres per 1,000 residents. The project list will add 23.50 acres, bringing the total acres to 900.11. This will change (reduce) the level of service to 13.56 acres per 1,000 residents. If this level of service were applied to the 2020 population, the City would need 761.23 acres of parks and natural areas. Since the City already has 876.61 acres, there are no existing deficiencies. Thus, project costs for adding new acres of parks and natural areas can be considered 100 percent eligible.

A similar analysis of the number of special use sites shows that project costs for adding new special use sites can be considered 100 percent eligible. Also, because the City has more than enough acres and special use sites to meet the future level of service, the cost for the excess units can be reimbursed in the reimbursement fee. The reimbursable quantity of each facility type is listed in the last column of Table 5. The reimbursement fee will be discussed in Section II.C.

Table 5

Inventory and Eligibility	Units	2020 Quantity	Units per 1,000 Resident	Quantity Added	Units per 1,000 Resident	2020 Minimum Quantity	Eligibility	Reimbursable Quantity
Parks and Natural Areas	Acres	876.61	15.62	23.50	13.56	761.23	100%	115.38
Special Use Sites	Number	7.00	0.12	1.00	0.12	6.77	100%	0.23

Source: *City staff.*

II.B.2. Expansion Projects

The first of the City's two project lists includes projects that will expand the inventory of the parks system and are therefore subject to the eligibility calculations described above. As shown in Table 6 below, this project list has a total cost of $36.8 million. Further, not all project costs are associated with expanding acreage and thus not all are eligible for the improvement fee cost basis. The final column identifies costs associated with expanding acreage and totals to $36.6 million.

Table 6

Expansion Projects	Timing	Total Cost	Capacity-Enhancing Cost
Monteith Riverpark Splash Pad	0-5 years	$ 1,600,000	$ 1,600,000
Multi-purpose recreation and senior center	5-10 years	10,000,000	10,000,000
Timber Ridge Neighborhood Park (Existing City Property)	0-5 years	1,185,000	1,110,000
New neighborhood park (NE Albany)	5-10 years	3,240,000	3,240,000
Timber Linn Park	5-10 years	1,550,000	1,550,000
New neighborhood park (East Albany)	5-10 years	940,000	940,000
New neighborhood park	5-10 years	1,225,000	1,225,000
New neighborhood park	5-10 years	1,225,000	1,225,000
South Albany Property (Existing City Property)	5-10 years	12,642,000	12,642,000
New neighborhood park (West Albany)	5-10 years	3,240,000	3,040,000
	Total	$ 36,847,000	$ 36,572,000

Source: *City staff.*

II.B.3. Infill Projects

The second of the City's two project lists includes projects that will not expand the inventory of the parks system by adding acres but that will nevertheless add capacity for future users by adding amenities. As shown in Table 7 below, this project list has a total cost of $21.6 million. The capacity expanding portion of these costs is listed in the final column and totals to $9.2 million.

Table 7

	Timing	Total Cost	Capacity-Expanding Cost
Burkhart Park	0-5 years	$ 240,000	$ -
Deerfield Park	0-5 years	250,000	-
Doug Killin Friendship Park	5-10 years	110,000	-
Draper Park	5-10 years	575,000	-
Eads Park	5-10 years	10,000	-
Eleanor Hackleman Park	5-10 years	-	-
Gibson Hill Park	5-10 years	615,000	-
Grand Prairie Park	5-10 years	870,000	-
Henderson Park	0-5 years	175,000	-
Lehigh Park	5-10 years	240,000	-
Lexington Park	5-10 years	1,070,000	-
Periwinkle Park	5-10 years	170,000	-
Pineway Park	5-10 years	255,000	-
Riverview Heights Park	5-10 years	260,000	75,000
Sunrise Park	5-10 years	40,000	-
Takena Park	5-10 years	575,000	75,000
Teloh Calapooia Park	5-10 years	40,000	-
Bowman Park	0-5 years	225,000	225,000
Kinder Park	5-10 years	165,000	-
Bryant Park	5-10 years	650,000	-
Monteith Riverpark	5-10 years	1,250,000	-
Takena Landing Park (leased)	5-10 years	-	-
Timber Linn Park	5-10 years	3,780,000	1,600,000
Waverly Park	5-10 years	10,000	-
Albany Community Pool (leased)	5-10 years	-	-
COOL! Pool at Swanson Park	0-5 years	100,000	-
Burkhart Square (leased)	5-10 years	65,000	-
Hazelwood Park	0-5 years	-	-
Maple Lawn Park	5-10 years	70,000	-
Swanson Park	5-10 years	225,000	225,000
Multi-purpose recreation and senior center (renovation portion)	5-10 years	2,500,000	-
East Thornton Lake Natural Area	0-5 years	5,684,000	5,684,000
North Pointe Property	0-5 years	-	-
Simpson Park	5-10 years	100,000	-
Oak Creek Greenbelt (South Albany)	5-10 years	1,000,000	1,000,000
LBCC Pickleball Courts	0-5 years	-	-
North Albany Park	5-10 years	300,000	300,000
	Total	$ 21,619,000	$ 9,184,000

Source: *City staff.*

II.B.4. Calculated Improvement Fee Cost Basis

After determining the costs dedicated to expanding capacity on each of the two lists (expansion and infill), the improvement fee cost basis is calculated by multiplying those costs by their respective eligibility percentages.

As discussed above, eligibility for capacity-expanding costs on the expansion list were determined through level-of-service calculations. As shown in Table 8 below, there are $26.5 million in eligible costs for parks and natural areas, and $10 million in eligible costs for an additional special use site. There are, therefore, $36.5 million in eligible costs for the expansion list.

Table 8

Eligible Expansion Project Costs	Eligibility	Eligible Cost
Parks and Natural Areas	100%	$ 26,572,000
Special Use Sites	100%	10,000,000
Total		$ 36,572,000

Source: *Previous tables.*

Projects on the infill list are not subject to the level-of-service calculations used on the expansion list. For infill projects, use of added amenities are assumed to be shared equally between current and future users. Thus, the eligibility percentage is the proportion of total future demand (69,261 demand-adjusted users) that will arrive between 2020 and 2030 (10,687 demand-adjusted users), or 15.43 percent. As shown in Table 9 below, the total eligible cost of the infill projects is $1.4 million.

Table 9

Eligible Infill Project Costs	Timing	Capacity-Expanding Cost	Eligibility	Eligible Cost
Burkhart Park	0-5 years	$ -	15.43%	$ -
Deerfield Park	0-5 years	-	15.43%	-
Doug Killin Friendship Park	5-10 years	-	15.43%	-
Draper Park	5-10 years	-	15.43%	-
Eads Park	5-10 years	-	15.43%	-
Eleanor Hackleman Park	5-10 years	-	15.43%	-
Gibson Hill Park	5-10 years	-	15.43%	-
Grand Prairie Park	5-10 years	-	15.43%	-
Henderson Park	0-5 years	-	15.43%	-
Lehigh Park	5-10 years	-	15.43%	-
Lexington Park	5-10 years	-	15.43%	-
Periwinkle Park	5-10 years	-	15.43%	-
Pineway Park	5-10 years	-	15.43%	-
Riverview Heights Park	5-10 years	75,000	15.43%	11,572
Sunrise Park	5-10 years	-	15.43%	-
Takena Park	5-10 years	75,000	15.43%	11,572
Teloh Calapooia Park	5-10 years	-	15.43%	-
Bowman Park	0-5 years	225,000	15.43%	34,717
Kinder Park	5-10 years	-	15.43%	-
Bryant Park	5-10 years	-	15.43%	-
Monteith Riverpark	5-10 years	-	15.43%	-
Takena Landing Park (leased)	5-10 years	-	15.43%	-
Timber Linn Park	5-10 years	1,600,000	15.43%	246,876
Waverly Park	5-10 years	-	15.43%	-
Albany Community Pool (leased)	5-10 years	-	15.43%	-
COOL! Pool at Swanson Park	0-5 years	-	15.43%	-
Burkhart Square (leased)	5-10 years	-	15.43%	-
Hazelwood Park	0-5 years	-	15.43%	-
Maple Lawn Park	5-10 years	-	15.43%	-
Swanson Park	5-10 years	225,000	15.43%	34,717
Multi-purpose recreation and senior center (renovation portion)	5-10 years	-	15.43%	-
East Thornton Lake Natural Area	0-5 years	5,684,000	15.43%	877,028
North Pointe Property	0-5 years	-	15.43%	-
Simpson Park	5-10 years	-	15.43%	-
Oak Creek Greenbelt (South Albany)	5-10 years	1,000,000	15.43%	154,298
LBCC Pickleball Courts	0-5 years	-	15.43%	-
North Albany Park	5-10 years	300,000	15.43%	46,289
	Total	$ 9,184,000		$ 1,417,070

Source: *City staff.*

As shown in Table 10 below, the combined improvement fee cost basis is $37,989,070.

Table 10

Improvement Fee Cost Basis	
Infill Projects	$ 1,417,070
Expansion Projects	36,572,000
Total	$ 37,989,070

Source: *Previous tables.*

II.C. REIMBURSEMENT FEE

A reimbursement fee is the eligible cost of the park facilities available for future users per unit of growth that such facilities will serve. Since growth was calculated in Section II.A, we will focus on the eligible cost of the park facilities available for future users. That is, we will focus on the cost of reimbursable park facilities.

II.C.1. Reimbursable Park Facilities

Reimbursable park facilities are those existing facilities which are not required to meet the City's level of service and thus are available to future users. As discussed in Section II.B.1, an excess of park facilities only exists when the future level of service is currently being exceeded. When calculating reimbursable facilities by unit of measurement, there are 115.38 reimbursable acres of parks and natural areas, and 0.23 reimbursable special use sites.

II.C.2. Calculated Reimbursement Fee Cost Basis

The reimbursement fee cost basis is the product of the reimbursable quantity of park facilities and the eligible cost of those facilities. To calculate the eligible cost of reimbursable park facilities, several approaches may be taken as long as they reflect the actual costs borne by the parks system for those parks facilities.

For this analysis, a unit cost per generalized park acre is used for calculating the reimbursable costs for the City's parks and natural areas. For special use sites, the unit cost is simply the average cost per site. These unit costs are adjusted downwards to account for inflation using a relevant index and the acre-weighted age of each park category. These discounted unit costs are then multiplied by the reimbursable quantity of park facilities in each category to get the reimbursable costs of each category.

The unit cost for each unit of measurement was provided by MIG and is shown in the third column of Table 11 below. The unit costs adjusted for inflation are shown in the sixth column. Column 7 shows the reimbursable quantity by unit per Table 5, and finally, the total reimbursable costs for each unit of measurement is shown in the last column. As shown, the total reimbursable cost of parks facilities is $9.1 million.

As an example, parks and natural areas are assumed to have a development cost of $207,884 per acre in 2020 dollars. As shown in the fourth column, parks and natural areas are on average 37 years old. Based on the *Engineering News-Record* Construction Cost Index (ENR CCI) 20-City Average, the original cost was on average 35.50 percent of the cost of development in 2020. This means their original cost was, on average, $73,775 per acre. Multiplying that by the reimbursable number of acres as shown in the seventh column gives a total reimbursable amount of $8,512,524.

Table 11

Reimbursement Fee Cost Basis	Units	2020 Cost per Unit	Weighted Average Age	Inflation Adjustment Factor	Original Cost per Unit	Reimbursable Quantity	Total Reimbursable Cost
Parks and Natural Areas	Acres	$ 207,844	37	35.50%	$ 73,775	115.38	$ 8,512,524
Special Use Sites	Number	5,392,857	27	45.49%	2,452,993	0.23	574,936
	Total						$ 9,087,460

Source: *Previous tables, City staff, MIG, Engineering News-Record Construction Cost Index (20-City Average)*

II.D. CALCULATED SDC

This section combines the eligible costs from the two project lists and the eligible costs for the City's reimbursable park facilities and applies adjustments for fund balance and compliance costs. The result is a total SDC per demand-adjusted user.

We then use census data to estimate the number of residents per dwelling unit and calculate SDCs for residential dwelling units. For non-residential development, we provide both an SDC per employee and an estimate of the number of employees per 1,000 square feet of different types of non-residential development.

II.D.1. Adjustments

Because the City has only charged an improvement fee in its past SDCs, unspent SDC revenue represents projects that remain unbuilt. Because these projects remain on the project list and are part of the improvement fee cost basis, it is reasonable to reduce this cost basis by the amount of revenue already received for those projects that remain on the list. As of June 30, 2018, the City had $3.4 million in parks SDC fund balance which must be deducted from the improvement fee cost basis.

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 growth-related projects, this report includes an estimate of compliance costs in the SDC cost basis.

The City has estimated that they will spend $40,000 over the planning period on the compliance costs allowed by statute. These compliance costs are divided between the improvement and reimbursement fees based on the proportion of the total SDC that these fees make up.

These adjustments are shown in Table 12 below.

Table 12

Adjustments to SDC Cost Basis	
Unadjusted Improvement Fee Cost Basis	$ 37,989,070
Compliance Costs	32,279
Improvement Fee Fund Balance	(3,426,667)
Improvement Fee Cost Basis	$ 34,594,681
Unadjusted Reimbursement Fee Cost Basis	$ 9,087,460
Compliance Costs	7,721
Reimbursement Fee Cost Basis	$ 9,095,181

Source *: Previous tables, City staff*

II.D.2. SDC per Demand-Adjusted User

Table 13 below is a complete schedule of parks SDCs showing the improvement and reimbursement fee by demand-adjusted user and by land use:

Table 13

Calculated SDC		
Cost Basis:		
Improvement Fee		$ 34,562,403
Reimbursement Fee		9,087,460
Compliance Costs		40,000
Total Cost Basis		$ 43,689,863
Growth in Demand-Adjusted Users		10,687
Improvement Fee per Demand-Adjusted User		$ 3,234
Reimbursement Fee per Demand-Adjusted User		850
Compliance Fee per Demand-Adjusted User		4
Total SDC per Demand-Adjusted User		$ 4,088
Fee Schedule:	Demand-Adjusted Users	
Single-family dwelling unit		Varies by size
Multi-family dwelling unit	1.84	$ 7,525
Accessory dwelling unit	1.07	4,366
Employee	0.11	439

Source *: Previous tables.*

As shown above, the maximum allowable charge is $4,088 per demand-adjusted user. The resulting SDC is $7,525 for a multi-family dwelling unit. The SDC for an accessory dwelling unit ($4,366) is based on 1.07 residents per dwelling unit (two multi-family dwelling units less an average single-

family dwelling unit under the theory that the combination of a single-family dwelling unit and an accessory dwelling unit represents the combined demand of a duplex).

The calculated non-residential SDC of $439 per employee can be applied by using Table 14 to estimate the number of employees that will work in the proposed development.

Table 14

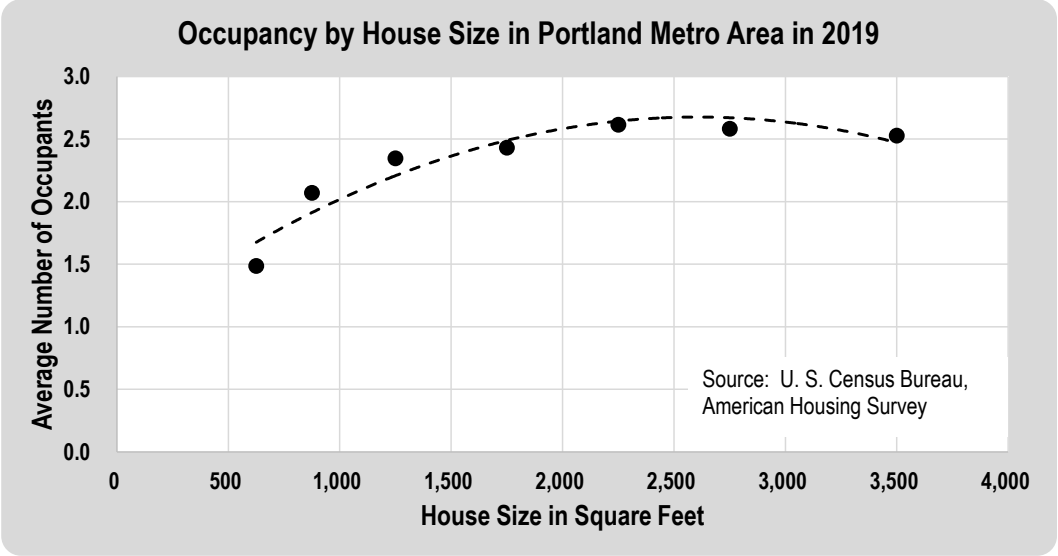
Employment Density	Industry Grouping (SIC)	Square Feet per Employee	Employees per 1,000 Square Feet
Ag., Fish & Forest Services; Constr.; Mining	1-19	590	1.695
Food & Kindred Projects	20	630	1.587
Textile & Apparel	22, 23	930	1.075
Lumber & Wood	24	640	1.563
Furniture; Clay, Stone & Glass; Misc.	25, 32, 39	760	1.316
Paper & Allied	26	1,600	0.625
Printing, Publishing & Allied	27	450	2.222
Chemicals, Petroleum, Rubber, Leather	28-31	720	1.389
Primary & Fabricated Metals	33, 34	420	2.381
Machinery Equipment	35	300	3.333
Electrical Machinery, Equipment	36, 38	400	2.500
Transportation Equipment	37	700	1.429
TCPU--Transportation and Warehousing	40-42, 44, 45, 47	3,290	0.304
TCPU--Communications and Public Utilities	43, 46, 48, 49	460	2.174
Wholesale Trade	50, 51	1,390	0.719
Retail Trade	52-59	470	2.128
Finance, Insurance & Real Estate	60-68	370	2.703
Non-Health Services	70-79	770	1.299
Health Services	80	350	2.857
Educational, Social, Membership Services	81-89	740	1.351
Government	90-99	530	1.887

Source *: Metro, "1999 Employment Density Study," Table 4.*

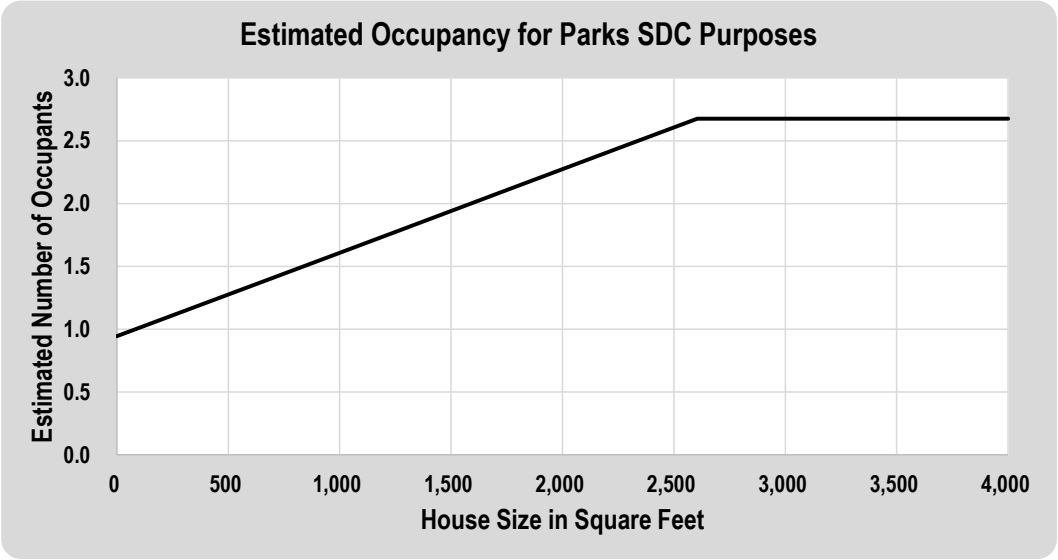
Single-family dwelling units are subjected to an additional step (described below) to estimate the number of demand-adjusted users as a function of the size of the dwelling unit as measured in square feet.

II.D.3. Single-Family Dwelling Units

Data from the U. S. Census Bureau for the Portland Metro Area indicate that, up to a point, the number of occupants in a single-family dwelling unit is positively correlated with that dwelling unit's size as measured in square feet as shown in the chart below:



To simplify this relationship for the purpose of charging SDCs, we have translated the curvilinear function shown above to the linear (and capped) function shown below:



Houses that are 2,605 square feet or larger are subject to the cap and have an estimated occupancy of 2.68 demand-adjusted users. Houses that are smaller than 2,605 square feet have an estimated occupancy of 0.94 demand-adjusted user plus 0.66 demand-adjusted users per thousand square feet. For houses that are smaller than 2,605 square feet, the equation is:

$$Occupancy = 0.94 + (0.66 \times size\ in\ thousands\ of\ square\ feet)$$

For example, a house that is 2,000 square feet is under the cap, and its occupancy must therefore be calculated. The calculated occupancy is the sum of 0.94 demand-adjusted users plus 1.33 demand-adjusted users based on size. The total occupancy is therefore 2.27 demand-adjusted users. Note that only two decimal places are shown here, but the calculations are based on unrounded numbers. The accompanying spreadsheet shows the calculations with full precision. It also provides a calculator to facilitate precise calculation of occupancy given the size of the house.

Given the calculated SDC of $4,088 per demand-adjusted user, the chart below shows the parks SDC that would be imposed by size of house:

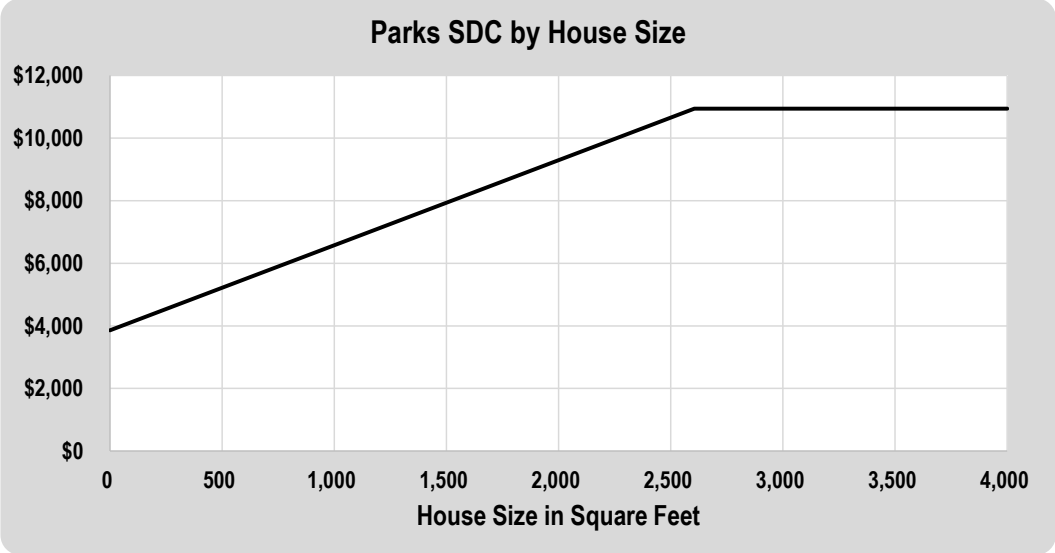


Table 15 uses values from the calculator spreadsheet to provide similar information in tabular format.

Table 15

Parks SDC by Size	
500 square feet	$5,219
1,000 square feet	$6,578
1,500 square feet	$7,937
2,000 square feet	$9,295
2,500 square feet	$10,654
3,000 square feet	$10,941
3,500 square feet	$10,941

Section III. IMPLEMENTATION

This section addresses practical aspects of implementing SDCs.

III.A. FUNDING PLAN

Even if the City implements the full parks SDCs calculated above, SDC revenues will not be sufficient to fund the project list. As shown in Table 16, an additional $11.4 million will need to be raised from other, non-SDC, sources.

Table 16

Funding Plan		
Resources:		
Beginning fund balance	$	3,426,667
SDC revenue		43,689,863
Other needed revenue		11,389,470
Total resources	$	58,506,000
Requirements:		
Project list (total cost)	$	58,466,000
Compliance Costs		40,000
Ending fund balance		-
Total requirements	$	58,506,000

Source *: Previous tables.*

III.B. CHARGING A REIMBURSEMENT FEE

ORS 223.304(3) allows for the charging of a reimbursement fee. However, Section 15.20 of the City's code does not currently allow for this. The City should change its code to allow for the charging of a reimbursement fee.

Once collected, parks reimbursement fee revenue can be spent on any parks-related capital project whether that project is growth-related or not.

III.C. CHARGING A COMPLIANCE FEE

ORS 223.307(5) allows for the collection of SDC revenue related to compliance with state SDC law. However, Section 15.20 of the City's code does not currently allow for this. The City should change its code to allow for the inclusion of compliance costs in the parks SDC.

III.D. CHARGING A NON-RESIDENTIAL PARKS SDC

ORS 223.304(1bA) requires that reimbursement fees must:

> Promote the objective of future system users contributing no more than an equitable share to the cost of existing facilities.

Further ORS 223.304(2b) requires that improvement fees must:

> Be calculated to obtain the cost of capital improvements for the projected need for available system capacity for future users.

These two provisions allow the City to charge its parks SDC to all developments that create demand on the parks system. Because the City has determined that employees create demand for parks facilities during work hours, the City may charge its SDC to non-residential developments. However, the City's code must be amended to allow this, as Section 15.20 currently allows SDCs to be charged only to residential developments.

III.E. INDEXING

ORS 223.304 allows for the periodic indexing of SDCs 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.

In accordance with Oregon statues and current City policy, the City plans to use the ENR Seattle CCI as the basis for adjusting SDCs annually. All costs in this report have been indexed to the April 2020 ENR CCI for Seattle, 12,141.53.