

Chehalem Park and Recreation District

PARKS SYSTEM DEVELOPMENT CHARGE METHODOLOGY REPORT

DRAFT REPORT
April 2017

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Section I. INTRODUCTION

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

I.A. SYSTEM DEVELOPMENT CHARGES

Oregon Revised Statutes (ORS) 223.297 to 223.314 authorize local governments to establish system development charges (SDCs), one-time fees on new development 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 SDCs:

- A reimbursement fee 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 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) and on the costs of compliance with Oregon’s SDC law.

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) and on the costs of compliance with Oregon’s SDC law.

I.B. UPDATING THE PARKS SDC

The Chehalem Park and Recreation District (District) contracted with FCS GROUP to perform an SDC update. We conducted the study using the following general approach:

- **Policy 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.
- **Technical Analysis.** In this step, we worked with District staff to isolate the recoverable portion of facility costs and calculate SDC rates.
- **Methodology Report Preparation.** In this step, we documented the calculation of the SDC rates included in this report.

I.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. Table 1 shows this calculation in equation format:

Table 1. SDC Equation

Eligible costs of available capacity in existing facilities	+	Eligible costs of capacity-increasing capital improvements	+	Pro-rata share of costs of complying with Oregon SDC law	=	SDC per unit of growth in demand
Units of growth in demand		Units of growth in demand				

I.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 available capacity, no reimbursement fee may be calculated.

Because the District is currently forming the stormwater utility and transitioning to a separation of stormwater and sewer assets, there is not available capacity. No reimbursement fee will be calculated.

I.C.2. Improvement Fee

The improvement fee is the cost of planned 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 improvement fee, 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.¹ Under this approach, the cost of a given project is allocated to growth by the portion of total project capacity

¹ Two alternatives to the capacity approach are the incremental approach and the causation approach. The incremental 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.

that represents capacity for future users. That portion, referred to as the improvement fee eligibility percentage, is multiplied by the total project cost for inclusion in the improvement fee cost basis.

I.C.3. Level of Service

The reimbursement and improvement SDC-eligible costs for the parks system are determined by a level of service (LOS), which is typically expressed as a quantity of facility (e.g., acres) per 1,000 residents.

A reimbursement fee is possible if the current LOS exceeds the ultimate identified LOS for the park type. For example, if the District currently has 11 acres of neighborhood parks but only needs 10 acres to serve its current population based on the identified LOS, the district is able to include the one acre above the current required LOS in a reimbursement fee cost basis.

An improvement fee is calculated for the portions of planned projects identified to serve the future population based on the LOS. For example, if a District currently has 10 acres of neighborhood parks and will have 15 acres at the end of the planning period, the five acres added in the planning period would be improvement fee eligible if the LOS determines five acres will serve future users at the identified LOS.

Any park land in the project list that cures an existing deficiency (e.g. if the District needed 10 acres to meet the identified current LOS) or is built in excess of the LOS (e.g. if the District plans to build six acres but only needs five acres for the future population) may not be included in the improvement fee cost basis, as per statute.

In this report, we use three approaches to determining LOS which are described below.

- **Current Level of Service.** This method determines the facility needs using the level of service currently provided to residents. 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 aspiration means that the existing inventory of facilities will have no surpluses or deficiencies. However, if completion of the project list would result in a higher level of service than currently exists, the eligibility percentage would be reduced.
- **Planned Level of Service.** This method determines the facility needs using the level of service targeted by the District in a previously adopted policy such as a comprehensive plan. The targeted level of service is multiplied by the current and projected population to determine both current facility needs 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 or deficiencies if facility needs are larger 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.

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

- Aquatic Centers

- Camp Ground Sites
- Community Recreation Centers
- Cultural Centers
- District Parks
- Holes of Golf
- Recreation, Youth, and Senior Centers
- Soccer Fields
- Trails

I.C.4. Adjustments

Two cost basis adjustments are potentially applicable in the SDC calculation: fund balances and compliance costs.

I.C.4.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.

I.C.4.b Compliance Costs

ORS 223.307(5) authorizes the expenditure of SDCs for “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 calculation.

Section II. COMMON ASSUMPTIONS

This section provides detailed calculations related to common assumptions for the three LOS calculations. These include growth, the underlying reimbursement cost basis, project list, and adjustments.

II.A. GROWTH

Growth is the denominator in both the improvement and reimbursement fee calculations, measured in units that most directly reflect the source of demand. The District's park system serves residents and employees in the Cities of Newberg and Dundee along with portions of unincorporated Yamhill County. For Park SDCs, the most applicable unit of growth is population. Current population for the cities is based on the PSU Population Research Center estimates and the unincorporated population is derived from the District Park Master Plan.

Table 2 shows projected growth in population during the planning period by area within the District. 2034 is the horizon year for the analysis based on conversations with the District. Population is escalated from current levels based on the Yamhill County Population Forecast by respective area.

Table 2. Population Growth

	2010	2016	2017	2034	2017-2034 Change
Newberg	22,110	23,465	23,986	34,832	10,847
Dundee	3,170	3,190	3,249	4,438	1,189
Unincorporated Area	7,439	7,506	7,518	7,713	195
Total Population	32,719	34,161	34,753	46,983	12,230

Source: Chehalis Park and Recreation Park Master Plan, PSU Population Research Center, and Yamhill County Population Forecast.

II.B. REIMBURSEMENT FEE COST BASIS

In order for the District to determine a reimbursement fee cost basis, the District must have a unit cost per park type and total cost of the current parkland. The only easily available data for this is for the District's golf course. Table 3 shows the original inventory costs for the District net of grants and contributions, current inventory, and a price per hole of golf.

Table 3. Available Inventory Cost Basis

	Unit of Measure	Inventory	Original Cost	Cost per Unit
Holes of Golf	Holes	18.00	\$6,500,000	\$361,111

Source: Chehalis Park and Recreation District.

If the LOS calculation provides for a reimbursement fee, the available capacity (measured in holes of golf) is multiplied by the price per hole of golf to arrive at total reimbursable costs. After defining the total reimbursable costs, we must deduct a pro rata share of debt principle related to the golf course from the calculation to avoid double charging for debt that will be repaid in the future. Table 4 shows the debt principal related to the golf course for the District.

Table 4. Available Inventory Cost Basis

	Full Faith & Credit Obligations
Total Principal	4,770,000

Source: District staff.

The total cost of the district inventory is only marginally higher than debt principal. This means that any reimbursement costs will be downwardly adjusted by approximately 73 percent to reflect total debt as a share of total inventory costs.

II.C. PROJECT LIST

The District provided a project list which will serve as the basis for calculating the improvement fee. Table 5 shows the total project costs and the development size by park type. See Appendix A for detailed project list.

Table 5. Improvement Fee Cost Basis Summary

	Cost	Amount
Aquatic Centers	\$1,000,000	18,808 sf
Camp Ground Sites	\$3,000,000	75.00
Community Recreation Centers	\$3,000,000	1.00
Cultural Centers	\$9,000,000	1.00
District Parks	\$20,000,000	327.00 ac.
Holes of Golf	\$3,000,000	9.00
Recreation/ Youth/ Sr Centers	\$4,500,000	2.00
Soccer Fields	\$3,000,000	9.00
Trails	\$80,000,000	18.00 mi.
Total	\$126,500,000	

Source: Appendix A.

II.D. ADJUSTMENTS

We must adjust the total SDC cost basis upward for the compliance cost fee basis and downward for existing fund balance. The District will make four adjustments for each SDC calculation, two of which are dependent on the LOS used:

- **District Cost of Administering the SDC.** The District estimates the cost of administering the SDC at eight percent of the SDC cost basis.
- **City/County Cost of Collecting the SDC.** The City and County collect SDCs for the District and collects five percent of the fee as an administrative charge.
- **Cost of SDC Methodology.** During the analysis period, the District estimates it will complete four SDC methodology studies at a total cost of \$80,000 during the analysis period. This amount stays constant in each LOS calculation.
- **Fund Balance.** The outstanding fund balance is deducted from each LOS calculation, totaling \$342,550.

Section III. SDC CALCULATIONS

This section provides detailed SDC calculations based on each level of service.

III.A. CURRENT LEVEL OF SERVICE

This section calculates the SDC based on the current LOS. This method determines the facility needs using the level of service currently provided to residents.

III.A.1. Facility Needs Determination

Facility needs are determined by the current level of service, expressed as a quantity of facility (e.g., acres) per 1,000 residents. Table 6 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.

Table 6. Inventory and Needs

Inventory and Needs	Aquatic Centers	Camp Ground Sites	Community Recreation Centers	Cultural Centers	District Parks	Holes of Golf	Recreational Youth Sr Centers	Soccer Fields	Trails Miles
Units of Measurement	SF	Sites	Count	Count	Acres	Holes	Count	Fields	Miles
Inventory									
Current Inventory	21,192 sf	96.00	0.00	1.00	469.29 ac.	18.00	3.00	3.00	4.67 mi.
Planned Projects	18,808 sf	75.00	1.00	1.00	327.00 ac.	9.00	2.00	9.00	18.00 mi.
Inventory at Completion of Planned Projects	40,000 sf	171.00	1.00	2.00	796.29 ac.	27.00	5.00	12.00	22.67 mi.
Level of Service - Current									
Level of Service per 1,000 Residents	609.80	2.76	0.00	0.03	13.50	0.52	0.09	0.09	0.13
Required Inventory Based on Level of Service									
Required in 2017	21,192 sf	96.00	0.00	1.00	469.29 ac.	18.00	3.00	3.00	4.67 mi.
Required to Accommodate Growth	7,458 sf	33.78	0.00	0.35	165.15 ac.	6.33	1.06	1.06	1.64 mi.
Required in 2034	28,650 sf	129.78	0.00	1.35	634.44 ac.	24.33	4.06	4.06	6.31 mi.
Analysis of Planned Park Development									
Curing Deficiency	0 sf	0.00	0.00	0.00	0.00 ac.	0.00	0.00	0.00	0.00 mi.
Accommodating Growth	7,458 sf	33.78	0.00	0.35	165.15 ac.	6.33	1.06	1.06	1.64 mi.
Excess	11,350 sf	41.22	1.00	0.65	161.85 ac.	2.67	0.94	7.94	16.36 mi.
Total Park Development	18,808 sf	75.00	1.00	1.00	327.00 ac.	9.00	2.00	9.00	18.00 mi.
Improvement Fee Eligibility									
Percent of Total Project Costs	39.65%	45.05%	0.00%	35.19%	50.51%	70.38%	52.79%	11.73%	9.13%
Reimbursement Fee Eligibility									
Eligible Inventory	0 sf	0.00	0.00	0.00	0.00 ac.	0.00	0.00	0.00	0.00 mi.

Source: Chehalis Park and Recreation District

The table above begins the analysis of future needs by looking at the current inventory of park facilities by category. For example, in the 'Inventory' section for district Parks, the District currently has 469.29 acres and plans to develop and additional 327 acres, totaling 796.29 acres at the end of the planning period.

The next section, 'Level of Service – Current' shows the LOS used to define SDC-eligible needs. The District has a current LOS for district parks of 13.50 acres per 1,000 residents. This will be different for each LOS calculation method.

The next section, 'Required Inventory Based on Level of Service', shows the amount of park development required based on the LOS identified above. Applying the LOS to the future population

results in the required inventory in 2034, 634.44 acres. The difference, 165.15 acres, is improvement fee eligible.

The next section, 'Analysis of Planned Development', divides the planned project acreage into three categories. The 'Curing Deficiency' portion is the amount of acreage that the District must add to achieve the LOS as dictated in 2017. Put differently, the 'Current Inventory' must at least equal the 'Required in 2017' inventory before any improvement fee eligible costs can be calculated. The 'Accommodating Growth' portion is the acreage that is improvement fee eligible. Improvement fee eligible acreage has an upward limit equal to the amount in 'Required to Accommodate Growth'. The final portion, 'Excess', is any park development which increases the LOS for the District during the planning period. That portion of the project list which increases the LOS for district parks beyond 13.5 acres per 1,000 residents is not included (or includable) in the improvement fee calculation.

The next section, 'Improvement Fee Eligibility', calculates the percent of project costs by park type that can be included in the improvement fee. This is the row 'Accommodating Growth' divided by the row 'Total Park Development'.

The final section, 'Reimbursement Fee Eligibility', shows the amount of inventory that is eligible for the reimbursement cost basis. If the 'Current Inventory' is greater than the 'Required Inventory in 2017', the excess is here and considered in the reimbursement cost basis.

Based on the current LOS, the improvement fee eligibility is reduced because the District intends to increase the LOS beyond what is currently available for all park types. The Community Center is not SDC eligible because the District currently has none so the current LOS is zero.

There is also no inventory eligible for the reimbursement fee and therefore no reimbursement fee using the current LOS approach. This makes analytical sense because using the current LOS precludes the District from having current inventory in excess of the current LOS.

III.A.2. Improvement Fee Calculation

To derive the improvement fee, we must apply the improvement fee eligibility percentages from Table 6 to the project list costs. The improvement fee eligibility reflects the amount of the project list that will provide capacity for future residents at the end of the planning period. Table 7 shows the improvement fee eligible costs by category. After calculating the total improvement eligible costs, we divide by the total project costs by the population growth during the planning period. The result is the per capita improvement fee unit cost.

Table 7. Project Cost Improvement Fee Eligibility

	Total Project Costs	Percent Eligible for Improvement Fee	Improvement Fee Eligible Costs
Aquatic Centers	\$1,000,000	39.65%	\$396,529
Camp Ground Sites	\$3,000,000	45.05%	\$1,351,378
Community Recreation Centers	\$3,000,000	0.00%	\$0
Cultural Centers	\$9,000,000	35.19%	\$3,167,291
District Parks	\$20,000,000	50.51%	\$10,101,109
Holes of Golf	\$3,000,000	70.38%	\$2,111,528
Recreation/ Youth/ Sr Centers	\$4,500,000	52.79%	\$2,375,469
Soccer Fields	\$3,000,000	11.73%	\$351,921
Trails	\$80,000,000	9.13%	\$7,304,321
Total	\$126,500,000		\$27,159,545

	Total Project Costs	Percent Eligible for Improvement Fee	Improvement Fee Eligible Costs
Population Growth 2017-2034			12,230
Improvement Fee per Capita			\$2,221

Source: Previous tables.

III.A.3. Adjustment Calculation

The total adjustment amount is based on an estimate of accounting costs associated with the SDC program along with the cost of SDC methodology studies and reduction in fund balance. Table 8 shows the adjustments based on the current LOS.

Table 8. Adjustments

	Amount
District Cost of Administering the SDC (8% of cost basis)	\$2,172,764
City/County Cost of Collecting the SDC (5% of cost basis)	1,357,977
Cost of SDC Methodology (\$20k, 4 studies)	80,000
Fund Balance	(342,550)
Total Adjustments	\$3,268,191
Population Growth 2017-2034	12,230
Adjustment per capita	\$267

Source: Chehalem PRD staff.

III.A.4. Total SDC Summary

A summary of the SDC unit cost is listed in Table 9. The total SDC includes the improvement fee and compliance fee. As noted above, the LOS approach taken precludes a reimbursement fee cost basis.

Table 9. SDC Component Summary

	Reimbursement Fee	Improvement Fee	Compliance Fee and Adjustments	Total
SDC per Capita	\$0	\$2,221	\$267	\$2,488

Source: Previous tables.

III.B. ADOPTED LEVEL OF SERVICE

This section calculates the SDC based on the adopted LOS. This method determines the facility needs using the level of service targeted by the District in a previously adopted policy such as a comprehensive plan.

III.B.1. Facility Needs Determination

Facility needs are determined by the adopted level of service from the Chehalem Park and Recreation Master Plan, expressed as a quantity of facility (e.g., acres) per 1,000 residents. We have included adopted levels of service for all park types available in the Master Plan. The LOS for certain park types without an identified LOS in the Master Plan are calculated as the current LOS because the Master Plan noted residents were satisfied with the current LOS.

Facility needs are determined by the adopted level of service, expressed as a quantity of facility (e.g., acres) per 1,000 residents. Table 10 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.

Table 10. Inventory and Needs

Inventory and Needs	Aquatic Centers	Camp Ground Sites	Community Recreation Centers	Cultural Centers	District Parks	Holes of Golf	Recreation Youth/Sr Centers	Soccer Fields	Trails
Units of Measurement	SF	Sites	Count	Count	Acres	Holes	Count	Fields	Miles
Inventory									
Current Inventory	21,192 sf	96.00	0.00	1.00	469.29 ac.	18.00	3.00	3.00	4.67 mi.
Planned Projects	18,808 sf	75.00	1.00	1.00	327.00 ac.	9.00	2.00	9.00	18.00 mi.
Inventory at Completion of Planned Projects	40,000 sf	171.00	1.00	2.00	796.29 ac.	27.00	5.00	12.00	22.67 mi.
Level of Service - Adopted									
Level of Service per 1,000 Residents	848	2.76*	0.02	0.04	13.50*	0.36	0.04	0.27**	0.20**
Required Inventory Based on Level of Service									
Required in 2017	29,459 sf	96.00	0.70	1.39	469.29 ac.	12.51	1.39	9.27	6.95 mi.
Required to Accommodate Growth	10,367 sf	33.78	0.24	0.49	165.15 ac.	4.40	0.49	3.26	2.45 mi.
Required in 2034	39,826 sf	129.78	0.94	1.88	634.44 ac.	16.91	1.88	12.53	9.40 mi.
Analysis of Planned Park Development									
Curing Deficiency	8,267 sf	0.00	0.70	0.39	0.00 ac.	0.00	0.00	6.27	2.28 mi.
Accommodating Growth	10,367 sf	33.78	0.24	0.49	165.15 ac.	0.00	0.00	2.73	2.45 mi.
Excess	174 sf	41.22	0.66	0.12	161.65 ac.	9.00	2.00	0.00	13.27 mi.
Total Park Development	18,808 sf	75.00	1.00	1.00	327.00 ac.	9.00	2.00	9.00	18.00 mi.
Improvement Fee Eligibility									
Percent of Total Project Costs	55.12%	45.05%	24.46%	48.92%	50.51%	0.00%	0.00%	30.36%	13.59%
Reimbursement Fee Eligibility									
Eligible Inventory	0 sf	0.00	0.00	0.00	0.00 ac.	5.49	1.61	0.00	0.00 mi.

Source: Chehalis Park and Recreation District and Parks Master Plan.

*Current Level of Service assumed to be adopted level of service based on Parks Master Plan statement. "The following are the facility needs as projected by the standards listed above and current inventory. In 1992 prior to 1994 Park Master Plan the patrons of the District were satisfied with the current services. Our recent surveys seem to indicate satisfaction by the District patrons."

**Levels of service identified are a combination of two separate but similar facility types from the Parks Master Plan.

Based on the adopted LOS, the District has several park types which are currently deficient and therefore have decreased improvement fee eligibility. Additionally, the District plans to build above the adopted LOS for several park types.

The two park types with no eligibility have enough capacity to satisfy current and future users. Both of these park types, holes of golf and recreation/youth/senior centers, are eligible for a reimbursement fee.

III.B.2. Reimbursement Fee Calculation

In order to determine a reimbursement fee, we must apply the price per unit of land from Table 3 to the reimbursable inventory derived from Table 10. Table 11 multiplies the reimbursable inventory by the price per hole of golf to arrive at total reimbursable costs.

Table 11. Level of Service Surplus Calculation

Park Type	Unit of Measure	Inventory Exceeding LOS	Less: Facilities Funded by Grants	Total Surplus	Price per Unit of Land	Inventory Surplus Cost Basis
Holes of Golf	Holes	5.49	0.00	5.49	\$361,111	\$1,982,175

Source: Previous tables and Chehalis Park and Recreation District.

After arriving at total reimbursable costs, we must deduct a pro rata share of the debt principal based on total inventory costs. Table 12 shows the deducted share of debt principal to arrive at a

reimbursement fee cost basis. The resulting reimbursement fee per capita is approximately \$43 because of the ratio of debt principal to total inventory costs as noted above.

Table 12. Reimbursement Fee Eligibility Calculation

Level of Service Surpluses	Cost
Reimbursable Costs	\$1,982,175
Less: Pro Rata Share of Debt Principal Related to Golf Course	-1,454,611
Reimbursement Fee Cost Basis	\$527,563
<i>Population Growth 2017-2034</i>	12,230
Reimbursement Fee per Capita	\$43

Source: District staff.

III.B.3. Improvement Fee Calculation

To derive the improvement fee, we must apply the improvement fee eligibility percentages from **Table 10** to the project list costs. The improvement fee eligibility reflects the amount of the project list that will provide capacity for future residents at the end of the planning period. **Table 13** shows the improvement fee eligible costs by category. After calculating the total improvement eligible costs, we divide by the total project costs by the population growth during the planning period. The result is the per capita improvement fee unit cost.

Table 13. Project Cost Improvement Fee Eligibility

	Total Project Costs	Percent Eligible for Improvement Fee	Improvement Fee Eligible Costs
Aquatic Centers	\$1,000,000	55.12%	\$551,215
Camp Ground Sites	\$3,000,000	45.05%	\$1,351,378
Community Recreation Centers	\$3,000,000	24.46%	\$733,809
Cultural Centers	\$9,000,000	48.92%	\$4,402,852
District Parks	\$20,000,000	50.51%	\$10,101,109
Holes of Golf	\$3,000,000	0.00%	\$0
Recreation/ Youth/ Sr Centers	\$4,500,000	0.00%	\$0
Soccer Fields	\$3,000,000	30.36%	\$910,889
Trails	\$80,000,000	13.59%	\$10,871,239
Total	\$126,500,000		\$28,922,489
<i>Population Growth 2017-2034</i>			12,230
Improvement Fee per Capita			\$2,365

Source: Previous tables.

III.B.4. Adjustment Calculation

The total adjustment amount is based an estimate of accounting costs associated with the SDC program along with the cost of SDC methodology studies and reduction in fund balance. **Table 14** shows the adjustments based on the adopted LOS.

Table 14. Adjustments

	Amount
District Cost of Administering the SDC (8% of cost basis)	\$2,356,004
City/County Cost of Collecting the SDC (5% of cost basis)	1,472,503
Cost of SDC Methodology (\$20k, 4 studies)	80,000
Fund Balance	(342,550)
Total Adjustments	\$3,565,957
Population Growth 2017-2034	12,230
Adjustment per capita	\$292

Source: Chehalem PRD staff.

III.B.5. Total SDC Summary

A summary of the SDC unit cost is listed in Table 15. The total SDC includes the reimbursement fee, improvement fee, and compliance fee.

Table 15. SDC Component Summary

	Reimbursement Fee	Improvement Fee	Compliance Fee and Adjustments	Total
SDC per Capita	\$43	\$2,365	\$292	\$2,700

Source: Previous tables.

III.C. REALIZED LEVEL OF SERVICE

This section calculates the SDC based on the realized LOS. 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.

III.C.1. Facility Needs Determination

Facility needs are determined by the LOS the District will have at the end of the planning period, expressed as a quantity of facility (e.g., acres) per 1,000 residents. Table 16 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.

Table 16. Inventory and Needs

Inventory and Needs	Aquatic Centers	Camp Ground Sites	Community Recreation Centers	Cultural Centers	District Parks	Holes of Golf	Recreation/ Youth/Sr Centers	Soccer Fields	Trails Miles
Units of Measurement	SF	Sites	Count	Count	Acre	Holes	Count	Fields	Miles
Inventory									
Current Inventory	21,192 sf	96.00	0.00	1.00	469.29 ac.	18.00	3.00	3.00	4.67 mi.
Planned Projects	18,808 sf	75.00	1.00	1.00	327.00 ac.	9.00	2.00	9.00	18.00 mi.
Inventory at Completion of Planned Projects	40,000 sf	171.00	1.00	2.00	796.29 ac.	27.00	5.00	12.00	22.67 mi.
Level of Service - Realized									
Level of Service per 1,000 Residents	851.38	3.64	0.02	0.04	16.95	0.57	0.11	0.26	0.48
Required Inventory Based on Level of Service									
Required in 2017	29,588 sf	126.49	0.74	1.48	589.01 ac.	19.97	3.70	8.88	16.77 mi.
Required to Accommodate Growth	10,412 sf	44.51	0.26	0.52	207.28 ac.	7.03	1.30	3.12	5.90 mi.
Required in 2034	40,000 sf	171.00	1.00	2.00	796.29 ac.	27.00	5.00	12.00	22.67 mi.
Analysis of Planned Park Development									
Curing Deficiency	8,396 sf	30.49	0.74	0.48	119.72 ac.	1.97	0.70	5.88	12.10 mi.
Accommodating Growth	10,412 sf	44.51	0.26	0.52	207.28 ac.	7.03	1.30	3.12	5.90 mi.
Excess	0 sf	0.00	0.00	0.00	0.00 ac.	0.00	0.00	0.00	0.00 mi.
Total Park Development	18,808 sf	75.00	1.00	1.00	327.00 ac.	9.00	2.00	9.00	18.00 mi.
Improvement Fee Eligibility									
Percent of Total Project Costs	55.36%	59.35%	26.03%	52.06%	63.39%	78.09%	65.08%	34.71%	32.78%
Reimbursement Fee Eligibility									
Eligible Inventory	0 sf	0.00	0.00	0.00	0.00 ac.	0.00	0.00	0.00	0.00 mi.

Source: Chehalis Park and Recreation District

Based on the realized LOS, the District has several park types which are currently deficient. However, there is also no 'excess' parks capacity since the realized LOS at the end of the planning period is the metric by which we determine the improvement fee eligibility.

III.C.2. Improvement Fee Calculation

To derive the improvement fee, we must apply the improvement fee eligibility percentages from Table 16 to the project list costs. The improvement fee eligibility reflects the amount of the project list that will provide capacity for future residents at the end of the planning period. Table 17 shows the improvement fee eligible costs by category. After calculating the total improvement eligible costs, we divide by the total project costs by the population growth during the planning period. The result is the per capita improvement fee unit cost.

Table 17. Project Cost Improvement Fee Eligibility

	Total Project Costs	Percent Eligible for Improvement Fee	Improvement Fee Eligible Costs
Aquatic Centers	\$1,000,000	55.36%	\$553,620
Camp Ground Sites	\$3,000,000	59.35%	\$1,780,534
Community Recreation Centers	\$3,000,000	26.03%	\$780,936
Cultural Centers	\$9,000,000	52.06%	\$4,685,615
District Parks	\$20,000,000	63.39%	\$12,677,908
Holes of Golf	\$3,000,000	78.09%	\$2,342,808
Recreation/ Youth/ Sr Centers	\$4,500,000	65.08%	\$2,928,509
Soccer Fields	\$3,000,000	34.71%	\$1,041,248
Trails	\$80,000,000	32.78%	\$26,227,875
Total	\$126,500,000		\$53,019,053
Population Growth 2017-2034			12,230
Improvement Fee per Capita			\$4,335

Source: Previous tables.

III.C.3. Adjustment Calculation

The total adjustment amount is based an estimate of accounting costs associated with the SDC program along with the cost of SDC methodology studies and reduction in fund balance. Table 14 shows the adjustments based on the realized LOS.

Table 18. Adjustments

	Amount
District Cost of Administering the SDC (8% of cost basis)	\$4,241,524
City/County Cost of Collecting the SDC (5% of cost basis)	2,650,953
Cost of SDC Methodology (\$20k, 4 studies)	80,000
Fund Balance	(342,550)
Total Adjustments	\$6,629,927
Population Growth 2017-2034	12,230
Adjustment per capita	\$542

Source: Chehalem PRD staff.

III.C.4. Total SDC Summary

A summary of the SDC unit cost is listed in Table 19. The total SDC includes the reimbursement fee, improvement fee, and compliance fee. As noted above, there are no eligible reimbursement fee costs.

Table 19. SDC Component Summary

	Reimbursement Fee	Improvement Fee	Compliance Fee and Adjustments	Total
SDC per Capita	\$0	\$4,335	\$542	\$4,877

Source: Previous tables.

Section IV. CONCLUSION

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

IV.A. CALCULATED SDC

Table 20 shows calculated SDC unit costs as shown above for each LOS methodology. The unit costs are expressed as per capita because the number of residents serves as the growth calculation for the SDC.

Table 20. SDC Component Summary – Per Capita Charge

	Reimbursement Fee	Improvement Fee	Compliance Fee and Adjustments	Total
Current LOS per 1,000 residents	\$0	\$2,221	\$267	\$2,488
Adopted LOS per 1,000 residents	\$43	\$2,365	\$292	\$2,700
Realized LOS per 1,000 residents	\$0	\$4,335	\$542	\$4,877

Source: Previous tables.

Each methodology produces different fees. The current LOS produces the lowest SDC calculation while the realized LOS produces the highest. It is notable that the adopted LOS also produces the only reimbursement fee calculation because of the relatively low adopted standard for holes of golf compared to what is actually provided.

The per capita SDC unit cost shown above must be converted to dwelling units to reflect a basis for SDCs levied by the District. SDCs for residential development are calculated by multiplying the average number of occupants (by housing category) by the corresponding unit cost. The data used to determine people per dwelling unit type is based on Newberg and Dundee Census data.

Table 21. SDC Fee Summary

	Number of People	Adopted LOS	Current LOS	Realized LOS
Single Family per Unit	2.76	\$7,450	\$6,866	\$13,459
Multifamily per Unit	2.43	\$6,561	\$6,046	\$11,853
Manufactured Home per Unit	1.90	\$5,120	\$4,719	\$9,251

Source: Previous tables and U.S. Census American Community Survey.

IV.B. CREDITS, EXEMPTIONS, AND WAIVERS

The District will continue to establish local policies for issuing credits, exemptions, and other administrative procedures.

IV.B.1. Credits

A credit is a reduction in the amount of the SDC for a specific development. ORS 223.304 requires that SDC credits be issued for the construction of a qualified public improvement which is: required as a condition of development approval; identified in the District's adopted SDC project list; and

either “not located on or contiguous to property that is the subject of development approval,” or located “on or contiguous to such property and is required to be built larger or with greater capacity than is necessary for the particular development project....”

Additionally, a credit must be granted “only for the cost of that portion of an improvement which exceeds the minimum standard facility size or capacity needed to serve” the particular project up to the amount of the improvement fee. For multi-phase projects, any “excess credit may be applied against SDCs that accrue in subsequent phases of the original development project.”

IV.B.2. Exemptions & Waivers

The District may exempt or waive specific classifications of development from the requirement to pay stormwater SDCs. However, to do so it must have a cost or demand-based justification. The District may not arbitrarily exempt customers or customer types from SDCs.

IV.C. INDEXING

Oregon law (ORS 223.304) also 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.”

We recommend that the District index its charges to the Engineering News Record Construction Cost Index for the District of Seattle and adjust its charges annually.

IV.D. SDC COMPARISONS

Table 22 compares the calculated maximum defensible SDCs to the current SDCs adopted by the District. All three LOS approaches produce a higher maximum defensible SDC than the current SDC levied by the District.

Table 22. SDC Fee Comparison

	Single Family	Multi-Family	Manufactured Home
Current Fee	\$2,017	\$1,475	\$1,475
Current LOS	\$6,866	\$6,046	\$4,719
Adopted LOS	\$7,450	\$6,561	\$5,120
Realized LOS	\$13,459	\$11,853	\$9,251

Source: Previous tables and Chehalis PRD.

Table 23 compares the District’s SDCs compared to surrounding jurisdictions and Park and Recreation Districts (PRDs). The District currently has the lowest surveyed SDC but, depending on the LOS approach, can have a higher SDC than some or all surrounding jurisdictions. The realized

LOS approach produces the highest SDC among jurisdictions surveyed. The adopted and current LOS approaches produce SDCs that are in relatively similar rank among jurisdictions surveyed.

Table 23. Single Family Parks SDC Fee Comparison by Jurisdiction

	Fee
Chehalem PRD - Realized LOS	\$13,459
Lake Oswego	\$13,110
Tualatin Hills PRD - District-wide	\$10,800
West Linn	\$10,216
Sherwood	\$7,669
Chehalem PRD - Adopted LOS	\$7,450
Tigard - Citywide	\$7,178
Chehalem PRD - Current LOS	\$6,866
North Clackamas PRD - West of I-205	\$6,760
North Clackamas PRD - East of I-205	\$6,075
Wilsonville	\$5,374
North Clackamas PRD - Milwaukie	\$3,985
Willamalane PRD	\$3,636
McMinnville	\$2,118
Chehalem PRD - Current	\$2,017

APPENDIX A – IMPROVEMENT FEE PROJECT LIST

Project #	Project	Type	Timing	Size	Units	Yearly Project Cost	District Non-Bond Cost Share	Adjusted Project Cost	Source
CIP 1A	Pool - Current Project	Aquatic Centers	0-5 Years	18,808	SF	1,000,000	100%	1,000,000	City staff
CIP 1B	Fitness Area & Gym Area	Recreation/ Youth/ Sr Centers	0-5 Years	1.00	Site	2,500,000	100%	2,500,000	City staff
CIP 2A	Third Nine Golf Course	Holes of Golf	0-5 Years	9	Holes	3,000,000	100%	3,000,000	City staff & Parks Master Plan
CIP 2B	Club House	Recreation/ Youth/ Sr Centers	0-5 Years	1.00	Site	2,000,000	100%	2,000,000	City staff & Parks Master Plan
CIP 3	Camp Ground	Camp Ground Sites	0-5 Years	75	Site	3,000,000	100%	3,000,000	City staff
CIP 4	Soccer Complex	Soccer Fields	6-10 Years	9.00	Fields	3,000,000	100%	3,000,000	City staff & Parks Master Plan
CIP 5	Dundee Community Center	Community Recreation Centers	6-10 Years	1	Site	3,000,000	100%	3,000,000	City staff
CIP 6	Riley Park Development	District Parks	6-17 Years	327.0	Acres	20,000,000	100%	20,000,000	City staff & Parks Master Plan
CIP 7	Chehalem Heritage Trail	Trails	6-17 Years	18	Miles	80,000,000	100%	80,000,000	City staff & Parks Master Plan
CIP 8	Chehalem Cultural Center and District	Cultural Centers	2-9 Years	1.00	Site	9,000,000	100%	9,000,000	City staff
Totals						126,500,000		126,500,000	

Source: Chehalem Park and Recreation District Park Master Plan and Project List

