



**PARKS AND RECREATION  
SYSTEM DEVELOPMENT CHARGES  
METHODOLOGY REPORT**

as of  
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# MARION COUNTY

## Parks and Recreation System Development Charges Methodology Report

### 1.0 INTRODUCTION

System Development Charges are fees charged to new development to help pay a portion of the costs associated with acquiring and/or building capital facilities to meet the needs of growth. The 1989 Oregon Systems Development Act (ORS 223.297 - 223.314) authorizes the collection of SDC's for certain types of facilities including:

- transportation,
- water,
- wastewater (sewer),
- stormwater, and
- parks and recreation.

The purpose of the SDC Act was to "...provide a uniform framework for the imposition of system development charges...". In 1993, additional provisions regarding SDC's were included in SB 122. Together, these pieces of legislation require local governments to:

- enact SDC's by ordinance or resolution,
- develop a methodology outlining how each SDC is developed,
- adopt a capital improvement program (CIP) designating the estimated cost and timing of each project that may be funded with SDC revenues,
- provide credits against SDC's for "qualified public improvements",
- separately account for SDC revenues and expenditures, and
- adopt procedures for public challenges of expenditures.

In July 1998, Marion County engaged Don Ganer & Associates to develop SDC's for County parks and recreation capital improvements. This report presents the methodology used to develop the SDC and documents the calculation of SDC rates.

## 2.0 FACILITY NEEDS

Marion County is currently (1998) home to an estimated 273,857<sup>1</sup> people. The County provides a total of 517.3 acres of parks and recreation facilities for these residents, resulting in a Level of Service (LOS) of 1.9 acres per 1,000 persons. Included in this total are 363.1 acres of developed parks (1.3 acres per 1,000 persons) with amenities such as picnic tables and shelters, comfort stations, play equipment, ball fields, multi-use courts, horseshoe courts, fishing and water facilities, and trails. In addition to these facilities, the County also has 154.3 acres of undeveloped parks, open space and natural area resources (0.6 acres per 1,000 persons). The County's parks and recreation facilities inventory and levels of service are shown in Table 2.1, below.

**TABLE 2.1**

**PARKS AND RECREATION FACILITIES  
CURRENT INVENTORY AND LEVELS OF SERVICE (LOS)**

<u>Developed Parks</u>	<u>Acres</u>	<u>LOS/1,000 persons</u>
Bear Creek	15.1	
Denny	1.6	
Evergreen Wayside	5.6	
Joryville	27.4	
Lake Labish	1.0	
Little N. Fork	12.0	
Minto	111.1	
Niagara	60.0	
Packsaddle	6.0	
St. Louis	21.9	
Salmon Falls	22.6	
Santana	4.1	
Scotts Mills	13.1	
Spong's Landing	<u>61.6</u>	
sub-total	<b>363.1</b>	<b>1.3</b>
<u>Undeveloped Parks/Open Space</u>		
Auburn School	4.3	
Bonesteele	31.0	
Cain Property	11.3	
Eola Bend Boaters Tract	2.2	
Parkdale	6.3	
Pudding River	n/a	
Rogers Wayside	2.0	
Santiam Delta	<u>97.1</u>	
sub-total	<u>154.2</u>	<u>0.6</u>
<b>Combined Total</b>	<b><u>517.3</u></b>	<b><u>1.9</u></b>

<sup>1</sup> based on 2.3% increase above July 1, 1997 official estimate of 267,700 persons reported by the Center for Population Research and Census at Portland State University.

The Levels of Service (LOS) identified in Table 2.1 (page 2) may serve as LOS standards to provide objective criteria by which future facility needs may be determined. Using these criteria, growth-related needs can be identified and a list of capital improvement projects designed to meet some of these needs can be developed.

To determine County parks growth needs, the current LOS for each type of facility (e.g., developed park acres and undeveloped park acres) was applied to the projected 2020 population of the County. Marion County's population is expected to grow by nearly 85,000 residents by the year 2020, when it will reach 358,421<sup>2</sup>. Table 2.2, below, presents a summary of *additional* needed facilities resulting from application of these LOS standards.

**TABLE 2.2**

**ADDITIONAL FACILITIES NEEDED TO SERVE GROWTH  
(1998 - 2020)**

<u>Facility Type</u>	<u>LOS Standard</u>	<u>Growth-Required Units</u>
Developed Parks (acres)	1.3	112.1
Undeveloped Parks /Open Space (acres)	<u>0.6</u>	<u>47.6</u>
Total County Parks System (acres)	1.9	159.7

As population growth occurs, a total of 159.7 additional acres of parks and recreation facilities will be needed in order to maintain the current LOS of 1.9 acres per 1,000 persons. Of these facilities, 112.1 acres of developed parks, and an additional 47.6 of undeveloped parks, open space and natural areas will be needed.

<sup>2</sup> Forecast developed by Marion County Planning and included in Table 1 of the Coordinated Population Projection Staff Report, September 1, 1998

### 3.0 SDC METHODOLOGY

The methodology section of this report presents the rationale for how the Parks and Recreation SDC was developed. In particular, this section of the report:

- A. Discusses some of the guiding concepts used in developing SDC's,
- B. Explains what is meant by the terms "reimbursement fee" and "improvement fee" SDC's,
- C. Presents the methodology approach used to develop the Marion County Parks and Recreation SDC,
- C. Analyzes credits, and
- D. Presents growth projections and summarizes census data regarding persons per dwelling unit.

#### *A Guiding Concepts*

In addition to the requirements of the Oregon SDC Act and SB 122, court cases from Oregon and other states provide additional guidance for the methodology used in developing SDC's.

##### (1) "Essential Nexus" Requirement

In a 1987 case, *Nollan v. California Coastal Commission*, the U.S. Supreme Court established that government agencies must show that an "essential nexus" (e.g. reasonable connection) exists between a project's impacts and any dedication requirements. For SDC's the "essential nexus" requirement means there must be a reasonable connection between the nature of the development and the facilities being funded with the SDC revenues. If, for example, a parks and recreation SDC methodology is designed to fund new capacity to serve new development, then an "essential nexus" exists between new development and the new parks facilities that will be built from SDC revenues.

## (2) "Rough Proportionality" Requirement

In its landmark 1994 decision in *Dolan v. City of Tigard*, the U.S. Supreme Court cited the need for "rough proportionality" between requirements placed on a developer by government and the impacts of the development. This concept of rough proportionality is applied in SDC's by insuring that new growth is not required to pay to upgrade existing deficiencies or provide new facilities beyond a level "roughly proportionate" with the extent of new development's impact; SDC's can be charged only for the portion of capital facilities costs that are attributable to growth.

### *B "Reimbursement fee" and "Improvement fee" SDC's*

The Oregon SDC Act provides for the imposition of two types of SDC's: (1) "improvement" fees, and (2) "reimbursement" fees. "Improvement fee" SDC's may be charged to fund acquisition and/or construction of new capital facilities that will be needed in the future, or to make improvements to existing capital facilities (i.e., additional restrooms, expansion of playgrounds, etc.) which provide new "capacity" to accommodate growth. In order to maintain facilities at current levels of service (e.g. 1.3 acres and 0.6 acres per 1,000 persons for developed parks and undeveloped parks/open space, respectively) the County will need to add acres and develop parks to serve new development, and the County may charge improvement fee SDC's to fund all or a portion of the costs of these facilities.

If "excess capacity" is available to accommodate future growth, a "reimbursement fee" SDC may be charged to recoup the costs (including bonded indebtedness) associated with improvements which have already been acquired/constructed. The Marion County Comprehensive Land Use Plan includes parks and recreation facility standards which "reflect the optimum ideal system for Marion County."<sup>3</sup> The Comprehensive Plan's standard for County-provided "Outdoor Parks" is 2.75 acres per 1,000 persons<sup>4</sup>, but the County's current level of service is only 1.9 acres per 1,000 persons; therefore, no excess capacity exists and a reimbursement fee SDC is not warranted.

<sup>3</sup> Marion County Comprehensive Land Use Plan, May 13, 1981, page 68.

<sup>4</sup> Ibid, page 81.

### *C. SDC Methodology Approach*

The three basic approaches used in developing SDC's are (1) Capital Projects-Driven, (2) Level of Service (LOS)-Driven, and (3) Combination.

#### (1) "Capital Projects-Driven" SDC's

Capital Projects-Driven SDC's are based on a specific list of planned capital improvements. The amount of the SDC is determined by allocating a portion of the cost of the planned improvements (the "fair share" that can be attributed to growth) among the projected developments that will be paying SDC's. This approach works best when individual public facilities can be allocated between current and future users on the basis of objective data, and when standards do not adequately allocate costs between these groups. Costs which are attributable to growth may be funded through SDC's, and remaining costs must be funded from non-SDC sources.

#### (2) "LOS-Driven" SDC's

LOS-Driven SDC's work best when individual facilities cannot be allocated between current and future users on the basis of objective data, and instead are provided on the basis of a levels of service. The SDC is determined by multiplying the LOS standard for each type of facility by the estimated cost per unit of facility. SDC's cannot be used to pay for eliminating deficiencies in the current LOS, or for providing a higher LOS than that which currently exists unless either (1) alternative revenue sources are identified to pay for eliminating existing deficiencies, or (2) the primary recipients of the higher LOS will be future residents.

#### (3) "Combination" SDC's

A "combination" approach uses elements of both the LOS-Driven approach and the Capital Projects-Driven approach. LOS standards are used to determine facility needs, identify deficiencies and excess capacity, and develop a list of capital improvement projects. The project costs then serve as the basis for calculating the SDC rates.



The Marion County Parks and Recreation SDC was developed using the "LOS-Driven" approach. The County's parks and recreation facilities serve all County residents, and individual facilities cannot be allocated between current and future users on the basis of objective data. LOS standards were developed based on the current LOS, and the costs of maintaining this LOS were then used to determine SDC rates.

#### *D. Credits*

A credit is a reduction in the amount of the SDC which a development is required to pay. A credit must be for a "qualified public improvement" which (1) is required as a condition of development approval, (2) is identified in the CIP, and (3) either is not located on or contiguous to property that is the subject of development approval, or is required to be built larger or with greater capacity than is necessary for the particular development project to which the improvement fee is related.

The credit for a qualified public improvement may only be applied against an SDC for the same type of improvement (i.e., parks and recreation, etc.), and must be granted only for the cost of that portion of an improvement which exceeds the minimum standard facility size or capacity (LOS standard) needed to serve the particular project. For multi-phase projects, any excess credit may be applied against SDC's that accrue in subsequent phases of the original development project.

In addition to these required credits, the County 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 capital improvement plan, or provide a share of the cost of an improvement by other means. Any credits which exceed those required by Oregon law may be provided, but they must be applied uniformly to all development.

In order for the County to charge growth an improvement fee SDC for 100% of the costs of new facilities required to serve growth, a credit must also be given for costs that will be paid by growth in the future for existing capital facilities. These costs include future repayment of bonds and other debts for capital facilities which have already been constructed and/or which were included in the inventory used to develop the LOS standards.

The County has no outstanding debt for existing capital facilities and the SDC is designed only to maintain the current LOS; therefore, no credit against the SDC for repayment of debt is required.

*E. Population Growth and Persons per Dwelling Unit*

The Parks and Recreation SDC is based on projected growth-required capital facility costs per "capita" (person). Estimated population growth from 1998 through 2020 is shown in Table 3.1, below.

**TABLE 3.1**  
**ESTIMATED MARION COUNTY POPULATION INCREASE**  
**(1998 - 2020)**

<u>Projected</u> <u>2020 Population<sup>5</sup></u>	-	<u>Estimated</u> <u>1998 Population<sup>6</sup></u>	=	<u>Est. Increase</u> <u>in Population</u>
358,421		273,857		84,564

The Parks and Recreation SDC is based on estimated capital facility costs per capita , with the SDC rates based on the number of persons per dwelling unit. Dwelling units typically house different numbers of persons depending on the type of unit (i.e., single family, multi-family, etc.). To determine the appropriate number of persons per dwelling unit, 1990 census data for Marion County maintained by the Center for Population Research and Census at Portland State University was analyzed, and the resulting calculations are presented in Table 3.2, below.

**TABLE 3.2**  
**AVERAGE PERSONS PER DWELLING UNIT**

<u>Type of Unit</u>	<u>1990 Census</u> <u>Avg. Persons</u> <u>Per Dwelling Unit</u>
Single-Family	2.84
Duplex	2.21
Multi-Family	1.96
Manufactured Housing	2.20

<sup>5</sup> Marion County Planning, *supra* note 2

<sup>6</sup> Portland State University Center For Population Research, *supra* note 1

#### 4.0 CALCULATION OF PARKS AND RECREATION SDC's

The Marion County Parks and Recreation SDC was calculated using a series of sequential formulas which, when completed, yield the SDC rates for each new dwelling unit in the County. The formulas identify:

- A. the total growth-required parks and recreation facilities costs (Formula 1, below),
- B. the facilities cost per new resident (Formula 2, page 10),
- C. the compliance and administrative cost per new resident (Formula 3, page 10),
- D. the total facilities cost per new resident (Formula 4, page 11), and
- E. the SDC rate for each type of dwelling unit (Formula 5, page 11).

##### *A. Formula 1: Total Growth-Required Facilities Costs*

The total growth-required parks and recreation facilities costs is determined by adding the products resulting from multiplying the number of units required to meet growth needs (from Table 2.2, page 3) by the cost per unit of facility.

$$1. \quad \begin{array}{c} \text{Growth-} \\ \text{Required} \\ \text{Units} \end{array} \quad \times \quad \begin{array}{c} \text{Cost} \\ \text{Per} \\ \text{Unit} \end{array} \quad = \quad \begin{array}{c} \text{Growth-} \\ \text{Required} \\ \text{Facilities Costs} \end{array}$$

Table 4.1 presents the calculation of the growth-required facilities costs.

**TABLE 4.1**

#### **GROWTH-REQUIRED FACILITIES COSTS**

<u>Facility Type</u>	<u>Growth-Required Units</u>	X	<u>Cost Per Unit<sup>2</sup></u>	=	<u>Growth-Required Facilities Costs</u>
Developed Parks (acres)	112.1		\$ 40,000		\$ 4,484,000
Undeveloped Parks / Open Space (acres)	<u>47.6</u>		15,000		<u>714,000</u>
Total County Parks System (acres)	159.7				\$ 5,198,000

<sup>2</sup> Land acquisition cost estimate is \$15,000 per acre based on analysis of County Assessor records for parcels of 5 to 100 acres sold during 1988 - 1998. Development cost estimate of \$25,000 per acre is based on new facilities meeting all current federal (e.g., ADA accessible), state, and local requirements.

**B. Formula 2: Facilities Cost Per New Resident**

The facilities cost per new resident is calculated by dividing the growth-required facilities costs (from Table 4.1, page 9) by the expected increase in the County's population during the planning period (from Table 3.1, page 8)).

$$\begin{array}{rclcl} 2. & \text{Growth-Required} & \div & \text{Population} & = & \text{Facilities Cost} \\ & \text{Facilities Cost} & & \text{Increase} & & \text{Per New Resident} \end{array}$$

Table 4.2, below, presents the calculation of the facilities cost per new resident.

**TABLE 4.2**

**FACILITIES COST PER NEW RESIDENT**

<u>Growth-Required Facilities Costs</u>		<u>Population Increase</u>		<u>Facilities Cost Per New Resident</u>
\$ 5,198,000	÷	84,564	=	\$ 61

**C. Formula 3: Compliance/Administration Cost Per New Resident**

ORS 223.307(5) allows the County to recoup the direct costs of complying with Oregon law regarding SDC's. Recoupable costs include consulting, engineering, and legal fees as well as the cost of collecting and accounting for revenues and expenditures. The total compliance/administration cost is estimated to be 10% of collected SDC revenues. The compliance/administration cost per new resident is determined by multiplying the facilities cost per new resident by the cost factor (10%):

$$\begin{array}{rclcl} 3. & \text{Facilities Cost} & \times & \text{Compliance/Adminin.} & = & \text{Compliance/Adminin.} \\ & \text{Per New Resident} & & \text{Cost Factor} & & \text{Cost Per New Resident} \end{array}$$

Table 4.3 (page 11) presents the calculation of the compliance cost per new resident.

**TABLE 4.3**

**COMPLIANCE/ADMINISTRATION COST PER NEW RESIDENT**

Facilities Cost <u>Per New Resident</u>	X	Compliance/ Admin. <u>Cost Factor</u>	=	Compliance/ Admin <u>Cost Per New Resident</u>
\$ 61		10%		\$ 6

***D. Formula 4: SDC Per New Resident***

The SDC Per New Resident represents the amount of revenue required for each new resident in order to pay the growth-required costs. The calculation is completed by adding the facilities cost per new resident (from Table 4.2, page 11) and the compliance/administration cost per new resident (from Table 4.3, above).

4. Facilities Cost	+	Compliance/ Admin.	=	SDC Per
Per New Resident		Cost Per New Resident		New Resident

The results of this calculation are presented in Table 4.4, below.

**TABLE 4.4**

**SDC PER NEW RESIDENT**

<u>Facilities Cost</u> <u>Per New Resident</u>	+	<u>Compliance/ Admin</u> <u>Cost Per New Resident</u>	=	<u>SDC Per</u> <u>New Resident</u>
\$ 61		\$ 6		\$ 67

***E. Formula 5: SDC Per Dwelling Unit***

The SDC Per Dwelling Unit is calculated by multiplying the average number of persons per dwelling unit (from Table 3.2, page 8) by the SDC Per New Resident (from Table 4.4, above).

5. Persons Per	X	SDC Per	=	SDC Per
Dwelling Unit		New Resident		Dwelling Unit

The results of these calculations are presented in Table 4.5, below:

**TABLE 4.5**

**SDC PER DWELLING UNIT**

<u>Type of Dwelling Unit</u>	<u>Average Persons Per Dwelling Unit</u>	X	<u>SDC Per New Resident</u>	=	<u>SDC Per Dwelling Unit</u>
Single-Family:	2.84		\$ 67		\$ 190
Duplex (two dwelling units):	2.21		\$ 67		\$ 148
Multi-Family:	1.96		\$ 67		\$ 131
Manufactured Housing:	2.20		\$ 67		\$ 147