



## **SDC STEERING COMMITTEE MEETING AGENDA**

**Date:** Wednesday, January 17, 2018

**Time:** 5:00 – 6:30 p.m.

**Location:** North Clackamas Aquatic Park  
7300 SE Harmony Road, Milwaukie, OR 97222

**Attendees:** Scott Archer, Director; Kathryn Krygier, Planning & Development Manager;  
Wilda Parks, Susan McCarty, Lynn Fisher, David Noble, Sharon Koester, Sandra Grzeskowiak

---

**Goal: To reach a consensus on an SDC Methodology: Uniform, Area-Specific and Overlays, if applicable.**

- I. Recap – Kathryn (5 min)
- II. Public Comment (TBD)
- III. Revisit Issues from Meeting #1 (10 min)
  - a. Plans on the Projects List (e.g. Natural Resources Plan)
  - b. Lake Oswego-Milwaukie Bridge Connection to Trolley Trail
- IV. History of SDC Collection in the District (5 min)
- V. FCS Group Presentation (40 min)
  - a. Issue Paper #1: Area-Specific System Development Charges
  - b. Growth Forecasts
- VI. Discussion around SDC Methodologies (20 min)
- VII. Next Steps (5 min)
  - a. Next meeting on Wednesday, February 7, 2018 — see you in three weeks!

## 2017 Capital Improvement Plan (CIP) Projects List

Identifier	Planning Areas	Staff Proposed Additions	Project Name	Measure (acres, sq. ft., etc.)	Current Status			Site Classification	Project Description
					Acquired	Planned	Developed		
1	0		ADA Transition Plan					Planning	Create plan to provide additional accessible amenities both indoor and outdoor.
2	0		District Master Plan					Planning	Finalize NCPRD's comprehensive plan.
3	0		Natural Resources Master Plan					Planning	Create comprehensive plan including priorities for acquisition of land, restoration and development of natural resources.
4	0		Recreation Center Planning Studies					Planning	Planning studies for new recreation centers in each Planning Area.
5	0		Sports Fields Analysis and Master Plan					Planning	Study sports fields needs, related amenities and create a comprehensive plan.
6	0		Trails Master Plan					Planning	Create comprehensive plan for trails including priorities for acquisition of land, restoration and development of trails including multi-use trails and soft surface trails.
7	0	X	Administrative Offices in the District	10,000 sq. ft.				Other	New administrative offices physically located within the boundaries of the District.
8	0		Additional Group Picnic Areas					Other	Developed picnic areas and related amenities. (Third most-desired project from residents in 2012 survey data.)
9	0		Additional Sports Fields					Other	Six to eight additional sports fields in the District. Four fields to replace those at Hood View Park and an additional 2-4 fields.
10	0		Maintenance Shop	1 acre				Other	Maintenance shop, office space, storage and exterior laydown space.
11	1		Recreation Center - Planning Area 1					Recreation Center	New indoor and/or outdoor recreation facilities.
12	1		Milwaukie Center			X		Recreation Center	Update facility to for efficiency and to provide new programming.
13	1		Johnson Creek Property	10 acres		X		Community Park	Site access acquisition (adjacent property), planning and development.
14	1		Milwaukie Bay Park	6.8 acres	X	X		Community Park	Complete design and engineering, and implement undeveloped portion of Milwaukie Bay Park w/ City of Milwaukie.
15	1		North Clackamas Park	38.67 acres	X			Community Park	Plan for possible expansion and development of park. Develop per Northside Master Plan. Plan for new amenities and upgrade visitor experience.
16	1	X	Trails - Planning Area 1					Greenway	Trail systems may include the North Clackamas Greenway Trail.
17	1		New Natural Resources Land					Natural Area	New natural resources land and amenities.
18	1		3-Creeks Natural Area			X		Natural Area	This is a partnership opportunity with WES, who owns the property. NCPRD currently manages the property through an Intergovernmental Agreement (IGA). Need to create new master plan to reflect goals of both agencies. North Clackamas Greenway runs through the northern portion of this natural area.
19	1		Balfour Property	0.8 acres	X	X		Neighborhood Park	Develop per Balfour Park master plan.
20	1		Bowman-Brae Property	0.69 acres	X	X		Neighborhood Park	Develop per Bowman-Brae Park master plan.
21	1		New Neighborhood Park - Planning Area 1 - #1	4 acres				Neighborhood Park	New neighborhood park is in a park-deficient area of the District.
22	1		New Neighborhood Park - Planning Area 1 - #2	4 acres				Neighborhood Park	New neighborhood park is in a park-deficient area of the District.
23	1		New Neighborhood Park - Planning Area 1 - #3	4 acres				Neighborhood Park	New neighborhood park is in a park-deficient area of the District.
24	1		Robert Kronberg Natural Area	6.4 acres	X	X		Neighborhood Park	Complete planning and implementation of natural area.
25	1		Scott Park	0.55 acres	X	X		Neighborhood Park	Milwaukie recently completed a library expansion as part of a master plan. A \$10 million expansion will begin in 2017. Update park master plan to reflect this change.
26	1		Stanley Park	1.96 acres	X			Neighborhood Park	Plan and develop. Existing facilities include a lawn and trail connecting to adjacent school. Additional amenities are needed to serve the neighborhood.

2017 Capital Improvement Plan (CIP) Projects List

Identifier	Planning Areas	Staff Proposed Additions	Project Name	Measure (acres, sq. ft, etc.)	Current Status			Site Classification	Project Description
					Acquired	Planned	Developed		
27	2	X	Recreation Center - Planning Area 2					Recreation Center	New indoor and/or outdoor recreation facilities.
28	2		Ann-Toni Schreiber Park	6.25 acres	X	X		Community Park	New amenities such as a new parking lot and field enhancements.
29	2	X	Trails - Planning Area 2					Greenway	Trail systems may include the Phillips Creek Trail and/or the Trolley Trail Railroad Trestle multi-use trail which would connect to the existing railway bridge across the Willamette River.
30	2		Railroad Trestle Connection to Trolley Trail					Greenway	New bicycle and pedestrian walkway on existing railroad trestle which crosses the Willamette River.
31	2		New Natural Resources Land					Natural Area	New natural resources land and amenities.
32	2		Boardman Complex					Natural Area	Partnership with Oak Lodge Water Services District. Includes Boardman Wetland NA and Boardman Nature Play Area; Complex goes from Boardman to Glen Echo, long NA with boardwalks etc.; Acquisition, planning/design, construction
33	2		Hull Street & Swanson Place Properties	4.81 acres	X			Natural Area	Plan and develop site as a natural area.
34	2	X	Rivervilla Park		X			Neighborhood Park	Site buildout. Additional planning and development.
35	2		Bunnell Park	0.46 acres	X			Neighborhood Park	Plan and develop park.
36	2		New Neighborhood Park - Planning Area 2 - #1	4 acres				Neighborhood Park	New neighborhood park is in a park-deficient area of the District.
37	2		New Neighborhood Park - Planning Area 2 - #2	4 acres				Neighborhood Park	New neighborhood park is in a park-deficient area of the District.
38	2		New Neighborhood Park - Planning Area 2 - #3	4 acres				Neighborhood Park	New neighborhood park is in a park-deficient area of the District.
39	2		New Neighborhood Park - Planning Area 2 - #4	4 acres				Neighborhood Park	New neighborhood park is in a park-deficient area of the District.
40	2		New Neighborhood Park - Planning Area 2 - #5	4 acres				Neighborhood Park	New neighborhood park is in a park-deficient area of the District.
41	2		New Neighborhood Park - Planning Area 2 - #6	4 acres				Neighborhood Park	New neighborhood park is in a park-deficient area of the District.
42	3	X	Recreation Center - Planning Area 3					Recreation Center	New indoor and/or outdoor recreation facilities.
43	3	X	Community Park - Planning Area 3	10 acres				Community Park	A new community park in Planning Area 3.
44	3	X	Trails- Planning Area 3					Greenway	Trail systems may include the Sunnyside Village Trail and/or the North Clackamas River Greenway Trail.
45	3		New Natural Resources Land					Natural Area	New natural resources land and amenities.
46	3		Altamont Park	4.6 acres	X	X		Neighborhood Park	New amenities to existing park.
47	3		New Neighborhood Park - Planning Area 3 - #1	4 acres				Neighborhood Park	New neighborhood park is in a park-deficient area of the District.
48	3		New Neighborhood Park - Planning Area 3 - #2	4 acres				Neighborhood Park	New neighborhood park is in a park-deficient area of the District.
49	3		New Neighborhood Park - Planning Area 3 - #3	4 acres				Neighborhood Park	New neighborhood park is in a park-deficient area of the District.
50	3		New Neighborhood Park - Planning Area 3 - #4	4 acres				Neighborhood Park	New neighborhood park is in a park-deficient area of the District.

## ISSUE PAPER 1

# AREA-SPECIFIC SYSTEM DEVELOPMENT CHARGES

### Issue

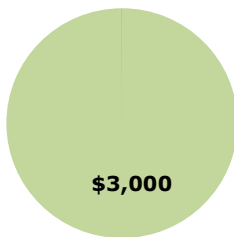
System development charges (SDCs) are one-time fees on new development that are paid at the time of development and used for capital projects. SDCs are intended to recover a fair share of the cost of existing and/or planned facilities that provide capacity to serve future growth. One consideration when implementing SDCs in a demographically diverse district is whether to impose area-specific SDCs. These SDCs vary by location within a district. This issue paper examines the concept of area-specific SDCs.

### Alternatives

There are three approaches to making geographic distinctions with SDCs:

- ◆ Uniform SDCs throughout the district (no geographic distinction)
- ◆ Area-specific SDCs with overlays
- ◆ Area-specific SDCs with zones

### Analysis

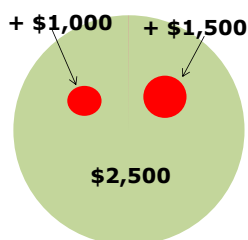


#### Uniform SDCs

Uniform SDCs are charged throughout the entire district regardless of either the location of development being charged or the location of the projects to be funded with SDCs.

Advantages of uniform SDCs are administrative ease and flexibility of spending. Because SDC revenue is treated the same way throughout the district, there is no need for area-specific accounting. Likewise, there is no need to match project expenditures in a certain area with SDC revenue generated in that same area.

The disadvantage of uniform SDCs is the perceived or actual inequity of treating all areas in the same way. Constituents of an area that generates a high proportion of SDC revenue may want some assurance SDCs generated in their area are also spent on projects on their area. Under a typical uniform approach, SDC revenue could be spent anywhere in the district regardless of where the revenue was generated.



#### Area-Specific SDCs with Overlays

A first step toward area-specific SDCs would be to define one or more overlay areas. Overlay areas are specific portions of the district with distinct growth rates and/or project costs that make those areas more expensive to serve with parks infrastructure. Not every part of the district would be in an overlay area.

Under this approach, all development would be charged a districtwide SDC. In addition, those developments located in an overlay area would also be charged an SDC associated with that overlay area.

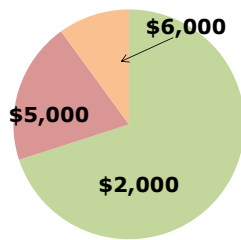
In calculating improvement fees under this approach, some capital projects are designated as providing benefit districtwide while others benefit specific areas. This approach accounts for the project's scope of benefit. This means

a project physically located in an overlay area can be designated as a districtwide project if it benefits the entire district and not just the specific area. Similarly, capital projects that primarily benefit a targeted area for development will be included in the improvement fee cost basis only for the overlay area.

The advantage of area-specific SDCs with overlays is the ability to isolate the differential cost to serve specific portions of the district. In addition, because all developments pay a districtwide SDC, this approach allows the District to retain some flexibility in spending the districtwide portion of the SDC revenue.

The main disadvantage of area-specific SDCs with overlays is that this approach is most appropriate for a district with fairly homogenous demographics with one or two high-cost or high-growth exceptions.

### Area-Specific SDCs with Zones



The fullest expression of area-specific SDCs involves the division of the district into a set of zones that are mutually exclusive and collectively exhaustive. Each zone has its own calculated SDC, and zone revenues must be spent on the projects (or portions of projects) that are associated with that zone.

This approach works particularly well when projects benefit the growth in the zone in which they are located. However, this approach can also be used when projects benefit more than one zone. Each zone must have its own project list, but each project can be allocated to multiple zones (as long as no more than 100 percent of the eligible project cost is allocated). Below is an example of how this allocation might look:

<b>Recommended Approach to Allocations</b>	<b>Zone 1</b>	<b>Zone 2</b>	<b>Zone 3</b>	<b>Total</b>
<b>Neighborhood park A</b>	100%			100%
<b>Neighborhood park B</b>		100%		100%
<b>Neighborhood park C</b>			100%	100%
<b>Neighborhood park D</b>	100%			100%
<b>Community park/center X</b>	25%	75%		100%
<b>Community park/center Y</b>	20%	30%	50%	100%
<b>Community park/center Z</b>	70%	15%	15%	100%

An extreme alternative to this kind of allocation would be to exclude projects that benefit multiple zones. Below is an example of how this alternative would look:

<b>Alternate Approach to Allocations</b>	<b>Zone 1</b>	<b>Zone 2</b>	<b>Zone 3</b>	<b>Total</b>
<b>Neighborhood park A</b>	100%			100%
<b>Neighborhood park B</b>		100%		100%
<b>Neighborhood park C</b>			100%	100%
<b>Neighborhood park D</b>	100%			100%
<b>Community park/center X</b>				0%
<b>Community park/center Y</b>				0%
<b>Community park/center Z</b>				0%

We do not recommend this alternative, because allocating projects among multiple zones is a fully defensible way to include community-level projects in the SDC calculation. In fact, allocating projects across multiple zones can be more equitable and defensible than simply assigning the full cost of the project to the zone in which the project is constructed.

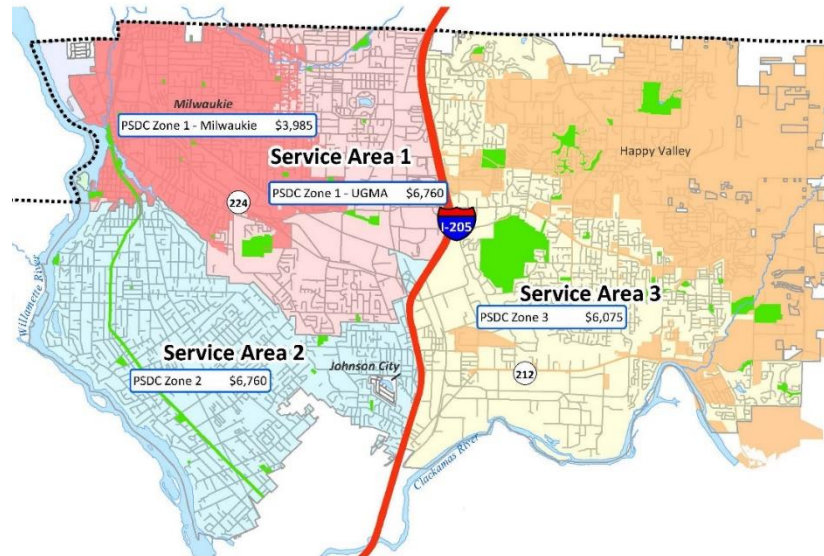
The advantage of area-specific SDCs with zones is equity. The precision with which an individual project can be allocated (and therefore charged) to each zone is limited only by the data upon which the allocation decision is based.

The disadvantage of area-specific SDCs with zones is the administrative complexity of accounting for the SDC revenues and expenditures. Not only must SDC revenue be retained in the zone in which it was earned, but each zone’s expenditures on a project must not exceed that zone’s allocation of the eligible cost. For example, in the case of community park X above (in the recommended approach), staff must ensure that SDC revenues from zone 1 contribute no more than 75 percent of the eligible project costs and that SDC revenues from zone 2 contribute no more than 25 percent of the eligible project costs.

A more detailed discussion of allocating projects to zones can be found in Issue Paper 2 which can be discussed at the next meeting if needed.

### Current Three-Zone Configuration

The District currently charges area-specific SDCs with three zones. In the map below, each zone is labeled as a “service area.” The first service area includes both the city and the urban growth management agreement (UGMA) area of Milwaukie. The second service area includes the unincorporated area of the District south of the first service area and west of Interstate 205. The third service area includes all district territory east of Interstate 205.



How SDCs have been allocated in the District has changed over time. In 1994, the District had uniform SDCs (except for the East Sunnyside Village area). In 2004, each SDC represented the sum of two layers: a districtwide charge and a zone-specific charge similar to the overlay approach described above. Today, SDCs collected in a zone can only be used for projects in that zone. This is an example of area-specific SDCs with zones.

### Uniform/Zone Combination

The District need not use the same approach for all facility types. For example, area-specific SDCs with zones may be appropriate for neighborhood parks and community parks/centers. Meanwhile uniform SDCs might be more appropriate for regional parks. Such a combination would be similar to the District’s practice in 2004.

### A Policy Choice

The decision of whether or how to implement area-specific SDCs is ultimately a policy choice rather than a technical choice. While area-specific SDCs can enhance perceived or actual equity, they do not make an SDC methodology more technically sound or legally defensible. They do add complexity to the communication and administration of an SDC program. That additional complexity must be weighed against any perceived or actual enhancement of equity.

If the District chooses to implement area-specific SDCs, a reasonable option would be the current three-zone configuration which matches the three District planning areas.

### Recommendation

Because area-specific SDCs are a policy choice, our recommendation relates more to process than to outcome. We recommend that the District carefully identify the benefits of continuing with area-specific SDCs. We further recommend that the District weigh those identified benefits against the simplicity and flexibility that can be gained by implementing uniform SDCs.