Tigard, Oregon

PARKS & RECREATION SYSTEM DEVELOPMENT CHARGE METHODOLOGY REPORT

May 19, 2015

FCS GROUP
Solutions-Oriented Consulting

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SECTION I: BACKGROUND

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

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. PROJECT

In August, 2014, the City of Tigard (City) contracted with FCS GROUP to update its SDCs for parks. This report documents our findings and recommendations.

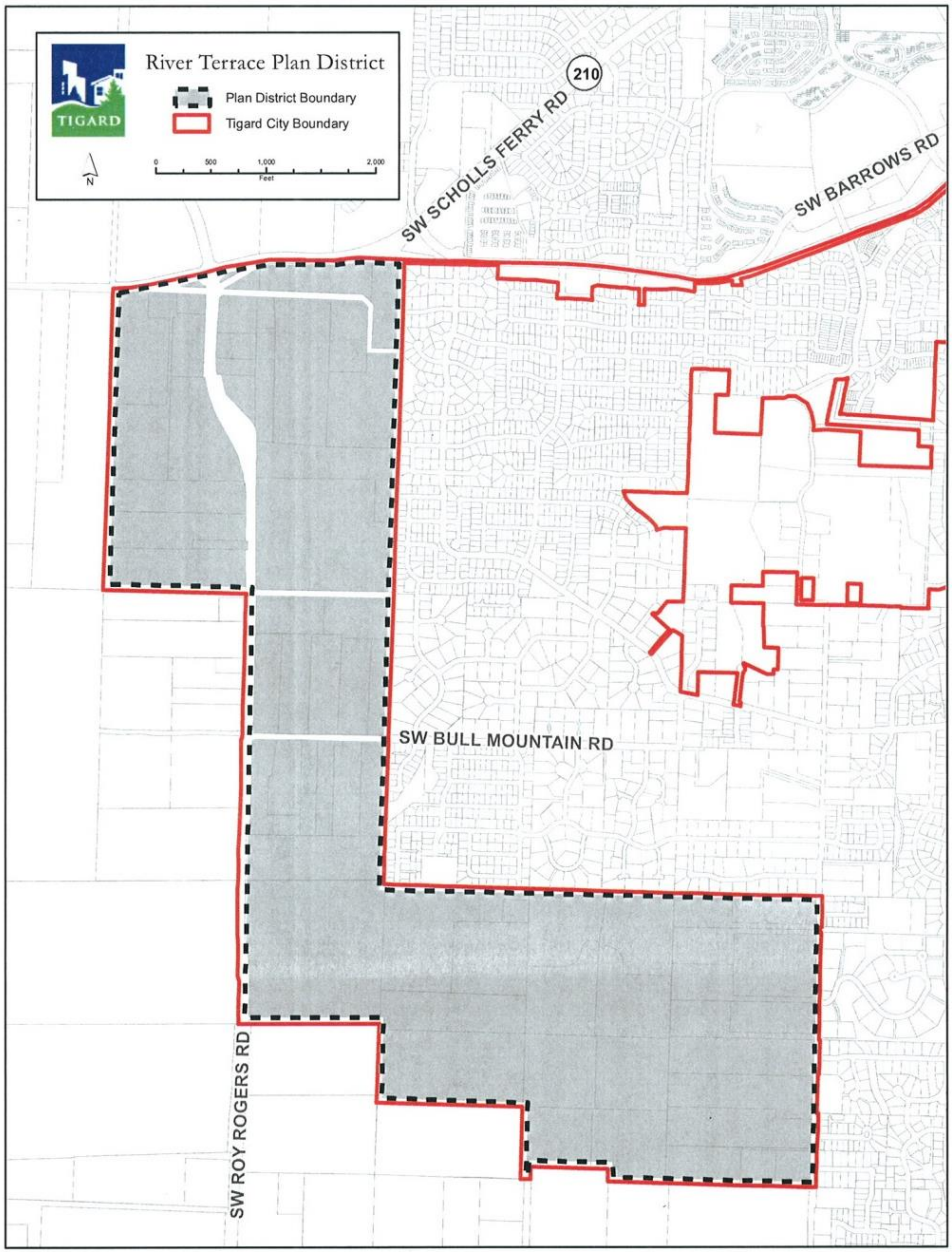
We approached this project as a series of three steps:

- **Framework for Charges**. In this step, we worked with City 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 City staff to isolate the recoverable portion of planned facility costs and calculate draft SDC rates.

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

This Tigard Parks and Recreation SDC Methodology Report is intended to be generally consistent with the River Terrace Funding Strategy, adopted by Tigard City Council in December 2014. The adopted funding strategy supports the creation of an SDC overlay district within the River Terrace Plan District. Please refer to City of Tigard Community Development Code: Map 18.660 for tax lots that are included in the River Terrace Plan District (**Exhibit 1.1**). Once this Parks SDC methodology is adopted, future development in Tigard would be subject to a citywide SDC, and development within River Terrace would also be subject to both the citywide SDC and the River Terrace SDC.

Exhibit 1.1: River Terrace Plan District



SECTION II: APPROACH

This section provides a non-numeric overview of the calculations that result in SDC rates.

A. REIMBURSEMENT FEE

In order for a reimbursement fee to be calculated, excess (i.e., not currently utilized) capacity must be available to serve future growth. The reimbursement fee is the original cost of available capacity per unit of growth which will use that capacity. The unit of growth, whether number of new residents or number of new employees, is the basis of the fee.

For parks facilities, available capacity is equal to that portion of the current inventory of parks facilities that exceeds the adopted standard for level of service.

B. 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, whether number of new residents or number of new employees, is 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. Under this approach, the cost of a given project is allocated to growth in proportion to the growth-related capacity that projects of a similar type will create. For example, suppose that a city's master plan included the acquisition and development of 100 acres of new neighborhood parks. Suppose further that our analysis determined that 30 acres were required to meet existing demand, and 70 acres were required to serve future users. In that case, only 70 percent of the cost for any new neighborhood park would be eligible for recovery with an improvement fee.

C. GROWTH

Growth should be measured in units that most directly reflect the source of demand. In the case of parks, the most applicable units of growth are population and, where appropriate, employees (or new jobs). However, the units in which demand is expressed may not be the same as the units in which SDC rates are charged. Many SDCs, for example, are charged in the basis of new dwelling units. Therefore, conversion is often necessary from units of demand to units of payment. For example, using an average number of residents per household, the number of new residents can be converted to the number of new dwelling units.

D. 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 growth-related projects, this report includes an estimate of compliance costs in its SDC rates.

E. GEOGRAPHIC ALLOCATION

Parks SDCs are often calculated and applied uniformly throughout a municipality, but such uniformity is not a legal requirement. Municipalities can calculate and impose area-specific SDCs. Area-specific SDCs allow a municipality to identify and isolate differential costs to serve particular areas within its jurisdiction. SDCs are calculated separately for each area, and 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 municipality 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 citywide SDC based on assets and projects of citywide 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 city. For each overlay, the cost bases are divided by projected growth in that particular area. Development within an overlay pays both the citywide SDC and the overlay SDC. Development outside of an overlay pays only the citywide SDC.

Given the City's desire to isolate the costs of serving River Terrace, we recommend (and have calculated in this report) both a citywide SDC and an overlay SDC for River Terrace.

F. SUMMARY

In general, SDC rates are calculated by adding the reimbursement fee component, improvement fee component, and compliance cost component. Each component is calculated by dividing the eligible cost by the growth of units of demand. The unit of demand becomes the basis of the charge. **Exhibit 2.1** shows this calculation in equation format:

Exhibit 2.1 – SDC Equation

$$\frac{\text{Eligible costs of available capacity in existing facilities} + \text{Eligible costs of capacity-increasing capital improvements} + \text{Costs of complying with Oregon SDC law}}{\text{Units of growth in demand}} = \text{SDC per unit of growth in demand}$$

Section III of this report provides detailed calculations related to growth in demand, which is the denominator in the SDC equation. **Section IV** of this report provides detailed calculations on eligible costs, which is the numerator in the SDC equation.

SECTION III: GROWTH CALCULATION

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

A. RELEVANT TYPES OF GROWTH

Parks and recreation facilities benefit City residents, businesses, non-resident employees, and visitors. The methodology used to update the City's Parks and Recreation SDCs establishes the required connection between the demands of growth and the SDC by identifying specific types of park and recreation facilities and analyzing the proportionate need of residents and employees for each type of facility. The SDCs to be paid by a development meet statutory requirements because they are based on the nature of the development and the extent of the impact of that development on the types of park and recreation facilities for which they are charged.

The Parks and Recreation SDCs are calculated based on the specific impact a development is expected to have on the City's population and employment. For facilities that are not generally used by employees (e.g., neighborhood parks), only a residential SDC may be charged. For facilities that benefit both residents and employees (e.g., community parks), an SDC may be charged for both residential and non-residential development.

B. POPULATION GROWTH

Having established the relevance of population, we now quantify expected growth in population and convert the result to dwelling units.

B.1 Expected Growth

Based on the City's Transportation System Plan (as amended to include River Terrace), the City's population is expected to grow from 50,851 in 2015 to 72,034 in 2035. In other words, the City is expected to add 21,183 residents over 20 years at a compound average growth rate of 1.76 percent per year.

Of the 21,183 new residents, 6,174 are expected to reside in River Terrace.

B.2 Conversion to Dwelling Units

Residential SDCs are initially calculated based on costs per capita but are ultimately charged based on dwelling units. To convert population to dwelling units, we analyzed data gathered for Tigard from the 2010-2012 American Community Survey. **Table 3.1** shows the resulting conversion factors:

Table 3.1: Residents Per Dwelling Unit, City of Tigard

Dwelling Type	Dwelling Units	Residents	Residents per Dwelling Unit
Single-family residences	14,099	35,891	2.55
Multifamily/other residences	6,718	13,027	1.94
Total or Average	**20,817**	**48,918**	**2.35**

Source: U. S. Census Bureau, 2010-2012 American Community Survey 3-Year Estimates, tables B25024 and B25033. Compiled by FCS Group.

C. EMPLOYMENT GROWTH

Having established the relevance of employment in Section II, we now quantify expected growth in employment and convert the result to population equivalents.

As used here, employee means someone who works in the City regardless of place of residence. Employees may live inside or outside the City. Later in this report, we will be more concerned with non-resident employees in particular.

C.1 Expected Growth

Based on the City's Economic Opportunities Analysis adopted by City Council in May 2011, the number of persons employed within the City is expected to grow from an estimated 40,135 in 2015 to 65,475 in 2035. In other words, the City is expected to add 25,340 employees over 20 years.

Of the 25,340 new employees, 75 are expected to work in River Terrace once a small commercial center is added.

C.2 Conversion to Population Equivalents

The parks and recreation facilities described in the recently adopted master plans were mostly 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. These facilities were designed for the needs of residents only and it is therefore appropriate to allocate the cost of these facilities to residents only.

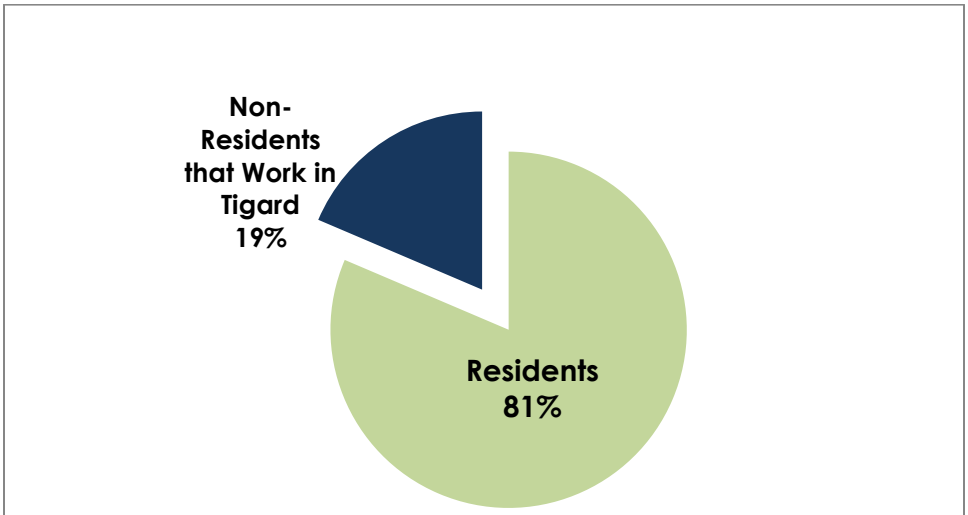
While most parks and recreation facilities benefit residents and non-resident employees, these two groups do not utilize parks and recreation facilities with the same intensity. To apportion the demand for facilities between non-resident employees and residents in an equitable manner, a non-resident-employee-to-resident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

First, we estimate the potential demand for parks and recreation facilities. **Appendix A-1** 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 final panel of **Appendix A-1** (Demand by Population Group), we multiply the weighted average hours by an actual 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).

This approach is used to estimate the allocation of parks usage among residents and non-residents, which is summarized in **Figure 3.2**. The findings indicate that residents comprise 81 percent of the expected level of parks demand and non-residents that work within the city comprise 19 percent of

the demand. These estimates are subsequently used in the next Section of this report to allocate the eligible SDC cost shares between these two user groups.

Figure 3.2: Allocation of Parks Demand by User Group



Source: derived from analysis provided in Appendix A-1.

SECTION IV: COST CALCULATION

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

A. SDC REIMBURSEMENT FEE

Table 4.1 summarizes the reimbursement fee cost basis, which represents the cost of available capacity in existing parks facilities.

Table 4.1: SDC Reimbursement Fee Basis

Reimbursement Fee	Citywide
Cost Basis	
Cost by facility type	
Community parks	$ 9,313,497
Open space	1,214,637
Total	**$ 10,528,134**
Allocation to residential growth:	
Community parks	$ 7,582,170
Open space	988,843
Total allocation to residential growth	**$ 8,571,012**
Allocation to non-residential growth:	
Community parks	$ 1,731,327
Open space	225,794
Total allocation to non-residential growth	**$ 1,957,121**
Adjustments and Allocation Summaries	
Adjustments:	
Compliance costs	$ -
Donated or grant-funded assets	(533,974)
Remaining debt service [1]	234,357
Fund balance	-
Total adjustments	**$ (299,617)**
Allocation to residential growth:	
Facilities	$ 8,571,012
Adjustments	(243,920)
Total allocation to residential growth	**$ 8,327,092**
Allocation to non-residential growth:	
Facilities	$ 1,731,327
Adjustments	(55,697)
Total allocation to non-residential growth	**$ 1,675,630**
Calculated SDC-r	
Residential reimbursement fee per capita	$ 393
Non-residential reimbursement fee per employee	$ 66

Source: E-mails from Steve Martin (10/08/2014, 10/14/2014 and 10/27/2014); Park System Master Plan, 2009.

[1] Based on Appendix A-2 calculatons for remaining debt service on exisitng parks bond.

B. FACILITY NEEDS

For purposes of this SDC methodology, each of the City's park facilities falls into one of the following five categories:

- Neighborhood and pocket parks
- Community parks
- Linear parks
- Open spaces
- Trails (includes trails not identified in the Tigard Transportation System Development Charge Methodology Report project list)

Appendix A-3 compares the current inventory of facilities in each category with that category's adopted level of service. In the third panel, that comparison leads to a determination of surplus or deficiency for each category.

Projects are eligible for improvement fee funding only to the extent that the projects will benefit future users. Therefore, only the categories with no deficiency (community parks, open space, and trails) are 100 percent eligible for improvement fee funding. As shown in the fifth panel (Improvement Fee Eligibility), the eligibility percentages of the remaining two categories, neighborhood/pocket parks and linear parks, are reduced to reflect the level of deficiency.

Because some facility types have undeveloped land in their current inventory, the deficiency of land decreases within those types. Therefore, neighborhood/pocket parks have a higher improvement fee eligibility percentage for land acquisition.

C. FACILITY COSTS

The City provided a list (**Table 4.2**) of parks projects by category and area of benefit using project improvements identified in adopted parks and trails master plans for Tigard and River Terrace.

Eligibility percentages are derived from the estimates indicated in Figure 3.2. Applying those percentages to the future Parks project capital costs results in a citywide improvement fee cost basis of $63.4 million and a River Terrace improvement fee cost basis of approximately $4.7 million.

Table 4.2: SDC Improvement Fee Basis

Planned Improvement Projects	Timing	City Cost for Land	SDCi Eligibility for Land	City Cost for Development	SDCi Eligibility for Development	SDCi Cost Basis
Projects with Citywide Benefit						
Neighborhood/pocket parks:		Cannot exceed 34.05 acres.		Cannot exceed 57.05 acres.		
Bonita Park	0-10 years	$ -	93.32%	$ 75,000	55.70%	$ 41,771
Metzger Elementary School	5-15 years	-	93.32%	437,000	55.70%	243,388
Northview Park	5-15 years	-	93.32%	367,000	55.70%	204,401
Proposed Local Park (P12)	5-15 years	549,840	93.32%	927,000	55.70%	1,029,380
Proposed Local Park (P9)	5-15 years	1,202,775	93.32%	927,000	55.70%	1,638,670
Future Neighborhood Park	10+ years	4,811,100	93.32%	2,947,800	55.70%	6,131,286
Total neighborhood/pocket parks						**9,288,896**
Community parks:		Cannot exceed 42.10 acres.		Cannot exceed 61.10 acres.		
Sunrise Community Park	0-10 years	-	100.00%	2,468,000	100.00%	2,468,000
New Community Park (P11)	5-15 years	100,000	100.00%	900,000	100.00%	1,000,000
New Community Park Complex	10+ years	6,108,325	100.00%	10,084,000	100.00%	16,192,325
Fanno Creek Park: Urban Plaza	0-10 years	687,300	100.00%	4,100,000	100.00%	4,787,300
Community parks in River Terrace	1-20 years	7,508,000	100.00%	8,386,000	100.00%	15,894,000
Total community parks						**40,341,625**
Linear parks:		Cannot exceed 37.04 acres.		Cannot exceed 37.04 acres.		
Tigard Triangle Area (P3)	0-10 years	-	71.48%	250,000	71.48%	178,707
Commercial Park	5-15 years	-	71.48%	545,000	71.48%	389,580
Englewood Park	5-15 years	-	71.48%	1,340,000	71.48%	957,867
Fanno Creek Park: Park Gateway	0-10 years	-	71.48%	850,000	71.48%	607,602
Fanno Creek Park: Upland Park	0-10 years	-	71.48%	1,100,000	71.48%	786,309
Undeveloped Linear Park (P7)	5-15 years	-	71.48%	275,000	71.48%	196,577
River Terrace Linear Parks	1-20 years	$3,128,000	71.48%	$228,000	71.48%	2,398,956
Total linear parks						**5,515,598**
Open space:		Cannot exceed 66.14 acres.		Cannot exceed 66.14 acres.		
	5-15 years	412,380	100.00%	-	100.00%	412,380
	10+ years	567,023	100.00%	-	100.00%	567,023
Total open space						**979,403**
Trails:		Cannot exceed 6.75 miles.		Cannot exceed 6.75 miles.		
Fanno Creek (already funded) (trail project)	0-10 years	-	100.00%	670,000	100.00%	670,000
Westside Trail	0-10 years	-	100.00%	-	100.00%	-
Tigard Street (trail project A)	0-10 years	-	100.00%	634,000	100.00%	634,000
Fanno Creek (trail project C)	0-10 years	-	100.00%	1,040,000	100.00%	1,040,000
Fanno Creek & Tualatin River (trail project D)	0-10 years	-	100.00%	1,609,500	100.00%	1,609,500
Summer Creek (trail project F)	0-10 years	-	100.00%	742,500	100.00%	742,500
Fanno Creek (trail project G)	5-15 years	-	100.00%	-	100.00%	-
Fanno Creek (trail project H)	5-15 years	-	100.00%	206,500	100.00%	206,500
Tigard Street (trail project I)	5-15 years	-	100.00%	-	100.00%	-
Ascension (trail project N)	10+ years	-	100.00%	461,000	100.00%	461,000
Krueger Creek & Summer Creek (trail project P)	10+ years	-	100.00%	495,500	100.00%	495,500
River Terrace Trails	1-20 years	$690,000	100.00%	$764,000	100.00%	1,454,000
Total trails						**7,313,000**
Total projects with citywide benefit						**$ 63,438,521**
Projects with River Terrace Benefit						
Neighborhood/pocket parks		$ 3,752,000	93.32%	$2,216,375	55.70%	$ 4,735,613
Total projects with River Terrace benefit						**$ 4,735,613**

Source: E-mail (attachment) from Steve Martin, 09/24/2014; updates on costs per city staff input on 5/12/2015. **Abbreviation**: SDCi = improvement fee. **Note**: This list does not include projects w hose timing as designated as either "completed" or "in process."

SDCi: Improvement Fee

After determining the total eligible costs, they must be allocated between residents and non-residents using the percentages shown previously in Figure 3.2. We also adjust the costs to include costs of compliance and exclude current SDC fund balance and future debt service on the unspent portion of bond proceeds. **Table 4.3** summarizes and allocates the improvement fee cost basis after all adjustments.

Table 4.3: SDC Improvement Fee by Area

Improvement Fee	Area-Specific SDC				
	Citywide SDC	City Outside RT	River Terrace Overlay	Total	Single SDC
Project Costs					
Eligible project costs by facility type:					
Neighborhood/pocket parks		$ 9,288,896	$ 4,735,613	$ 14,024,508	$ 14,024,508
Community parks	40,341,625			$ 40,341,625	40,341,625
Linear parks	5,515,598			$ 5,515,598	7,914,554
Open space	979,403			$ 979,403	979,403
Trails	7,313,000			$ 7,313,000	8,767,000
Total eligible project costs by facility type	**$ 54,149,625**	**$ 9,288,896**	**$ 4,735,613**	**$ 68,174,134**	**$ 72,027,090**
Allocation to residential growth:					
Neighborhood/pocket parks		$ 9,288,896	$ 4,735,613	$ 14,024,508	$ 14,024,508
Community parks	32,842,342		-	$ 32,842,342	32,842,342
Linear parks	4,490,279		-	$ 4,490,279	6,443,282
Open space	797,337		-	$ 797,337	797,337
Trails	5,953,554		-	$ 5,953,554	7,137,264
Total allocation to residential growth	**$ 44,083,512**	**$ 9,288,896**	**$ 4,735,613**	**$ 58,108,020**	**$ 61,244,733**
Allocation to non-residential growth:					
Neighborhood/pocket parks	$ -	$ -	$ -	$ -	$ -
Community parks	7,499,283	-	-	7,499,283	7,499,283
Linear parks	1,025,319		-	1,025,319	1,471,271
Open space	182,065	-	-	182,065	182,065
Trails	1,359,446		-	1,359,446	1,629,736
Total allocation to non-residential growth	**$ 10,066,113**	**$ -**	**$ -**	**$ 10,066,113**	**$ 10,782,357**
Adjustments and Allocation Summaries					
Adjustments:					
Compliance costs	$ 660,000		$ -	$ 660,000	$ 660,000
Debt service for parks bond	(2,736,625)			(2,736,625)	(2,736,625)
Fund balance	(1,124,011)			(1,124,011)	(1,124,011)
Total adjustments	**$ (3,200,636)**		**$ -**	**$ (3,200,636)**	**$ (3,200,636)**
Allocation to residential growth:					
Facilities	$ 44,083,512	$ 9,288,896	$ 4,735,613	$ 58,108,020	$ 61,244,733
Adjustments	(2,605,656)		-	(2,605,656)	(2,605,656)
Total allocation to residential growth	**$ 41,477,856**	**$ 9,288,896**	**$ 4,735,613**	**$ 55,502,364**	**$ 58,639,078**
Allocation to non-residential growth:					
Facilities					$ 10,782,357
Adjustments					(479,131)
Total allocation to non-residential growth	**$ -**	**$ -**	**$ -**	**$ -**	**$ 10,303,226**
Calculated Total SDCs					
Residential improvement fee per capita					$2,768
Non-residential improvement fee per employee					$407

Note: Non-residential SDC is calculated on a citywide basis.

SECTION V: SDC CALCULATION

This section provides a detailed calculation of the residential and non-residential SDCs.

A. CALCULATED SDCS BY USE

Dividing the reimbursement and improvement fee cost bases by projected growth in population and employees results in a calculated SDC per unit of growth. The results of this calculation are summarized in **Table 5.1**:

Table 5.1: SDC Improvement Fee by Use

Calculated SDC Improvement Fees (before discount)*	Area-Specific SDC		
	Citywide SDC	Area of City Outside RT	River Terrace Area
Residential SDCs			
Total cost basis	$41,477,856	$9,288,896	$4,735,613
Growth in population	21,183	15,009	6,174
SDC per capita	$1,958	$619	$767
SDC per single family dwelling	**$4,985**	**$1,575**	**$1,953**
SDC per multifamily/other dwelling	**$3,753**	**$1,186**	**$1,470**
Non-Residential SDCs			
Total cost basis	$10,303,226		
Growth in employment	25,340		
SDC per employee**	**$407**		

Note: Non-residential SDC is calculated on a citywide basis.

* includes compliance costs. ** SDC per employee to be assessed based on square feet of floor area.

Because only 75 new employees are expected in River Terrace over the next 20 years, the non-residential overlay SDC for River Terrace would have been prohibitively expensive. Therefore, we have calculated the non-residential SDC on a citywide basis only.

B. RESIDENTIAL AND NON-RESIDENTIAL SDC CALCULATIONS

B.1 Residential SDC Calculation

When we convert population to the dwelling units, we can determine the total maximum allowable SDC fee per dwelling unit as shown in **Table 5.1**. SDCs for residential development are calculated by multiplying the number of dwellings (by housing category) by the corresponding SDC rate.

B.2 Non-Residential SDC Calculation

To calculate SDCs for proposed redevelopment of existing buildings, the SDC for non-residential uses will take into account the amount of floor area (square feet) proposed as a change in use.

The SDC calculation for new non-residential development takes into account the amount of proposed floor area (square feet). The Parks SDC for non-residential development will vary by the classification of development as shown in **Table 5.2**.

Table 5.2: Parks SDC Conversion Factors for Non-Residential Uses

Category	Parks SDC Per Employee [1]	Employees Per 1,000 SF[2]	parks SDC Per 1,000 SF
General Industrial	$473	1.25	$590.90
Warehousing/Distribution	$473	0.80	$378.18
Flex	$473	1.60	$756.35
Office	$473	3.33	$1,574.16
Retail	$473	2.22	$1,049.44
Institutional	$473	2.00	$945.44

Source: Compiled by FCS Group

[1] SDC reflects proposed reimbursement, improvement and compliance fees.

[2] Derived from Metro factors used for 2014 Urban Growth Report.

C. ANNUAL ADJUSTMENT

We have reviewed the City's method for annual adjustment of parks SDCs as summarized in the City's "Master Fees & Charges Schedule" and described more fully in Exhibit "A" of Resolution 01-74, which the City Council first adopted on December 18, 2001. Because the index constructed under this method includes both land costs (based on data from the Washington County Assessor) and construction costs (based on data from the *Engineering News Record*), it is an especially appropriate index for adjusting parks SDCs. We therefore recommend continuing the current practice.

D. CREDITS, EXEMPTIONS AND DISCOUNTS

The Tigard SDC Procedures Guide will establish local policies for issuing credits and exemptions, annual adjustments, and other administrative procedures.

D.1 Credits

A credit is a reduction in the amount of the SDC for a specific development. The Oregon SDC Act requires that credit be allowed for the construction of a "qualified public improvement" which (1) is required as a condition of development approval, (2) is identified in the City's capital improvements program, and (3) either is not located on or contiguous to property that is the subject of development approval, or is located on or contiguous to such property and is required to be built larger or with greater capacity than is necessary for the particular development project.

The credit for a qualified public improvement may only be applied against an SDC for the same type of improvement (e.g., parks land or improvements provided by a developer can only be used for a credit for towards parks SDC improvement fee payments), and 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.

In addition to these required credits, the City may, if it so chooses, provide a greater credit, establish a system providing for the transferability of credits, provide a credit for a capital improvement not identified in the City's SDC Capital Improvements Plan, or provide a share of the cost of an improvement by other means (i.e., partnerships, other City revenues, etc.).

D.2 Exemptions

The City may exempt specific classes of development (i.e., minor additions, etc.) from the requirement to pay SDCs.

D.3 Discounts

Section IV of this Tigard Parks SDC Methodology Report documented the maximum defensible SDC that can be established in Tigard (see **Table 5.1**). In accordance with the River Terrace Funding Strategy, the City of Tigard desires to establish its Parks SDC at a level that is below the maximum amount that it can charge.

The City may discount the amount of the SDC by reducing the portion of growth-required improvements to be funded with SDCs. Alternatively, the City may decide to charge only a percentage (i.e., 50%, 75%, etc.) of the SDC rates required to fund identified growth-related facility costs. Because discounts reduce SDC revenues, they increase the amounts that must come from other sources, such as general fund contributions in order for the City to maintain levels of service.

D.4 Tigard Parks SDCs After Discount

Table 5.3 summarizes the discounted parks SDC improvement/compliance fees that the City of Tigard would initially charge for residential development after the new SDCs are established. The Tigard City Council has the discretion to remove SDC discounts in the future.

Table 5.3: Park SDC Improvement Fee, After Discount

SDC Improvement Fee*	Area-Specific SDC		
	Citywide	Area of City Outside RT	River Terrace Area
Average SDC Per Capita	$1,669	$619	$767
Single-family residences	$4,248	$1,575	$1,953
Multifamily/other residences	$3,198	$1,186	$1,470
Non-Residential (per employee)	$367		

Source: discounted SDCs are required to comply with Council direction per the River Terrace Funding Strategy, December 2014.

* includes compliance costs.

The citywide SDCs (after discounts) would be lower than the maximum SDC the City can charge to meet the policy objectives established by the River Terrace funding strategy. Hence, additional funding sources (such as parks utility fees, bonds, grants, etc.) would need to be identified to ensure that all projects contained in the long term capital project list can be funded by year 2035.

E. EXISTING AND PROPOSED SDCS

Table 5.4 summarizes the existing and proposed total Parks SDCs for the City of Tigard for reimbursement, improvement, and compliance charges after discounts.

Once this Methodology Report is adopted, Parks SDCs would vary by location. Parks SDCs within the city (outside River Terrace) would initially be charged $6,824 per single family dwelling, $5,138 per multifamily dwelling, and $403 per new employee. Parks SDCs within River Terrace would initially be charged $7,201 per single family dwelling, $5,421 per multifamily dwelling, and $403 per new employee.

Table 5.4: Current and Proposed Parks SDCs

Current Tigard Parks & Trails SDC	SDC Current
Residential SDC per capita	$ 2,753
SDC per single family dwelling	$ 6,451
SDC per multifamily dwelling	$ 5,156
Non-residential SDC per employee	$ 446

Proposed Tigard Parks & Trails SDC	SDC-r Citywide	SDC-i (revised)*			Total SDC (revised)	
		Citywide (community parks, trails, linear parks, open space)	Area Outside RT Overlay (neighborhood parks)	River Terrace Overlay (neighborhood parks)	Area Outside RT	River Terrace
Residential SDC per capita	$ 393	$ 1,669	$ 619	$ 767	$ 2,681	$ 2,829
SDC per single family dwelling	$ 1,001	$ 4,248	$ 1,575	$ 1,953	$ 6,824	$ 7,201
SDC per multifamily dwelling	$ 753	$ 3,198	$ 1,186	$ 1,470	$ 5,137	$ 5,421
Non-residential SDC per employee**	$ 66	$ 367	$ -	$ -	**$ 433**	**$ 433**

Source: derived from prior tables. SDC-r = reimbursement fee; SDC-i = improvement fee. * Includes compliance fee. ** Non-residential SDCs calculations for new development are to be based on square feet of floor area (see Table 5.2).

APPENDIX

Appendix A-1, Estimated Tigard Parks Demand for Residents and Non-Residents

Demand by Place of Residence	Residents				Non-Residents	
	Non-Employed, Ages 18+	Ages 5-17	Work inside City	Work outside City	Work inside City	Total
Summer (June through September)						
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	
Spring/fall (April, May, October, and November)						
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	
Winter (December through March)						
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	
Weighting factors						
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	
Demand by Population Group						
Daily weighted average hours	10.00	7.14	6.07	4.05	2.02	
Census counts in Tigard	12,850	8,286	6,507	18,843	34,239	
Potential daily demand in Tigard	128,500	59,186	39,507	76,269	69,293	372,755
Proportion	34.5%	15.9%	10.6%	20.5%	18.6%	100.0%
Proportion by place of residence		**81.4%**			**18.6%**	**100.0%**

Source: FCS GROUP; U. S. Census Bureau, 2010-2012 American Community Survey 3-Year Estimates, tables DP03, DP05, and B08008; U. S. Census Bureau, On the Map application.

Appendix A-2, Estimated Tigard Parks Bond Payments

Existing Parks Bond Payments	Principal	Interest	Total
Fiscal year ending June 30, 2016	$ 665,000	$ 627,525	$ 1,292,525
Fiscal year ending June 30, 2017	685,000	607,575	1,292,575
Fiscal year ending June 30, 2018	705,000	587,025	1,292,025
Fiscal year ending June 30, 2019	725,000	565,875	1,290,875
Fiscal year ending June 30, 2020	750,000	544,125	1,294,125
Fiscal year ending June 30, 2021	780,000	514,125	1,294,125
Fiscal year ending June 30, 2022	810,000	482,925	1,292,925
Fiscal year ending June 30, 2023	845,000	450,525	1,295,525
Fiscal year ending June 30, 2024	875,000	416,725	1,291,725
Fiscal year ending June 30, 2025	910,000	381,725	1,291,725
Fiscal year ending June 30, 2026	950,000	304,950	1,254,950
Fiscal year ending June 30, 2027	990,000	304,950	1,294,950
Fiscal year ending June 30, 2028	1,030,000	262,875	1,292,875
Remainder of planning period	4,615,000	558,050	5,173,050
	$ 15,335,000	**$ 6,608,975**	**$ 21,943,975**
Principal spent	$ 12,535,000	81.74%	
Principal remaining	2,800,000	18.26%	
	$ 15,335,000	**100.00%**	
Adjustment to reimbursement fee	$ 12,535,000	-1.87%	**$ 234,357**
Adjustment to improvement fee	$ 2,800,000	91.07%	**$ (2,550,009)**

Source: City of Tigard; compiled by FCS Group.

Appendix A-3, Estimated Parks Inventory and Needs by Category

Inventory and Needs by Category	Neighborhood and Pocket Parks	Community Parks	Linear Parks	Open Space	Trails
Current Inventory					
Fully developed facilities					
River Terrace acres (miles for trails)	0	0	0	0	0
Rest of city acres (miles for trails)	51	155	53	240	16
Total fully developed facilities	**51**	**155**	**53**	**240**	**16**
Undeveloped land					
River Terrace acres (miles for trails)	0	0	0	0	0
Rest of city acres (miles for trails)	23	19	0	0	0
Total undeveloped land	**23**	**19**	**0**	**0**	**0**
Current Level of Service					
Fully developed facilities					
Rest of city acres per 1,000 residents (miles for tra	1.00	3.05	1.04	4.73	0.32
Entire city acres per 1,000 residents (miles for trail	1.00	3.05	1.04	4.72	0.32
Land					
Rest of city acres per 1,000 residents (miles for tra	1.46	3.43	1.04	4.73	0.32
Entire city acres per 1,000 residents (miles for trail	1.46	3.42	1.04	4.72	0.32
Standards, Surpluses, and Deficiencies					
Standard acres per 1,000 residents (miles for trails)	1.50	3.00	1.25	4.25	0.32
Fully developed facilities surplus (deficiency)					
River Terrace acres (miles for trails)	(0.15)	(0.31)	(0.13)	(0.43)	(0.03)
Rest of city acres (miles for trails)	(25.12)	2.75	(10.44)	24.32	0.03
Total fully developed facilities surplus (deficiency	**(25.28)**	**2.45**	**(10.56)**	**23.88**	**0.00**
Land surplus (deficiency)					
River Terrace acres (miles for trails)	(0.15)	(0.31)	(0.13)	(0.43)	(0.03)
Rest of city acres (miles for trails)	(2.12)	21.75	(10.44)	24.32	0.03
Total land surplus (deficiency)	**(2.28)**	**21.45**	**(10.56)**	**23.88**	**0.00**
Growth Needs					
River Terrace					
Current developed acres	0.00	0.00	0.00	0.00	0.00
Development of undeveloped acres	0.00	0.00	0.00	0.00	0.00
Additional acres to acquire and develop	9.41	18.83	7.84	26.67	2.00
Total developed acres needed by 2035	**9.41**	**18.83**	**7.84**	**26.67**	**2.00**
Rest of city					
Current developed acres	51.00	155.00	53.00	240.00	16.20
Development of undeveloped acres	23.00	19.00	0.00	0.00	0.00
Additional acres to acquire and develop	24.64	23.27	29.20	39.47	4.75
Total developed acres needed by 2035	**98.64**	**197.27**	**82.20**	**279.47**	**20.95**
Entire city					
Current developed acres	51.00	155.00	53.00	240.00	16.20
Development of undeveloped acres	23.00	19.00	0.00	0.00	0.00
Additional acres to acquire and develop	34.05	42.10	37.04	66.14	6.75
Total developed acres needed by 2035	**108.05**	**216.10**	**90.04**	**306.14**	**22.95**
Improvement Fee Eligibility					
Development and other costs	55.70%	100.00%	71.48%	100.00%	100.00%
Land acquisition only	93.32%	100.00%	71.48%	100.00%	100.00%
Maximum acres of development	57.05	61.10	37.04	66.14	6.75
Maximum acres of land acquisition	34.05	42.10	37.04	66.14	6.75
Eligible Costs for Reimbursement Fee					
Unit cost per acre of land (mile for trails)		$ 400,000		$ 50,855	
Unit cost per acre of development (mile for trails)		$ 300,000			
Reimbursable cost	$ -	$ 9,313,497	$ -	$ 1,214,637	$ -

Source: E-mails from Steve Martin (10/08/2014, 10/14/2014 and 10/27/2014); Park System Master Plan, 2009.

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