

Lane County,
Oregon

Draft Report for

PARKS SYSTEM
DEVELOPMENT
CHARGE UPDATE
STUDY

January 27, 2010

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Lane County Parks System Development Charge Study

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SECTION 1: INTRODUCTION / BACKGROUND

In 2008, Lane County contracted with Financial Consulting Solutions Group, Inc. (FCS Group) to update the County's parks system development charges (SDCs) to reflect growth needs through the year 2030.

The following general approach was used in the development of updated system development charges (SDCs) for the parks system in Lane County.

- ◆ **Policy Framework for Charges.** In this step, we worked with County 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 County staff to isolate the recoverable portion of planned facility costs and calculate initial draft SDC rates.
- ◆ **Initial Draft Methodology Report Preparation.** In this step, we documented the calculation of the initial draft SDC rates and prepared this draft SDC methodology report.

The information provided in this study was prepared using computer spreadsheet software. In some tables in this study, there will be small variations from the results that would be obtained using a calculator to perform the same computation. The reason for these differences is that the spreadsheet software was allowed to calculate results to more places after the decimal than is reported in the tables of these reports. The calculation to extra places after the decimal increases the accuracy of the end results, but causes occasional differences due to rounding of data.

SECTION 2: SYSTEM DEVELOPMENT CHARGE METHODOLOGY

A system development charge is a one-time fee imposed on new and some types of re-development at the time of development. The fee is intended to recover a fair share of the costs of existing and planned facilities that provide capacity to serve new growth.

Oregon Revised Statute (ORS) 223.297 - 223.314 defines SDCs and specifies how they shall be calculated, applied, and accounted for. By statute, an SDC may include:

- ◆ a reimbursement fee, designed to recover costs associated with capital improvements already constructed or under construction, and
- ◆ an improvement fee, designed to recover costs associated with capital improvements to be constructed in the future.

A reimbursement fee methodology must be based on "the value of unused capacity available to future system users or the cost of the existing facilities", and must further account for prior contributions by existing users and gifted and grant-funded facilities. The calculation must also "promote the objective of future system users contributing no more than an equitable share to the cost of existing facilities." Reimbursement fee proceeds may be spent on any capital improvement related to the system, and for compliance costs.

An improvement fee methodology must include only the cost of projected capital improvements needed to increase system capacity for future users. In other words, the cost(s) 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. Improvement fee proceeds may be spent only on capital improvements, or portions thereof, which increase the capacity of the systems for which they were applied, and for compliance costs.

A. REIMBURSEMENT FEE METHODOLOGY

In order for a reimbursement fee to be calculated, “excess” capacity must be available to serve future growth. The Capital Improvements Plans on which the draft improvements fee SDC methodology is based is designed to maintain the current levels of service for all County parks and recreation facilities. Lane County currently has no excess capacity (e.g. levels of service exceeding current needs) and, therefore, no basis for a reimbursement fee exists.

B. IMPROVEMENT FEE METHODOLOGY

The improvement fee calculation is straightforward: it is the total dollar cost of capacity-increasing capital projects divided by the capacity they will serve. The unit of capacity used is the basis of the fee. The overriding issue to consider in the improvement fee calculation is identification of the growth-required portion of capacity-increasing capital costs.

Allocation of capacity-increasing project costs to the improvement fee cost basis. The “capacity” method has been used to allocate costs for the improvement fee basis. Under the capacity approach, the cost of a given project is allocated to growth proportionately by the capacity made available for growth. As an example, assume we are allocating \$1,000,000 for the cost of adding a park to meet existing demand as well as the needs of growth. If the new park provides capacity for 500 people, and capacity for 200 is needed to meet an existing deficiency, capacity for only 300 is for growth. In this case, the growth-required share allocation to the fee basis would be $300 / 500 = 60\%$ of \$1,000,000, or \$600,000. Ideally, the most directly applicable measure of capacity demand should be used as the basis for allocation. For example, estimated population growth is commonly used to allocate parks projects.

C. COMPLIANCE COSTS

Oregon law provides that SDC revenues may be used 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.” [ORS 223.307(5)]. In order to avoid having to spend funds for compliance that would otherwise be available for growth-required project needs, estimates of compliance costs must be included in the SDC rate calculations.

D. SUMMARY

In general, an SDC is calculated by adding the reimbursement fee component (if applicable), the improvement fee component, and the compliance cost. Each separate component is calculated by dividing

the eligible cost by the appropriate measure of growth in capacity. The unit of capacity used becomes the basis of the charge. A sample calculation is shown on page 3.

Reimbursement Fee		Improvement Fee		Compliance Costs	=	SDC
Eligible costs of excess capacity in existing facilities	+	Eligible costs of planned capacity-increasing capital improvements	+	Costs of complying with Oregon SDC statutory requirements	=	SDC (\$ / unit)
Growth in system capacity		Growth in system capacity		Growth in system capacity		

SECTION 3: CALCULATION OF THE PARKS SDC RATES

The County’s existing parks SDCs are based on projected facilities required to meet population growth needs. Existing residential parks SDCs are provided below.

**Table 3.1
EXISTING PARKS SDC RATES**

	Reimbursement Fee	Improvement Fee	Compliance Cost	Total SDC
Dwelling Unit	\$0	\$367	\$37	\$404

Parks planners commonly use population estimates to determine system needs. Both the existing and the proposed charges are based on population per dwelling unit. The calculation of the proposed parks SDC rates is summarized below.

A. CAPACITY BASIS

In order to estimate the number of new people generated by growth over the planning period (through 2030) – the denominator in the calculations – estimates provided by the County based on data from the Portland State University Population Research Center were used to calculate growth in population over the planning period. This calculation is shown in Table 3.2, below.

**Table 3.2
GROWTH IN POPULATION**

(a)	(b) Current Population	(c) Projected 2030	(d) Growth (c – b)
Population	349,135	421,522	72,387

B. IMPROVEMENT FEE COST BASIS

Improvements required to meet growth needs were identified using a level of service analysis (Appendix A). The sum of the projects included in the capacity-increasing projects list (Appendix B) is \$11,330,400. All of these projects are designed to maintain only the levels of service currently provided for County residents by park type, and; therefore, 100% of the project costs are eligible for SDC funding.

The level of service analysis is performed as follows. First, using current population information and a detailed inventory of County park land and facilities by type, the existing service level is determined for each park type. Calculated service levels are then applied to projected population growth in order to estimate the facility and land additions needed to serve that growth. Finally, local information on the unit costs of parks facilities and land by park type is combined with the amounts needed to serve growth to estimate the total cost of park land and facilities needed to serve growth.

Table 3.3
GROWTH PORTION OF FACILITY NEEDS

Project Type	Project Types	Growth Portion	SDC Eligible	Needed from Other
Undeveloped Park Site Acquisition	\$4,290,000	100%	\$4,290,000	\$0
Class A Parks Development	\$3,168,000	100%	\$3,168,000	\$0
Class B Parks Development	\$484,000	100%	\$484,000	\$0
Class C Parks Development	\$463,400	100%	\$463,400	\$0
Specialty Facility Development	\$2,925,000	100%	\$2,925,000	\$0
Total	\$11,330,400	100%	\$11,330,400	\$0

C. IMPROVEMENT FEE PER PERSON

The improvement fee per person was then calculated as follows: the total improvement fee cost basis of \$11,330,400 was divided by the projected increase in population, 72,387, to establish the base improvement fee of \$157 per person.

D. COMPLIANCE COST BASIS

Recoverable compliance costs include all collection, accounting, consulting, legal, and planning costs required for the SDC. These costs include, but are not limited to costs required to 1) develop and update the SDC methodology and associated planning documents, and 2) account for and prepare required annual reports regarding SDC revenues and expenditures. The estimated total costs for these activities through the year 2030 are the basis for the compliance cost calculation. These costs are shown in Table 3.4, below.

**Table 3.4
COMPLIANCE COSTS**

Activity	21 Year Total
Collection and Accounting	\$105,000
CIP Maintenance and Parks Master Plan Updates	225,000
SDC Updates	<u>75,000</u>
Total	\$405,000

E. COMPLIANCE COST CALCULATION

The compliance cost was calculated as follows. The compliance cost basis of \$405,000 was divided by projected increase in population, 72,387, to establish the collection cost of \$6 per person.

F. TOTAL SDC PER PERSON

The total SDC per person was calculated by adding the improvement fee of \$157 per person, and the collection cost of \$6 per person, resulting in a total of \$163.

G. SDC PER DWELLING UNIT

The parks SDC rates are based on cost per person and are applied based on the number of persons per dwelling unit. To determine the appropriate number of persons per dwelling unit, by type, data gathered by the U.S. Census Bureau for the 2007 American Community Survey was analyzed. The total SDC per dwelling unit was calculated by multiplying the average number of persons per dwelling unit by the total SDC per person. This calculation is shown in Table 3.5, below.

**Table 3.5
PARKS SDC
PER DWELLING UNIT**

(a)	(b) Persons Per Dwelling Unit	(c) Total SDC Per Person	(d) Parks SDC Per Dwelling Unit (b X c)
Dwelling Unit	2.41	\$163	\$393

APPENDIX A

**LANE COUNTY PARKS
LEVEL OF SERVICE ANALYSIS**

Lane County Parks 2009 Level of Service (LOS) Analysis	2008	2009	2010	2030	Population Growth 2009 - 2030	Increase %	Avg. Annual Growth Rate			
								12/16/09		
Est. County Population:	345,880	349,135	349,516	421,522	72,387	20.73%	0.94%	page 1 of 3		
100% COLLECTION OPTION										
I. CLASS A (Blue)										
Existing Inventory	2009 Acres	Developed Portion	Developed Acres	2009 LOS/1000 Persons	2030 Need at 2009 LOS	Growth Need at 2009 LOS	Undeveloped Acres	2009 LOS/1000 Persons	2030 Need @ 2009 LOS	Growth Need at 2009 LOS
Armitage	63.90	60%	38.34				25.56			
Baker Bay	80.40	50%	40.20				40.20			
Camp Lane	15.60	70%	10.92				4.68			
Harbor Vista	14.20	70%	9.94				4.26			
Hendricks Bridge	17.80	60%	10.68				7.12			
Orchard Point	57.70	65%	37.51				20.20			
Perkins Peninsula	41.60	50%	20.80				20.80			
Richardson	114.80	75%	86.10				28.70			
Total	406.00		254.49	0.729	307.2	52.8	151.52	0.434	182.9	31.4
II. CLASS B (Green)										
Existing Inventory	2009 Acres	Developed Portion	Developed Acres	2009 LOS/1000 Persons	2030 Need at 2009 LOS	Growth Need at 2009 LOS	Undeveloped Acres	2009 LOS/1000 Persons	2030 Need @ 2009 LOS	Growth Need at 2009 LOS
Bellinger Landing	0.60	50%	0.30				0.30			
Ben & Kay Dorris	86.00	50%	43.00				43.00			
Bender Landing	0.50	70%	0.35				0.15			
Deerhorn	6.50	65%	4.23				2.28			
Forest Glen Landing	1.90	65%	1.24				0.67			
Greenwood Landing	0.40	65%	0.26				0.14			
Hamlin	0.20	65%	0.13				0.07			
Heceta Beach	2.80	65%	1.82				0.98			
Helfrich Landing	1.00	65%	0.65				0.35			
Jennie B. Harris	4.20	65%	2.73				1.47			
Linslaw	26.90	80%	21.52				5.38			
Lowell Covered Bridge Interpretive Center	1.60	100%	1.60				0.00			
Old McKenzie Trout Hatchery	45.20	80%	36.16				9.04			
Rodakowski Landing	0.50	90%	0.45				0.05			
Triangle Lake	0.60	75%	0.45				0.15			
Westlake	1.30	70%	0.91				0.39			
Whitely	1.40	75%	1.05				0.35			
Total	181.60		116.84	0.335	141064.8	24.2	64.76	0.185	78.2	13.4

APPENDIX A

**LANE COUNTY PARKS
LEVEL OF SERVICE ANALYSIS**

Lane County Parks 2009 Level of Service (LOS) Analysis										12/16/09
										page 2 of 3
III. CLASS C (Beige)										
Existing Inventory	2009 Acres	Developed Portion	Developed Acres	2009 LOS/1000 Persons	2030 Need at 2009 LOS	Growth Need at 2009 LOS	Undeveloped Acres	2009 LOS/1000 Persons	2030 Need @ 2009 LOS	Growth Need at 2009 LOS
Ada	99.90	10%	9.99				89.91			
Austa Ramp	0.50	90%	0.45				0.05			
Blue Mountain	268.30	20%	53.66				214.64			
Bohemia Saddle	12.40	20%	2.48				9.92			
Currin Covered Bridge	1.00	100%	1.00				0.00			
Deadwood Landing	0.50	50%	0.25				0.25			
Dorena Covered Bridge	1.10	100%	1.10				11.00			
Eagle Rock	13.30	25%	3.33				11.00			
Farnham Landing	0.70	40%	0.28				0.42			
Fall Creek	11.30	40%	4.52				6.78			
Finn Rock	0.50	50%	0.25				0.25			
Hayden Bridge	3.00	75%	2.25				0.75			
Howard Buford	2,216.30	10%	221.63				1994.67			
Howard J. Morton	14.90	20%	2.98				11.92			
LaSells Stewart	14.00	25%	3.50				10.50			
Leaburg Dam Boat Slide	0.10	50%	0.05				0.05			
Leaburg Lake	0.10	50%	0.05				0.05			
Leaburg Landing	0.50	50%	0.25				0.25			
Mapleton Landing	1.80	50%	0.90				0.90			
Mercer Lake Landing	1.00	50%	0.50				0.50			
Munsel Lake Landding	1.80	80%	1.44				0.36			
Rennie's Landing	0.10	50%	0.05				0.05			
Rock Dock	0.70	100%	0.70				0.00			
Schindler	0.30	50%	0.15				0.15			
Silver Creek Landing	1.10	50%	0.55				0.55			
Stewart Covered Bridge	0.10	85%	0.09				0.02			
Tide	1.80	50%	0.90				0.90			
Waterville Canal	0.70	50%	0.35				0.35			
Wildwood Falls	3.40	0%	0.00				3.40			
Winter Landing	0.20	10%	0.02				0.18			
Zumwalt	58.00	10%	5.80				52.20			
Total	2,729.40		319.46	0.915	385.7	66.2	2,421.97	6.937	2924.1	502.2

APPENDIX A

**LANE COUNTY PARKS
LEVEL OF SERVICE ANALYSIS**

Lane County Parks 2009 Level of Service (LOS) Analysis										12/16/09
										page 3 of 3
IV. CLASS D (Yellow)										
Existing Inventory	2009 Acres	Developed Portion	Developed Acres	2009 LOS/1000 Persons	2030 Need at 2009 LOS	Growth Need at 2009 LOS	Undeveloped Acres	2009 LOS/1000 Persons	2030 Need @ 2009 LOS	Growth Need at 2009 LOS
Big River	38.80	0%	0.00				38.80			
Cinderella	56.10	0%	0.00				55.37			
Clear Lake Dunes	156.30	0%	0.00				139.93			
Clover Park	1.80	0%	0.00				0.94			
Deadmond's Ferry Landing	0.10	0%	0.00				0.10			
Hileman	45.40	0%	0.00				31.50			
Kinney	18.50	0%	0.00				20.00			
Myer's Tract	3.30	0%	0.00				3.94			
Oakhurst	0.50	0%	0.00				1.02			
Ocean Woods	40.00	0%	0.00				40.00			
Peaceful Valley	9.80	10%	0.98				10.07			
South Beach	299.80	0%	0.00				289.25			
Siuslaw Falls	78.90	5%	3.95				74.96			
Three Mile Prairie	160.80	0%	0.00				32.50			
Vaughn	48.60	0%	0.00				32.50			
Vickery	91.30	0%	0.00				77.00			
Total	1,011.20		4.93	0.014	5.95	1.0	809.08	2.317	976.82	167.7
						Developed Acres Growth Need			Undeveloped Acres Growth Need	
COMBINED PARKS ACREAGE	Total Acres	Developed Acres					Undeveloped Acres			
Combined Acreage Totals	4,328.20	695.71				144.24	3,447.32		714.73	
V. SPECIALTY FACILITIES										
Existing Inventory	2009 Units		Developed Units	2009 LOS/1000 Persons	2030 Need at 2009 LOS	Growth Need at 2009 LOS				
Boat Ramps	39		39.00	0.112	47	8				
Marina Slips	502		502.00	1.438	606	104				
Campsites	212		212.00	0.607	256	44				

APPENDIX B

LANE COUNTY PARKS SDC UPDATE

SDC CAPITAL IMPROVEMENTS PLAN							page 1 of 3
LEVEL OF SERVICE - BASED							as of 12/16/2009
	PROJECT	TIMING PRIORITY	TOTAL COST	SDC-ELIGIBLE GROWTH SHARE (%)	SDC-ELIGIBLE FUNDING SHARE	REQUIRED FROM OTHER SOURCES	FUNDING SOURCES
LAND ACQUISITION (2009 - 2030)							
1	Undeveloped Park Site Acquisition - acquire approximately 214 acres for growth-required park land needs.	09 - 13	\$1,070,000	100%	\$1,070,000	\$0	SDC, grants, donations, fees
2	Undeveloped Park Site Acquisition - acquire approximately 214 acres for growth-required park land needs.	09 - 18	\$1,070,000	100%	\$1,070,000	\$0	SDC, grants, donations, fees
3	Undeveloped Park Site Acquisition - acquire approximately 215 acres for growth-required park land needs.	09 - 23	\$1,075,000	100%	\$1,075,000	\$0	SDC, grants, donations, fees
4	Undeveloped Park Site Acquisition - acquire approximately 215 acres for growth-required park land needs.	09 - 30	\$1,075,000	100%	\$1,075,000	\$0	SDC, grants, donations, fees
CLASS A PARK DEVELOPMENT (2009 - 2030)							
5	Class A Park Development - develop approximately 17.6 acres of undeveloped park land for growth-required Class A recreation needs in the Coast Zone.	09 - 30	\$1,056,000	100%	\$1,056,000	\$0	SDC, grants, donations, fees
6	Class A Park Development - develop approximately 17.6 acres of undeveloped park land for growth-required Class A recreation needs in the Fern Ridge Zone	09 - 30	\$1,056,000	100%	\$1,056,000	\$0	SDC, grants, donations, fees
7	Class A Park Development - develop approximately 17.6 acres of undeveloped park land for growth-required Class A recreation needs in the McKenzie/Willamette Zone.	09 - 30	\$1,056,000	100%	\$1,056,000	\$0	SDC, grants, donations, fees
CLASS B PARK DEVELOPMENT (2009 - 2030)							
8	Class B Park Development - develop approximately 8.1 acres of undeveloped park land for growth-required Class B recreation needs in the Fern Ridge Zone	09 - 30	\$162,000	100%	\$162,000	\$0	SDC, grants, donations, fees
9	Class B Park Development - develop approximately 8.1 acres of undeveloped park land for growth-required Class B recreation needs in the McKenzie/Willamette Zone.	09 - 30	\$162,000	100%	\$162,000	\$0	SDC, grants, donations, fees
10	Class B Park Development - develop approximately 8.0 acres of undeveloped park land for growth-required Class B recreation needs in the Coast Zone.	09 - 30	\$160,000	100%	\$160,000	\$0	SDC, grants, donations, fees
CLASS C PARK DEVELOPMENT (2009 - 2030)							
11	Class C Park Development - develop approximately 22.1 acres of undeveloped park land for growth-required Class C recreation needs in the Fern Ridge Zone.	09 - 30	\$154,700	100%	\$154,700	\$0	SDC, grants, donations, fees

APPENDIX B

LANE COUNTY PARKS SDC UPDATE

SDC CAPITAL IMPROVEMENTS PLAN							page 2 of 3
LEVEL OF SERVICE - BASED							as of 12/16/2009
	PROJECT	PRIORITY	TOTAL COST	GROWTH	FUNDING	FROM OTHER	FUNDING SOURCES
12	Class C Park Development - develop approximately 22.1 acres of undeveloped park land for growth-required Class C recreation needs in the McKenzie/Willamette Zone.	09 - 30	\$154,700	100%	\$154,700	\$0	SDC, grants, donations, fees
13	Class C Park Development - develop approximately 22.0 acres of undeveloped park land for growth-required Class C recreation needs in the Coast Zone.	09 - 30	\$154,000	100%	\$154,000	\$0	SDC, grants, donations, fees
SPECIAL FACILITIES - BOAT RAMPS							
14	Boat Ramps - install 4 boat ramps for growth-required needs throughout Lane County.	09 - 20	\$140,000	100%	\$140,000	\$0	SDC, grants, donations, fees
15	Boat Ramps - install 4 boat ramps for growth-required needs throughout Lane County.	21 - 30	\$140,000	100%	\$140,000	\$0	SDC, grants, donations, fees
SPECIAL FACILITIES - MARINA SLIPS							
16	Marina Slips - install 35 marina slips for growth-required needs throughout Lane County.	09 - 18	\$525,000	100%	\$525,000	\$0	SDC, grants, donations, fees
17	Marina Slips - install 34 marina slips for growth-required needs throughout Lane County.	09 - 23	\$510,000	100%	\$510,000	\$0	SDC, grants, donations, fees
18	Marina Slips - install 34 marina slips for growth-required needs throughout Lane County.	09 - 30	\$510,000	100%	\$510,000	\$0	SDC, grants, donations, fees
SPECIAL FACILITIES - CAMP SITES							
19	Camp Sites - install 15 Camp Sites for growth-required needs throughout Lane County.	09 - 18	\$375,000	100%	\$375,000	\$0	SDC, grants, donations, fees
20	Camp Sites - install 15 Camp Sites for growth-required needs throughout Lane County.	09 - 23	\$375,000	100%	\$375,000	\$0	SDC, grants, donations, fees
21	Camp Sites - install 14 Camp Sites for growth-required needs throughout Lane County.	09 - 30	\$350,000	100%	\$350,000	\$0	SDC, grants, donations, fees

LANE COUNTY PARKS SDC UPDATE

SDC CAPITAL IMPROVEMENTS PLAN					page 2 of 3
LEVEL OF SERVICE - BASED					SDC, grants, donations, fees
SUMMARY					
NOTES:					
1. Growth needs are based on 100% of expected population growth, with SDC's funding 100% and grants, donations, fees and other sources providing 0% of growth-required revenues.					
2. Park development costs include all costs associated with planning and development of infrastructure (i.e., roads, water, etc.), and other park facilities (i.e., picnic shelters, restrooms, etc.)					
3. SDC revenues may be used for acquisition of additional land and/or development of undeveloped acreage, but may not be used to renovate or repair deficiencies in developed acreage.					
	PROJECT TYPE	PROJECT COSTS	GROWTH PORTION	SDC FUNDING	NEEDED FROM OTHER
	Undeveloped Park Site Acquisition	\$4,290,000	100%	\$4,290,000	\$0
	Class A Parks Development	\$3,168,000	100%	\$3,168,000	\$0
	Class B Parks Development	\$484,000	100%	\$484,000	\$0
	Class C Parks Development	\$463,400	100%	\$463,400	\$0
	Specialty Facility Development	\$2,925,000	100%	\$2,925,000	\$0
	Total	\$11,330,400	100%	\$11,330,400	\$0
	Increase in Population (2009 - 2030)			72,387	
	SDC-Eligible Cost Per Capita			\$157	
	SDC Eligible Per Unit (at 2.41 persons/unit)			\$377	