

## CROOK COUNTY WORK SESSION

Administration Conference Room  
203 NE Court Street, Prineville, OR

Tuesday April 27, 2021 at 9 a.m.

Members of the public and media are welcome to attend in person with social distancing  
or via Webex 1-408-418-9388; Access Code: 623 057 025  
Meeting Password: zRNvGMYM286

### Discussion Items

	Requester's Name	Matter	Docs in Packet?
1	Katie Plumb	COVID-19 Update (if any)	
2	Janet Prtiskutch	IT Fees from Clerk's Office – Review Use of Fee's	
3	Ann Beier	Parks and Rec District Fee Increase	✓
4	Jon Soliz	Update/Get Signatures for CAFFA Grant	
5	Brian Barney	Courthouse Seismic Retro Fit Evaluation	

### Executive Discussion Items

	Requester's Name	Matter	Docs in Packet?
Exec #1			

*Items placed on the Work Session agenda are intended for discussion only, without making decisions or finalizing documents unless an emergency exists.*

*\*The Court may add additional items arising too late to be part of this Agenda. Agenda items may be rearranged to make the best use of time.*

*\*The meeting location is accessible to persons with disabilities. If additional accommodations are required, please submit your request 48 hours prior to the meeting by contacting County Administration at 541-447-6555.*

*Requests to be placed on the Work Session agenda are  
due at 5 p.m. on Thursday before the Work Session*

**April 27, 2021 Work Session Agenda Items**

## Frequently Asked Questions on PARKS SYSTEM DEVELOPMENT CHARGES Crook County Parks and Recreation District

What are system development charges?

System development charges (SDCs) are one-time fees on development that creates additional demand for park facilities. SDCs are intended to recover a fair share of the cost of existing and planned facilities that provide capacity to serve future users (i.e., growth). SDCs are enabled by state statute, authorized by local ordinance, and constrained by the United States Constitution.

For more information, see Section I (pages 1-2) of the draft report.

What is the District's current system development charge?

The District currently charges \$1,887 per single-family residence.

For more information, see Section II.D.3 (page 12) of the draft report.

What is the newly calculated system development charge?

The methodology created by FCS GROUP calculates a maximum SDC of \$42,651 per single-family dwelling unit, \$40,003 per multi-family dwelling unit, \$38,627 per manufactured home, and \$37,355 per accessory dwelling unit.

For more information, see Section II.D.2 (pages 11-12) of the draft report.

How was the newly calculated system development charge determined?

The calculated SDC consists of two major components. The **improvement fee** accounts for 58 percent of the calculated SDC and is based on the cost of planned projects (and portions thereof) that will serve the 3,907 new residents that are expected during the planning period. The **reimbursement fee** accounts for 42 percent of the calculated SDC and is based on the cost of existing facilities that have capacity available to serve the 3,907 new residents that are expected during the planning period.

For more information, see Section II (pages 3-12) of the draft report.

Why is the newly calculated system development charge so high?

The main reason is the high level of service that the District currently provides its residents. For parks and natural areas, the District's current level of service is 46.78 acres per 1,000 residents. This entitles the District to charge developers for maintaining that high level of service as the population grows.

For more information, see Section II.B.1.a (pages 5-6) of the draft report.

Is the District required to impose the newly calculated system development charge?

No. The SDC calculated in the methodology should be viewed as a ceiling, not a target. The District is free to implement any SDC between zero and the amount calculated in the methodology. No

justification of the amount chosen is required as long as it is consistently applied to the different dwelling unit types.

For more information, see Section III.A (page 13) of the draft report.

What are the next steps?

The District has scheduled a public hearing on adoption of the SDC methodology and possible implementation of new SDCs for July 14. The draft report will be available for public inspection no later than May 15. During the public hearing, FCS GROUP will deliver a presentation summarizing the SDC methodology and will be available with District staff to answer questions.

# Crook County Parks and Recreation District

## PARKS SYSTEM DEVELOPMENT CHARGE UPDATE

Draft Report  
March 29, 2021

**Washington**

7525 166th Avenue NE, Ste. D215  
Redmond, WA 98052  
425.867.1802

**Oregon**

5335 Meadows Road, Ste 330  
Lake Oswego, OR 97035  
503.841.6543

**Colorado**

PO Box 19114  
Boulder, CO 80301-9998  
719.284.9168

[www.fcsgroup.com](http://www.fcsgroup.com)

This entire report is made of readily recyclable materials, including the bronze wire binding and the front and back cover, which are made from post-consumer recycled plastic bottles.



**FCS GROUP**  
Solutions-Oriented Consulting

## TABLE OF CONTENTS

Table of Contents .....	ii
Section I. Introduction .....	1
I.A. Project .....	1
I.B. Policy .....	1
Section II. Analysis .....	3
II.A. Growth .....	3
II.B. Improvement Fee .....	5
II.C. Reimbursement Fee .....	9
II.D. Calculated SDC .....	10
Section III. Implementation .....	13
III.A. Funding Plan .....	13
III.B. Indexing .....	13
 Table 1: Population and Assessed Value .....	 4
Table 2: Demand Growth Forecasts .....	4
Table 3: SDC Eligibility under the Current Level-of-Service .....	6
Table 4: SDC Eligibility under the Future Level-of-Service .....	7
Table 5: Expansion Projects .....	7
Table 6: Infill Projects .....	8
Table 7: Improvement Fee Cost Basis .....	9
Table 8: Reimbursement Fee Cost Basis .....	10
Table 9: Adjustments to the Improvement and Reimbursement Fee Cost Bases .....	11
Table 10: Calculated SDC .....	12
Table 11: Parks SDC Comparison .....	12
Table 12: Funding Plan .....	13

## Section I. INTRODUCTION

---

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

### I.A. PROJECT

The Crook County Parks and Recreation District (District) provides parks and recreation services to Prineville and the surrounding area. The District imposes a system development charge (SDC) to provide partial funding for the capital needs of its parks system. The SDC is charged to all new residential developments within the District's boundaries. The SDC for each development is determined by the average occupancy of that development within the district. The rates are currently \$1,887 for a single-family unit, \$1,654 for a multi-family unit, and \$1,903 for a manufactured housing unit.

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

### I.B. POLICY

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

#### I.B.1. State Statute

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

ORS 223.299 defines two types of SDC:

- A reimbursement fee that is designed to recover “costs associated with capital improvements already constructed, or under construction when the fee is established, for which the local government determines that capacity exists”
- An improvement fee that is designed to recover “costs associated with capital improvements to be constructed”

ORS 223.304(1) states, in part, that a reimbursement fee must be based on “the value of unused capacity available to future system users or the cost of existing facilities” and must account for prior contributions by existing users and any gifted or grant-funded facilities. The calculation must “promote the objective of future system users contributing no more than an equitable share to the cost of existing facilities.” A reimbursement fee may be spent on any capital improvement related to the system for which it is being charged (whether cash-financed or debt-financed).

ORS 223.304(2) states, in part, that an improvement fee must be calculated to include only the cost of projected capital improvements needed to increase system capacity for future users. In other words, the cost of planned projects that correct existing deficiencies or that do not otherwise increase capacity for future users may not be included in the improvement fee calculation. An improvement fee may be spent only on capital improvements (or portions thereof) that increase the capacity of the system for which it is being charged (whether cash-financed or debt-financed).

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

## I.B.2. Local Ordinance

The District’s code authorizes and governs the imposition and expenditure of parks SDCs in the district. Currently, the District is authorized to charge parks SDCs only to residential developments within the district’s boundaries.

## I.B.3. United States Constitution

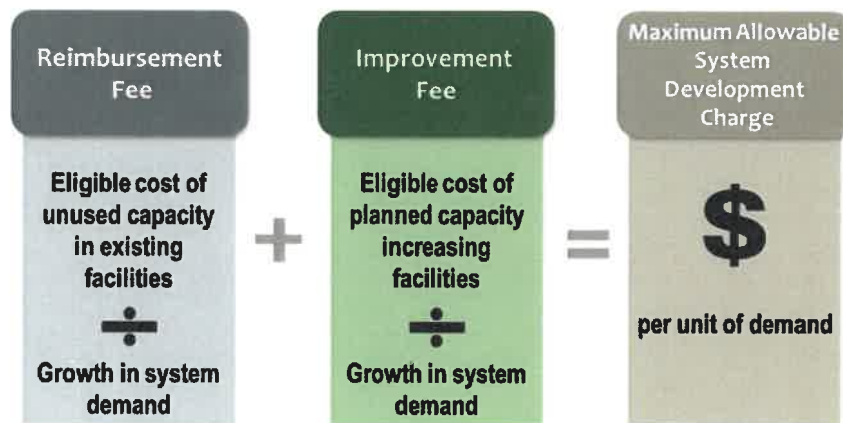
The United States Supreme Court has determined that SDCs, impact fees, or other exactions that comply with state and/or local law may still violate the United States Constitution if they are not proportionate to the impact of the development. The SDCs calculated in this report are designed to meet all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



## Section II. ANALYSIS

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

In general, SDCs are calculated by adding a reimbursement fee component (if applicable) and an improvement fee component—both with potential adjustments. Each component is calculated by dividing the eligible cost by growth in units of demand. The unit of demand becomes the basis of the charge. Below is an illustration of this calculation:



### II.A. GROWTH

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

#### II.A.1. Unit of Measurement

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

The District finds that demand for its parks systems comes from residents and not from commercial developments. Therefore, growth in the number of residents living within the District's boundaries will be the unit of measurement for parks demand. To distinguish the levels of demand imposed by different development types, we will use data from the U. S. Census Bureau to estimate the number of residents for different kinds of dwelling units.



## II.A.2. Growth in Demand

The District's territory includes the City of Prineville as well as surrounding areas, but it does not include all of Crook County. The unique boundaries mean that measuring the current number of residents in the district is not as easy as referencing census data.

To approximate the current population of the district, a ratio of assessed value to population was created using:

1. Assessed value of properties within unincorporated Crook County for Tax Year 2019-2020 from the Crook County Assessor, and
2. Population estimates for unincorporated Crook County as of July 1, 2019 from Portland State University's Population Research Center (PSU).

The assessed value per capita in unincorporated Crook County was calculated to be \$117,669.

Then, data from the Crook County Assessor was gathered showing the assessed value for all properties within the district's boundaries. The assessed value for properties within the city was removed from that total, which left the assessed value for all properties between the city's limits and the district's boundaries. Dividing that assessed value by the ratio discussed earlier gave an estimate of population in the areas between city limits and the district's boundaries. Finally, adding that population estimate to the population of the city gave the full population of the Crook County Parks and Recreation District. The total population of the district was estimated to be 14,269.

The results of these calculations are shown in **Table 1** below.

**Table 1: Population and Assessed Value**

	City of Prineville	Unincorporated Crook County	Total Crook County	Crook County Parks & Recreation District
Assessed value for fiscal year 2019-20	\$ 779,373,388	\$ 1,555,588,612	\$ 2,334,962,000	\$ 1,255,850,119
Population on July 1, 2019	10,220	13,220	23,440	14,269
Assessed value per capita	\$ 76,260	\$ 117,669	\$ 99,614	\$ 88,011

**Source:** Crook County Assessor, "Table 4a - Detail of Taxing District Levies: Tax Year 2019-2020" (assessed value); Portland State University Population Research Center, "2019 Annual Oregon Population Report Tables," Table 4 (population of Prineville and Crook County). Population of Crook County Parks & Recreation District was estimated by FCS GROUP.

With that population estimate in hand, population growth forecasts from PSU are used to estimate the growth in residents between 2020 and 2040, which came out to be about 3,907 residents. These estimates are summarized in **Table 2** below.

**Table 2: Demand Growth Forecasts**

	2019	2020	2040	Growth (2020 to 2040)	Growth Share of 2040 Population
Crook County Parks and Recreation District Population	14,269	14,441	18,348	3,907	21.3%

**Source:** Portland State University Population Research Center, "2019 Annual Oregon Population Report Tables," Table 4 (population of Prineville and Crook County). Population of Crook County Parks & Recreation District was estimated by FCS GROUP.

That growth in demand of 3,907 residents will serve as the denominator in the SDC calculations.

## II.B. IMPROVEMENT FEE

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

### II.B.1. Eligibility

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

For parks SDCs, eligibility is determined by a level-of-service analysis that quantifies the park facilities that are needed for growth (and are therefore eligible to be included in an improvement fee cost basis). Park facilities can be measured by sorting them into categories, or by considering their respective units of measurement. Further, in either approach, the current or future level-of-service may be targeted. These two separate choices create four distinct and equally defensible ways of calculating the eligibility percentage of each project.

Each method will be examined in the sections below.

#### II.B.1.a Current Level-of-Service (By Category and Unit of Measurement)

Determining SDC eligibility for parks projects using the current level-of-service requires determining the quantity of parks facilities needed to maintain the current level-of-service. Any projects that add facilities in excess of that quantity are ineligible.

The District has five relevant parks categories for determining its level-of-service by category. These are shown in the upper panel of the first column in **Table 3**. Each category receives its own level-of-service. Using neighborhood parks as an example, the District currently has 22.15 acres of neighborhood parks. Using the 2020 population shown in **Table 2**, this implies that there 1.53 acres of neighborhood parks per 1,000 residents. The parks project list, when completed, will add 10 acres of neighborhood parks. However, based on the 2040 population and the current level-of-service, only 5.99 acres of neighborhood parks are needed. So, only 5.99 acres out of 10 are eligible for inclusion in the improvement fee cost basis, or 59.92 percent.

The same line of reasoning is used to develop the eligibility percentages for other parks categories. Further, calculating eligibility using level-of-service by unit of measurement follows the same approach. The eligibility percentage for each parks category or unit of measurement is shown in the last column of **Table 3**.

**Table 3: SDC Eligibility under the Current Level-of-Service**

	Units	2020 Quantity	2020 Units per 1,000 Residents	Quantity Added	Additional Needed to Maintain LoS	Eligibility
<b>By category:</b>						
Neighborhood Park	Acres	22.15	1.53	10.00	5.99	59.92%
Community Park	Acres	73.44	5.09	0.00	19.87	0.00%
Natural Area	Acres	580.00	40.16	0.00	156.91	0.00%
Special Use Site	Number	8.00	0.55	2.00	2.16	100.00%
Trail	Miles	3.20	0.22	14.00	0.87	6.18%
<b>By unit of measurement:</b>						
Park and Natural Areas	Acres	675.59	46.78	10.00	182.77	100.00%
Special Use Sites	Number	8.00	0.55	2.00	2.16	100.00%
Trails	Miles	3.20	0.22	14.00	0.87	6.18%

**Source:** District staff, MIG, previous tables.

#### II.B.1.b Future Level-of-Service (By Category and Unit of Measurement)

To determine SDC eligibility using the future level-of-service, the proposed additional quantity of parks facilities is added to the current quantity of parks facilities. Using the future population, a future level-of-service is then calculated. Then, that level-of-service is compared to the current parks system to determine if any deficiencies exist. Only parks projects that do not cure existing deficiencies are considered eligible for the improvement fee cost basis under this method.

As in the previous section, calculating SDC eligibility based on future level-of-service can be done both when measuring parks facilities by category and when measuring by unit of measurement. **Table 4** below outlines both methods using the future level-of-service. Using neighborhood parks as an example, the District currently has 22.15 acres of neighborhood parks. The parks project list, when completed, will add 10 acres of neighborhood parks. This results in a future level-of-service of 1.75 acres of neighborhood parks per 1,000 residents in 2040. If that level-of-service was applied to the 2020 population, a minimum of 25.30 acres would be needed. However, there are currently only 22.15 acres. Thus, the difference between 22.15 and 25.30 acres, or 3.15 acres, must be added to the parks system to cure the deficiency in the parks system. So, only the remaining 6.85 acres added by the project list, or 68.46 percent of neighborhood parks projects, are eligible for inclusion in the improvement fee cost basis under this method.

The same approach is used to develop the eligibility percentages for other parks categories. Further, calculating eligibility using level-of-service by unit of measurement follows the same logic. The eligibility percentage for each parks category or unit of measurement is shown in the “Eligibility” column of **Table 4** below.

When calculating an SDC based on the future level-of-service, it is possible that there may be park facilities eligible for inclusion in a reimbursement fee. This occurs when the future level-of-service for a parks category or unit of measurement is lower than the current level-of-service. If this is the case, and if the future level-of-service is targeted, then it follows that the parks system has an excess of parks facilities. The final column of **Table 4**, “Reimbursable Quantity,” shows the reimbursable

quantity of parks facilities by category and unit of measurement which will be used in **Section II.C** to calculate the reimbursement fee.

**Table 4: SDC Eligibility under the Future Level-of-Service**

	Units	2020 Quantity	Quantity Added	2040 Units per 1,000 Residents	2020 Minimum Quantity	Eligibility	Reimbursable Quantity
<b>By category:</b>							
Neighborhood Park	Acres	22.15	10.00	1.75	25.30	68.46%	0.00
Community Park	Acres	73.44	0.00	4.00	57.80	0.00%	15.64
Natural Area	Acres	580.00	0.00	31.61	456.50	0.00%	123.50
Special Use Site	Number	8.00	2.00	0.55	7.87	100.00%	0.13
Trail	Miles	3.20	14.00	0.94	13.54	26.16%	0.00
<b>By unit of measurement:</b>							
Park and Natural Areas	Acres	675.59	10.00	37.37	539.61	100.00%	135.98
Special Use Sites	Number	8.00	2.00	0.55	7.87	100.00%	0.13
Trails	Miles	3.20	14.00	0.94	13.54	26.16%	0.00

*Source: District staff, MIG, previous tables.*

## II.B.2. Expansion Projects

The first of the District's two project lists includes projects that will expand the inventory of the parks system and are therefore subject to the eligibility calculations described in **Section Eligibility II.B.1** above. **Table 5** below shows the expansion project list using the four different level-of-service calculations. The eligibility of the project list varies depending on the method used. At minimum, under the current level-of-service by category method, the eligible cost of the expansion list is \$40.9 million. At maximum, under the future level-of-service by unit of measurement method, \$42.6 million in project costs is eligible.

**Table 5: Expansion Projects**

		Current LoS			Future LoS	
		Total Cost	Eligibility	Eligible Cost	Eligibility	Eligible Cost
<b>By Category:</b>						
New Neighborhood Park	2030-2040	\$ 2,000,000	60%	\$ 1,198,469	68%	\$ 1,369,139
New Neighborhood Park	2030-2040	2,000,000	60%	1,198,469	68%	1,369,139
New Community Aquatics Facility	2026-2030	28,000,000	100%	28,000,000	100%	28,000,000
New Community Center	2026-2030	10,500,000	100%	10,500,000	100%	10,500,000
Barnes Butte Main Loop Shared-Use Trail	2021-2025	506,880	6%	31,344	26%	132,600
<b>Total</b>		<b>\$ 43,006,880</b>		<b>\$ 40,928,281</b>		<b>\$ 41,370,877</b>
<b>By Unit of Measurement:</b>						
Parks and Natural Areas	2021-2040	\$ 4,000,000	100%	\$ 4,000,000	100%	\$ 4,000,000
Special Use Sites	2021-2040	38,500,000	100%	38,500,000	100%	38,500,000
Trails	2021-2040	506,880	6%	31,344	26%	132,600
<b>Total</b>		<b>\$ 43,006,880</b>		<b>\$ 42,531,344</b>		<b>\$ 42,632,600</b>

*Source: MIG, previous tables.*

### II.B.3. Infill Projects

The second of the District's two project lists includes projects that will not expand the inventory of the parks system by adding acres but that will nevertheless add capacity for future users by adding amenities. To develop this list, the cost for new amenities was isolated for each project in the master plan occurring on existing parks facilities.

For infill projects, use of added amenities is assumed to be shared equally between current and future users. Thus, the eligibility percentage is the proportion of total future demand (18,348 residents) that will arrive between 2020 and 2040 (3,907 residents), or 21.29 percent, as shown in **Table 2**.

The total cost for projects on existing park facilities is \$7.0 million. The cost for new amenities on existing park facilities is \$4.5 million. Applying the eligibility percentage to all costs associated with new amenities gives the full eligible cost of \$1.0 million. These calculations are shown in **Table 6** below.

**Table 6: Infill Projects**

	Timing	Total Cost	Cost for New Amenities	Eligibility	Eligible Cost
Davidson Field	2026-2030	\$ 462,700	\$ 462,700	21.29%	\$ 98,523
Gary A Ward Park/Stryker II Field	2021-2025	121,363	121,363	21.29%	25,842
Gervais Park/Library Park	2026-2030	396,500	185,000	21.29%	39,392
Harwood Park	2021-2025	165,950	119,450	21.29%	25,434
Kilowatt Field	2026-2030	60,400	60,400	21.29%	12,861
Mountain View Park	2026-2030	162,600	158,400	21.29%	33,728
Pioneer Park	2021-2025	143,400	38,400	21.29%	8,177
Stryker Park	2021-2025	650,800	625,400	21.29%	133,166
Yellow Pine Park	2021-2025	166,600	111,100	21.29%	23,657
Crooked River Park	2026-2030	2,749,300	1,399,300	21.29%	297,953
Ochoco Creek Park	2021-2025	931,425	263,175	21.29%	56,038
Rimrock Park	2026-2030	306,225	253,275	21.29%	53,930
Sehale Property	2021-2025	351,800	351,800	21.29%	74,909
Barnes Butte	2021-2025	90,000	90,000	21.29%	19,164
Crooked River Wetlands Complex	2021-2025	100,000	100,000	21.29%	21,293
Crook County Fairgrounds	2021-2025	-	-	0.00%	-
Crook County RV Park	2021-2025	10,000	10,000	21.29%	2,129
Ochoco Lake Campground	2026-2030	153,400	153,400	21.29%	32,663
66 Trail System	2021-2025	10,000	10,000	21.29%	2,129
<b>Total</b>		<b>7,032,463</b>	<b>4,513,163</b>		<b>\$ 960,987</b>

Source: MIG, previous tables.

### II.B.4. Calculated Improvement Fee Cost Basis

After determining the eligible cost of each list (expansion and infill), a full improvement fee cost basis can be calculated. As discussed above, the eligible cost for projects on the expansion list varies depending on the method used to calculate level-of-service. However, the eligible cost for projects on the infill list does not differ by level-of-service calculation.



As shown in **Table 7** below, the improvement fee cost basis ranges from \$41.9 million to \$43.6 million depending on the method used.

**Table 7: Improvement Fee Cost Basis**

	Level of Service	
	Current	Future
<b>Eligible Projects by Category</b>		
Infill Projects	\$ 960,987	\$ 960,987
Expansion Projects	40,928,281	41,370,877
<b>Total</b>	<b>\$ 41,889,268</b>	<b>\$ 42,331,864</b>
<b>Eligible Costs by Unit of Measurement</b>		
Infill Projects	\$ 960,987	\$ 960,987
Expansion Projects	42,531,344	42,632,600
<b>Total</b>	<b>\$ 43,492,330</b>	<b>\$ 43,593,586</b>

*Source: Previous tables.*

## II.C. REIMBURSEMENT FEE

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

### II.C.1. Reimbursable Park Facilities

Reimbursable park facilities are those existing facilities which are not required to meet the District's level of service and thus are available to future users. As discussed in **Section II.B.1**, an excess of park facilities only exists when the future level of service is currently being exceeded.

### II.C.2. Calculated Reimbursement Fee Cost Basis

The reimbursement fee cost basis is the product of the reimbursable quantity of park facilities and the eligible cost of those facilities. To calculate the eligible cost of reimbursable park facilities, several approaches may be taken as long as they reflect the actual costs borne by the parks system for those parks facilities. Further, the eligible cost of reimbursable park facilities will vary depending on whether level-of-service was calculated using park categories or units of measurement.

For this analysis, unit costs are used for each category of parks facilities and for each unit of measurement. These unit costs are adjusted downwards to account for inflation using a relevant index and the acre-weighted age of each park category, or the average age of the parks system if data for a specific category is not available. These discounted unit costs are then multiplied by the reimbursable quantity of park facilities in each category and by each unit of measurement to get the reimbursable costs under both methods.

The unit cost for each unit of measurement was provided by MIG and is shown in the “2020 Cost per Unit” column of **Table 8** below. The unit costs adjusted for inflation are shown in the “Original Cost per Unit” column. The “Reimbursable Quantity” column shows the reimbursable quantity by category or by unit, as in **To determine** SDC eligibility using the future level-of-service, the proposed additional quantity of parks facilities is added to the current quantity of parks facilities. Using the future population, a future level-of-service is then calculated. Then, that level-of-service is compared to the current parks system to determine if any deficiencies exist. Only parks projects that do not cure existing deficiencies are considered eligible for the improvement fee cost basis under this method.

As in the previous section, calculating SDC eligibility based on future level-of-service can be done both when measuring parks facilities by category and when measuring by unit of measurement. **Table 4** below outlines both methods using the future level-of-service. Using neighborhood parks as an example, the District currently has 22.15 acres of neighborhood parks. The parks project list, when completed, will add 10 acres of neighborhood parks. This results in a future level-of-service of 1.75 acres of neighborhood parks per 1,000 residents in 2040. If that level-of-service was applied to the 2020 population, a minimum of 25.30 acres would be needed. However, there are currently only 22.15 acres. Thus, the difference between 22.15 and 25.30 acres, or 3.15 acres, must be added to the parks system to cure the deficiency in the parks system. So, only the remaining 6.85 acres added by the project list, or 68.46 percent of neighborhood parks projects, are eligible for inclusion in the improvement fee cost basis under this method.

The same approach is used to develop the eligibility percentages for other parks categories. Further, calculating eligibility using level-of-service by unit of measurement follows the same logic. The eligibility percentage for each parks category or unit of measurement is shown in the “Eligibility” column of **Table 4** below.

When calculating an SDC based on the future level-of-service, it is possible that there may be park facilities eligible for inclusion in a reimbursement fee. This occurs when the future level-of-service for a parks category or unit of measurement is lower than the current level-of-service. If this is this case, and if the future level-of-service is targeted, then it follows that the parks system has an excess of parks facilities. The final column of **Table 4**, “Reimbursable Quantity,” shows the reimbursable quantity of parks facilities by category and unit of measurement which will be used in **Section II.C** to calculate the reimbursement fee.

**Table 4.** Finally, the total reimbursable costs for each unit of measurement are shown in the “Total Reimbursable Cost” column. As shown, the total reimbursable cost of parks facilities is either \$29.7 million or \$31.6 million depending on whether the future level of service is measured by category or unit of measurement.



**Table 8: Reimbursement Fee Cost Basis**

	2020 Cost	Weighted	Inflation	Original Cost	Reimbursable	Total
	per Unit	Average Age	Adjustment	per Unit	Quantity	Reimbursable Cost
By Category:						
Neighborhood Park	\$ 480,000	52	10.08%	\$ 48,398	-	\$ -
Community Park	575,000	43	22.49%	129,306	15.64	2,022,031
Natural Area	240,000	4	90.26%	216,614	123.50	26,751,625
Special Use Site	19,000,000	32	39.45%	7,495,504	0.13	969,154
Trail	168,960	35	36.51%	61,684	-	-
						\$ 29,742,809
By Unit of Measurement:						
Parks and Natural Areas	\$ 284,285	9	79.18%	\$ 225,091	135.98	\$ 30,608,401
Special Use Sites	19,000,000	32	39.45%	\$ 7,495,504	0.13	969,154
Trail	168,960	35	36.51%	\$ 61,684	-	-
						\$ 31,577,555

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

## II.D. CALCULATED SDC

This section combines the eligible costs from the two project lists and the eligible costs for the District's reimbursable park facilities and applies adjustments for fund balance and compliance costs. The result is a total SDC per resident. We then use census data to estimate the number of residents per dwelling unit and calculate SDCs for residential dwelling units.

### II.D.1. Adjustments

Because the District has only charged an improvement fee in its past SDCs, unspent SDC revenue represents projects that remain unbuilt. Because these projects remain on the project list and are part of the improvement fee cost basis, it is reasonable to reduce this cost basis by the amount of revenue already received for those projects that remain on the list. As of June 30, 2020, the District had \$3.4 million in parks SDC fund balance which must be deducted from the improvement fee cost basis.

ORS 223.307(5) authorizes the expenditure of SDCs on "the costs of complying with the provisions of ORS 223.297 to 223.314, including the costs of developing system development charge methodologies and providing an annual accounting of system development charge expenditures." To avoid spending monies for compliance that might otherwise have been spent on growth-related projects, this report includes an estimate of compliance costs in the SDC cost basis.

The District has estimated that it will spend \$78,840 over the planning period on the compliance costs allowed by statute. These compliance costs are divided between the improvement and reimbursement fees based on the proportion of the total SDC that these fees make up.

These adjustments are made for each method of calculating the SDC and are shown in **Table 9** below.

**Table 9: Adjustments to the Improvement and Reimbursement Fee Cost Bases**

	Current by Category		Future by Category		Current by Unit	Future by Unit		
Unadjusted Improvement Fee Cost Basis	\$	41,889,268	\$	42,331,864	\$	43,492,330	\$	43,593,586
Compliance Costs		74,840		43,956		74,840		43,402
Improvement Fee Fund Balance		(385,844)		(385,844)		(385,844)		(385,844)
Improvement Fee Cost Basis	\$	41,578,264	\$	41,989,975	\$	43,181,326	\$	43,251,144
Unadjusted Reimbursement Fee Cost Basis	\$	-	\$	29,742,809	\$	-	\$	31,577,555
Compliance Costs		-		30,884		-		31,438
Reimbursement Fee Cost Basis	\$	-	\$	29,773,693	\$	-	\$	31,608,993

**Source:** Previous tables, District staff

## II.D.2. Calculated SDC

**Table 10** below summarizes the calculation of the full SDC for all four methods of calculating level-of-service and provides the fee schedule for each development type. As shown, the full SDC ranges from \$10,642 per resident under the current level-of-service by category method up to \$19,161 per resident in the future level-of-service by unit of measurement method. Because all four approaches are equally defensible, \$19,161 is the maximum legally defensible SDC.

**Table 10: Calculated SDC**

		Current by Category		Future by Category		Current by Unit		Future by Unit	
Cost Basis:									
Improvement Fee		\$	41,578,264	\$	41,989,975	\$	43,181,326	\$	43,251,144
Reimbursement Fee			-		29,773,693		-		31,608,993
Total Cost Basis		\$	41,578,264	\$	71,763,669	\$	43,181,326	\$	74,860,137
Growth in Residents			3,907		3,907		3,907		3,907
Improvement Fee per Resident		\$	10,642	\$	10,748	\$	11,053	\$	11,071
Reimbursement Fee per Resident			-		7,621		-		8,091
Total SDC per Resident		\$	10,642	\$	18,369	\$	11,053	\$	19,161
Fee Schedule:		Residents per Unit:							
Single-family dwelling unit		2.23	\$ 23,689	\$	40,887	\$	24,603	\$	42,651
Multi-family dwelling unit		2.09	22,218		38,349		23,075		40,003
Manufactured Housing		2.02	21,454		37,029		22,281		38,627
Accessory dwelling unit		1.95	20,747		35,810		21,547		37,355

**Source:** Previous tables; District staff; 2014-2018 American Community Survey 5-Year Estimates, Tables B25024 and B25033 (residents per dwelling unit)

As shown above, the maximum allowable SDC is \$42,651 for a single-family dwelling unit, \$40,003 for a multi-family dwelling unit, and \$38,627 for a manufactured housing unit. The SDC for an accessory dwelling unit (\$37,355) is based on 1.95 residents per dwelling unit (two multi-family

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

### II.D.3. SDC Comparisons

**Table 11** below shows the parks SDC for a single-family residence in comparable jurisdictions. As shown, if the District implements the full parks SDC calculated above, it will greatly surpass its neighboring jurisdictions.

**Table 11: Parks SDC Comparison**

	Parks SDC per SFR
Crook County PRD (Maximum allowable)	\$ 42,651
Bend	8,594
Redmond	4,523
Crook County PRD (Current)	1,887
Madras	1,819
Sisters	1,193

**Source:** Survey by FCS GROUP, as of January 20, 2021

## Section III. IMPLEMENTATION

This section addresses practical aspects of implementing SDCs.

### III.A. FUNDING PLAN

If the District implements the full parks SDCs calculated above, SDC revenues will be sufficient to cover the cost of the project list and add to the SDC fund balance. However, if a lower SDC is implemented, additional revenue will be needed. **Table 12** below provides a summary of the funding plan for the District's project list under the four methods of calculating the parks SDC.

**Table 12: Funding Plan**

	Current by Category		Future by Category		Current by Unit	Future by Unit
Resources:						
Beginning fund balance	\$	385,844	\$	385,844	\$	385,844
SDC revenue		41,578,264		71,763,669		43,181,326
Other needed revenue		12,547,732		-		10,944,670
Total resources	\$	54,511,840	\$	72,149,513	\$	54,511,840
Requirements:						
Project list (total cost)	\$	54,437,000	\$	54,437,000	\$	54,437,000
Compliance Costs		74,840		74,840		74,840
Ending fund balance		-		17,637,673		-
Total requirements	\$	54,511,840	\$	72,149,513	\$	54,511,840

**Source:** Previous tables, MIG.

### III.B. INDEXING

ORS 223.304 allows for the periodic indexing of SDCs for inflation, as long as the index used is:

- (A) A relevant measurement of the average change in prices or costs over an identified time period for materials, labor, real property or a combination of the three;
- (B) Published by a recognized organization or agency that produces the index or data source for reasons that are independent of the system development charge methodology; and
- (C) Incorporated as part of the established methodology or identified and adopted in a separate ordinance, resolution or order.

In accordance with Oregon statutes, we recommend that the District use the *Engineering News-Record* (ENR) Construction Cost Index (CCI) 20-City Average as the basis for adjusting SDCs annually. All costs in this report have been indexed to the February 2021 ENR CCI 20-City Average, 11,698.80.