

**SYSTEM DEVELOPMENT CHARGE (SDC)  
INFORMATION PACKET**

**CITY OF HAPPY VALLEY AND ASSOCIATED  
SERVICE PROVIDERS**

**2019**

**NOTE:**

**SDC's ARE SUBJECT TO PERIODIC UPDATE.**



**TRANSPORTATION SDC's**

**CITY OF HAPPY VALLEY**

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## Chapter 3.04 TRANSPORTATION SYSTEM DEVELOPMENT CHARGES

### 3.04.010 Purpose

- A. New development within the City of Happy Valley contributes to the need for increased capacity on arterial and collector roads, and Multi-Modal transportation facilities and related improvements, and therefore should contribute to the funding for such improvements. The TSDC will fund a portion of the needed auto, bicycle and pedestrian system capacity for New Development.
- B. ORS 223.297 through 223.314 grants the City authority to impose a TSDC to equitably spread the costs of essential capacity increasing capital improvements to new development.
- C. The TSDC is incurred upon the issuance of a permit to develop property at a specific use or density. The TSDC is separate from other fees provided by law or imposed as a condition of development. It is a fee for service because the amount of the fee relates to a development's receipt of services based upon the nature of that development.
- D. The TSDC is not a tax on property or on a property owner as a direct consequence of ownership of property within the meaning of Section 11b, Article XI of the Oregon Constitution or the legislation implementing that section.
- E. The TSDC shall be established and may be revised by resolution of the City Council. The resolution shall set the amount of the charges (Rate Schedule), the Methodology for calculating the charges, and the list of TSDC Capital Improvement Projects Intended to be funded by improvement fees (referred to as the TSDC Capital Project List).
- F. The TSDC constitutes a mandatory collection method based upon the guidelines set forth in ORS 223.297 – 223.314, and is intended as a financing mechanism for the increased capacity in Multi-Modal improvements, and Arterial and Collector Facilities associated with new development, and does not represent a means to fund maintenance of existing roads.

### 3.04.020 Definitions

All terms not defined below shall be defined by the City's Land Development Code (LDC).

- A. ACCESSORY DWELLING UNIT means a unit complying with the LDC, and ADU's will be charged the adopted rate for the Institute of Transportation Engineers (ITE) classification of "220 - Apartment."
- B. AFFILIATE means any entity that directly controls, is controlled by or is under common control with an applicant for TSDC credits. As used herein, the term "control" or "controlled by" means the power to direct the management of such entity through voting rights, ownership or contractual obligations.
- C. ARTERIAL means that term as defined and used in the City's Transportation System Plan (TSP).
- D. AVERAGE WEEKDAY TRIPS are the average 24-hour total of all vehicle trips counted to and from a study site from Monday through Friday.
- E. ASSIGNMENT refers to the transfer of a credit voucher or portion of a credit voucher that is transferred to another party.
- F. BOARD means the Board of County Commissioners of Clackamas County, Oregon.
- G. BUILDING OFFICIAL means that person, or his designee, certified by the State and designated as such to administer the State Building Codes for the City.
- H. BUILDING PERMIT means that permit issued by the City County Building Official pursuant to the most recently published versions of the State of Oregon Structural Specialty Code, and the Oregon Residential Specialty Code. In addition, Building Permit shall mean the Manufactured Home Installation Permit issued by the City County Building Official, relating to the placement of manufactured homes.
- I. BUS TRANSIT CORRIDOR includes current fixed-route public bus service (excludes

- dial-a-ride shuttles and taxi service).
- J. CITY means the City of Happy Valley, Oregon.
  - K. CITY ATTORNEY means the legal counsel of the City of Happy Valley, Oregon.
  - L. COLLECTOR means that term as defined and used in Chapter 8 of the City's Transportation System Plan.
  - M. COMPREHENSIVE PLAN means the City generalized, coordinated land use map and policy statement that interrelates all functional and natural systems and activities relating to the use of lands, including but not limited to sewer and water systems, transportation facilities, recreational and natural resources, and air and water quality management programs.
  - N. CONSTRUCTION COST INDEX means that index published by the Engineering News Record (ENR) Northwest (Seattle, Washington) titled "Construction Cost Index."
  - O. CONTIGUOUS means that a property and an improvement or portion thereof share a common boundary line. A determination of contiguous includes all property subject to the development approval. The boundary lines and area of an improvement shall be determined by the right-of-way and easement areas for the improvement. In addition, multiple properties under common ownership separated by features such as a common area, non-motorized vehicle or pedestrian way, creek, wetland, park, or similar areas; up to a distance of not more than 100 feet between the properties at the boundary with the improvement, are deemed to include the feature in their combined boundary line. Any portion of an improvement that is located beyond the frontage of a property, as determined by the extension of boundary lines perpendicular to the frontage of the property, is not deemed to be contiguous to that property. An intersection improvement shall be deemed contiguous to all property with frontage on the intersection, or that touches the intersection at a point.
  - P. COUNCIL means the City Council of the City of Happy Valley
  - Q. COUNTY means Clackamas County, Oregon.
  - R. DEVELOPMENT AGREEMENT means the tool the CITY will use to secure the developer's compliance with the commitment to build-out a phased master-plan project, qualifying the initial phases for a reduction under the station area and/or mixed-use reduction provisions.
  - S. DEVELOPMENT PERMIT means a grading, excavation, engineering, BUILDING PERMIT, land use or similar permit issued by the CITY that approves NEW DEVELOPMENT as defined by this ordinance.
  - T. DEPARTMENT means the City's Economic and Community Development Department.
  - U. DEPARTMENT DIRECTOR means the Director of the City's Economic and Community Development Department, or his or her designee.
  - V. FINANCE DIRECTOR is that person employed by the City of Happy Valley that has the responsibility of managing the Finance Department, or his or her designee.
  - W. FLOOR AREA RATIO (FAR) means the ratio of the total amount of enclosed gross floor area within a structure to the amount of buildable acreage. For purposes of calculation, both floor area and net site area shall be converted to square feet. (For example, a single-story building constructed on one-quarter of the net developable site would have a floor area ratio of 0.25. If a second story were added, the floor area ratio would increase to 0.50, etc.)
  - X. GROSS FLOOR AREA for the purposes of this ordinance will mirror the definition in the most recent ITE manual.
  - Y. GUEST HOME means a unit complying with the LDC. GUEST HOMES will not be charged a TSDC Assessment because these units share a kitchen and laundry facility with the primary dwelling on the parcel, and as such are not used for boarding, lodging or rental.
  - Z. HEARINGS OFFICER is defined as the Land Use Hearings Officer for the DEPARTMENT.
  - AA. IMPROVEMENT FEE means a fee for costs associated with capital improvements to be constructed.

- BB. INTERNAL CAPTURE RATE is defined as a percent reduction of trip generation for component land uses to account for trips made internally on site. A reduction of trip generation rates can potentially decrease traffic impact and help reduce external congestion. The INTERNAL CAPTURE RATE is the percent reduction of trip generation estimates for land uses to account for trips made internally on a MIXED-USE DEVELOPMENT site.
- CC. ITE TRIP GENERATION MANUAL means the most recently published edition of the manual entitled Trip Generation, published by the Institute of Transportation Engineers. A copy of the ITE Trip Generation Manual shall be kept on file with the DEPARTMENT.
- DD. LIGHT RAIL TRANSIT STATION AREA is defined as the passenger station platform along a fixed-route light rail alignment.
- EE. LONG TERM FINANCING means bonds issued by the CITY to finance a capital improvement in accordance with ORS 223.205 – 223.295.
- FF. METHODOLOGY means the narrative, formulas and charts that serve as the framework for determining the TSDC.
- GG. MIXED-USE DEVELOPMENT is generally a land development project with a structure, or structures, containing two or more different and interacting land uses. These areas are characteristically higher density, compact walkable areas. Mixing of uses typically includes residential (townhomes, apartments, or detached homes on small lots), retail (mostly specialty and convenience), restaurants, hotels, office buildings, movie theatres, and any other compatible and complimentary uses. Reference Table 2 – Mixed-use Development TSDC Reduction Requirements, in Section 3.04.030(G), for further definition of project requirements to qualify for a mixed-use development reduction.
- HH. MULTI-MODAL means vehicular, transit, bicycle, pedestrian and wheel chair transportation.
- II. NEW DEVELOPMENT means site improvements that increase overall trip generation.
- JJ. PM PEAK HOUR TRIPS - all vehicle trips to and from a study site during the 60-minute time period of highest trip generation during the afternoon period between 4:00 p.m. and 6:00 p.m.
- KK. QUALIFIED PUBLIC IMPROVEMENT means a capital improvement that is required as a condition of development approval, identified in the TSDC CAPITAL PROJECT LIST adopted by resolution and is:
- a. Not located on or contiguous to the NEW DEVELOPMENT site, or
  - b. Located on or contiguous to the NEW DEVELOPMENT site, and as demonstrated in the traffic study for the NEW DEVELOPMENT is required to be built larger or with greater capacity (over-capacity) than is necessary for the NEW DEVELOPMENT to mitigate for transportation system impacts attributable to the NEW DEVELOPMENT.
- LL. RATE SCHEDULE means the TSDC associated with NEW DEVELOPMENT types, as adopted by resolution.
- MM. REIMBURSEMENT FEE means a fee for costs associated with capital improvements already constructed or under construction when the fee is established, for which the local government determines that capacity exists.
- NN. RIGHT-OF-WAY means that portion of land that is dedicated for public use. Public uses may include but are not limited to pedestrian facilities (e.g., sidewalks, plazas), utility placement, signage, etc.
- OO. STATION AREA DEVELOPMENT includes parcels with some portion of the development site located within a 0.25-mile radius (straight line distance measurement) of a LIGHT RAIL STATION PLATFORM or a BUS TRANSIT CORRIDOR, both of which facilitate travel to multiple geographic routes, typically resulting in reduced impact to the transportation system by encouraging multi-modal transportation and reducing the impact on the surrounding transportation system. Reference Table 1 – Station Area Development TSDC Reduction Requirements, in Section 3.04.030(F), for further definition of project requirements to qualify

for a station area reduction.

- PP. TRANSPORTATION SYSTEM DEVELOPMENT CHARGE (TSDC) means the fee to be paid pursuant to Section 3.04.030 of this Chapter.
- QQ. TSDC CAPITAL PROJECT LIST means a list of capital projects adopted by the COUNCIL, identifying the estimated cost, timing, and portion of project costs to be funded by the TSDC.
- RR. ZONE OF INFLUENCE shall be identified by drawing a border around the outermost intersections/facilities studied in the Traffic Impact Analysis as measured in relationship to the city limits to develop a boundary. If the improvements that generated the original credits are within the ZONE OF INFLUENCE boundary of the development receiving the credit, or otherwise located within the city limits of the City of Happy Valley, the credits may be reassigned because the two developments have similar impacts and traffic patterns.

**3.04.030 Application**

- A. A TSDC may be imposed upon all NEW DEVELOPMENT within the CITY for which a DEVELOPMENT PERMIT is required.
- B. The applicant for a DEVELOPMENT PERMIT shall, at the time of application, provide the DEPARTMENT with the necessary and applicable information, such as the description of use, number of dwelling units or square footage of structures, information about occupancy and size of any existing use on the site, necessary to calculate the TSDC. The DEPARTMENT shall notify the applicant of the right to appeal the decision on the calculation of the charge pursuant to Section 3.04.080.
- C. The amount of the TSDC shall be determined as identified in the METHODOLOGY and RATE SCHEDULE adopted pursuant to Section 3.04 .010(E), and amended pursuant to Section 3.04.030(G), and Section 3.04.090 or adjusted pursuant to Section 3.04.030(D) or Section 3.04.030(E).
- D. If the CITY has not assigned a TSDC category for the identified land use in the adopted RATE SCHEDULE, the DEPARTMENT shall at its option either:
1. Identify the land use category that is most applicable to the use in question and apply that rate.
  2. Consider trip generation data, gathered in a credible manner, preferably by a registered traffic engineer, for the same or similar use. Such a study shall be prepared at the applicant's expense and must be submitted at least two weeks prior to expected issuance of a DEVELOPMENT or BUILDING PERMIT. The DEPARTMENT DIRECTOR has the right to accept, accept in part, modify, or reject the calculations offered under this option.
  3. The following guidelines apply to data collection under Option 2:
    - a. The applicant shall submit a list of similar uses with similar characteristics in Oregon, Washington, California, or preferably in the Portland region. Uses must have been open for business for at least a year.
    - b. The DEPARTMENT will determine the number of sites and locations, and if applicable for consolidated land use categories, the types of uses for which the applicant will be required to submit traffic counts.
    - c. The applicant shall supply the DEPARTMENT with the following information for each site:
      - i. Standard days and hours of operations.
      - ii. Counts from sites on a weekday for 24 hours. Actual counting time and days of the week may vary depending on land uses and standard days of operation and shall be approved by the DEPARTMENT. Data collection shall be compliant with the ITE



Level 3	5% Vehicle Trip Reduction	Light Rail Transit Station <sup>3</sup>	Minimum residential density of 12 dwellings per acre <sup>4</sup>
			Minimum FAR of 1.0 per acre for non-res. Development
Level 4	10% Vehicle Trip Reduction	Light Rail Transit Station <sup>3</sup>	Minimum Res. Density of 24 dwellings per gross acre
Level 5	15% Vehicle Trip Reduction	Light Rail Transit Station <sup>3</sup>	Minimum Res. Density of 24 dwellings per acre <b>AND</b> at least 15% of the total gross res. & non-res. floor area devoted to commercial/retail
			Minimum FAR of 2.0 per acre for non-res. Development
Level 6	20% Vehicle Trip Reduction	Light Rail Transit Station <sup>3</sup>	Minimum res. density of 24 dwellings per acre <b>AND</b> minimum FAR of 2.0 per acre for non-res. Development

<sup>1</sup> Some portion of the development site must be located within a 0.25-(one quarter) mile radius (straight line distance measurement) of a Light Rail Station Platform or a Bus Transit Corridor route alignment to qualify for TSDC reduction.

<sup>2</sup> Bus Transit Corridors include current fixed-route public bus service (excludes dial-a-ride shuttles and taxi service).

<sup>3</sup> Light Rail Transit Station area is defined as the passenger station platform along a fixed route alignment.

<sup>4</sup> The stated residential density for this TSDC reduction level has been interpolated based on ITE Trip Generation Handbook results.

Source: ITE, Trip Generation Handbook, 2nd Edition, Appendix B, with noted exception.

- G. MIXED-USE DEVELOPMENT generates an internal trip capture, thus reducing external trip generation rates on surrounding roads. In such event, the DEPARTMENT, for purposes of establishing the TSDC for a MIXED-USE DEVELOPMENT, shall apply a MIXED-USE DEVELOPMENT TSDC reduction to the eligible structure, or structures, which correlate to the INTERNAL CAPTURE RATE of the proposed development as detailed in Table 2 (below). This reduction may be combined with any applicable STATION AREA DEVELOPMENT reduction (Table 1).

Table 2 - MIXED-USE DEVELOPMENT TSDC REDUCTION REQUIREMENTS		
REDUCTION LEVEL	TSDC REDUCTION (% TRANSPORTATION IMPACT REDUCTION)	DEVELOPMENT DENSITY REQUIREMENT(S)
Level 1	7% Vehicle Trip Reduction	Mixed-use development with at least two different land use types (e.g., retail and office) within the same tax lot or master-planned area
Level 2	10% Vehicle Trip Reduction	Mixed-use development with a minimum residential density of 12 dwellings per gross acre <b>AND</b> minimum of 0.3 FAR per gross acre for non-residential development
Level 3	14% Vehicle Trip Reduction	Mixed-use development with a minimum res. density of 24 dwellings per gross acre <b>AND</b> minimum of 0.3 FAR per gross acre for non-residential development
Level 4	16% Vehicle Trip Reduction	Mixed-use development with a minimum residential density of 32 dwellings per gross acre <b>AND</b> minimum of 0.3 FAR per gross acre for non-residential development
Level 5	18% Vehicle Trip Reduction	Mixed-use development with a minimum residential density of 40 dwellings per gross acre <b>AND</b> minimum of 0.5 FAR per gross acre for non-residential development

*Source: derived using EPA Mixed-Use Trip Generation Model v4.0.*

1. If the proposed development includes more than one parcel of land and/or more than one structure, the MIXED-USE DEVELOPMENT and/or STATION AREA DEVELOPMENT reductions shall be authorized as part of a development approval outlining the final build-out of the master plan development area. The applicable reduction shall be memorialized in a DEVELOPMENT AGREEMENT and recorded as a right-to-lien against each parcel included within the approved development area, allowing for renewal on active development projects.
  - a. If a development avails itself of the MIXED-USE DEVELOPMENT and/or STATION AREA DEVELOPMENT reductions and does not construct the development within the term of the DEVELOPMENT AGREEMENT, the CITY will capture any unwarranted reduction provided by the DEPARTMENT at the time of permitting any built structures based on the original conceptual plan that the final built development does not warrant, by:
    - i. The Developer will have an opportunity to pay the TSDC reductions that were attributed to a built structure within the MIXED-USE DEVELOPMENT and/or STATION AREA DEVELOPMENT; or
    - ii. The CITY can collect the TSDC reductions that were attributed to a built structure within the MIXED-USE DEVELOPMENT and/or STATION AREA DEVELOPMENT by filing a lien against the benefitting parcels.

H. Notwithstanding any other provision, the RATE SCHEDULE adopted pursuant to Section 3.04.030(C) shall, annually, be adjusted to account for changes in the costs of acquiring and constructing transportation facilities, based on the change in CONSTRUCTION COST INDEX. The CONSTRUCTION COST INDEX shall be used to adjust the TSDC RATE SCHEDULE each fiscal year, unless it is otherwise adjusted by the COUNCIL based on adoption of an updated METHODOLOGY or TSDC CAPITAL PROJECT LIST.

#### **3.04.040 Collection**

- A. The TSDC is due and payable at the time of issuance of the BUILDING PERMIT. The BUILDING PERMIT shall not be issued, except as provided in Subsection C or D of this Section, until payment is made. The TSDC RATE SCHEDULE in effect at the time that a complete DEVELOPMENT PERMIT submittal is received by the CITY will be applied to that permit. That TSDC rate applied is effective for 180 days from the date the land use approval is in effect, or the DEVELOPMENT PERMIT is submitted to the DEPARTMENT, whichever comes last. At the expiration of the 180-day period, if the permit is not yet issued, any adjustments applied under Section 3.04.030(H) can be applied to the permit.
- B. Notwithstanding Section 3.04.030(A), the following are exempt from the TSDC:
  1. Alteration permits for tenant improvements, new construction or remodeling where:
    - a. No additional dwelling unit(s) or structure(s) are created
    - b. A change of use, building addition, or other modification does not result in an increase in PM PEAK HOUR TRIPS as determined in the manner set forth in a METHODOLOGY adopted pursuant to Section 3.04.010(E), or as provided in Section 3.04.030(D) or Section 3.04.030(E), whichever is applicable.

2. Relocation of any structure originally located on property that the CITY acquires in-fee as a part of a capital transportation project that results in a building encroachment over public right-of-way or easements, when the remaining remnant will not be re-developable, such that the structure is relocated to another parcel within the city limits. Except to the extent such relocation creates additional dwelling units and/or additional PM PEAK HOUR TRIPS as determined in the manner set forth in a METHODOLOGY adopted pursuant to Section 3.04.010(E), or as provided in Section 3.04.030(D) or Section 3.04.030(E), whichever is applicable.
  3. Replacement of any structure located on excess property that the CITY acquires in-fee as a part of a capital transportation project that can be marketed, or available for occupancy, except to the extent such remodeling or replacement creates additional dwelling units and/or additional PM PEAK HOUR TRIPS as determined in the manner set forth in a METHODOLOGY adopted pursuant to Section 3.04.010(E), or as provided in Section 3.04.030(D) or 3.04.030(E), whichever is applicable:
    - a. The agency has been provided a reasonable period of time to meet public notification requirements for sale or other disposition (i.e., public auction); and
    - b. Upon completion of the project, after access has been restored and/or recorded whichever is the later, such that the property has legal ingress/egress for development or occupancy purposes.
- C. Payment of the TSDC by a person who is also eligible for a credit voucher for construction of a QUALIFIED PUBLIC IMPROVEMENT may be delayed until a date certain to be set by the DEPARTMENT at the time of DEVELOPMENT PERMIT issuance.

Payment may only be delayed for the same development which is associated with the construction of the capital improvement for which credit is given, and the permittee shall provide the DEPARTMENT with security to secure payment of the TSDC. The amount of security shall equal the TSDC assessment for the development as calculated by the DEPARTMENT, and must be in a form outlined in Subsection (1),(2) or (3) below, or an alternative method approved by the CITY ATTORNEY.

A permittee eligible for delay of payment of the TSDC pursuant to this section shall secure payment of the assessment, prior to issuance of the DEVELOPMENT or BUILDING PERMIT, by any of the following:

1. Placing cash in the amount of the assessment in an escrow account accessible by the CITY. Permittee shall reconcile any remaining balance after applying the credit voucher to the outstanding balance, or revenue in the escrow account shall be withdrawn to cover the balance. Once the balance is reconciled any remaining revenue in the escrow account shall be released, but not later than 180-days after the issuance of the credit voucher against the improvement pursuant to Section 3.04.050.
2. Issuing a letter of credit in the amount of the assessment which is accessible by the CITY. Permittee shall reconcile any remaining balance after applying the credit voucher to the outstanding balance, or the CITY shall send a demand to draw down on the letter of credit to cover the balance. Once the balance is reconciled any remaining balance on the letter of credit shall be released, but not later than 180-days after the issuance of the credit voucher against the

improvement pursuant to Section 3.04.03.050.

3. The permittee can apply for delay of payment of the TSDC assessment pursuant to ordinance Section 3.04.040(D). The administrative fee and interest will be waived for a deferral under Section 3.04.040(C)(2) until the credit voucher is issued. Once the credit voucher is issued, the permittee can apply all (or a portion of) the credit voucher toward the principal and interest balance on the account, or continue making installment payments in accordance with the payment plan throughout the duration of the loan. If the installment plan is continued, the applicant would pay an administrative fee and interest would begin accruing on the principal balance as of the date of credit voucher issuance.

D. When a TSDC is due and payable, the parcel owner may apply to the CITY for payment in twenty (20) semiannual installments, secured by a lien on the property upon which the development is to occur, to include interest on the unpaid balance, if that payment option is required to be made available to the permittee by ORS 223.207:

1. A parcel owner may request installment payments for up to \$500,000 in TSDC assessments; any remaining balance must be paid in full prior to issuance of the DEVELOPMENT PERMIT.
2. The CITY shall prepare the agreement for installment payments, which shall include a waiver of all rights to contest the validity of the lien, except for the correction of computational errors. The application fee for this option shall be set by resolution.
3. The applicable interest rate shall be determined as follows:

Principal	Interest Rate
\$0-24,999	Current prime lending rate plus 3.0 percentage points
\$25,000-\$500,000	Current prime lending rate plus 2.0 percentage points

4. An applicant requesting installment payments shall have the burden of demonstrating the authority to assent to the imposition of a lien on the property and that the interest of the permittee is adequate to secure payment of the lien. The DEPARTMENT DIRECTOR may order the imposition of the lien as recommended by the DEPARTMENT.
5. Upon the DEPARTMENT DIRECTOR order, the D E P A R T M E N T shall cause the lien to be recorded on the lien docket kept by the Clackamas County Clerk. From that time the CITY shall have a lien upon the described parcel at the amount of the TSDC, together with interest on the unpaid balance at the rate established by the DEPARTMENT DIRECTOR. The lien shall be enforceable in the manner provided in ORS Chapter 223, and shall be superior to all other liens pursuant to ORS 223.230. Upon satisfaction of the obligation the DEPARTMENT DIRECTOR shall request the County Clerk to release the lien.
6. With the passage of Article XI, Section 11 B of the Oregon Constitution, progressive payment shall be taken for all unpaid debt. The DEPARTMENT DIRECTOR will be notified immediately by the DEPARTMENT of any account 30 days or more past due. The DEPARTMENT DIRECTOR shall then send a letter to the defaulting party demanding payment no later than 30 days following

the date of the demand letter. The demand letter shall require payment of all amounts to bring the account current including any applicable interest or other penalty and shall demand full compliance with a "time is of the essence" clause according to the type of obligation at issue. The time for payment to bring the account current shall be left to the best professional judgment of the DEPARTMENT DIRECTOR depending upon the type of debt and amount owed but in no event shall time for payment exceed the next payment due date or any other requirements imposed by debt instruments executed by the CITY in favor of any third party or other agreements that may have been executed by the CITY.

7. If payment has not been made following the first notice, the DEPARTMENT DIRECTOR shall refer the matter to the CITY ATTORNEY, who shall send a second notice, detailing the prior defaults and notices thereof indicating that further action, including legal action, will be taken.
8. If, following the second notice, time for payment has expired, then the CITY ATTORNEY shall include the defaulting person or entity on a list entitled "Collection/Foreclosure" and consult with appropriate staff regarding the most efficient and cost-effective method for collection of the debt.
9. The CITY ATTORNEY shall determine if the matter will be retained for pursuit by the CITY ATTORNEY, or referred to a debt collection agency or other method for collection. If retained by legal counsel, a demand letter to the debtor shall be sent declaring a default, accelerating the entire balance and requiring full payment within a reasonable period of time not to exceed 30 days. If no satisfactory response is forthcoming, legal counsel may extend the time limits for legal action in cases of extraordinary hardship; such determination shall be at the sole discretion of legal counsel and not subject to review by the COUNCIL.
10. Upon referral and direction by the COUNCIL, the CITY ATTORNEY may proceed with foreclosure of the assessment lien or take other legal action authorized by law which is deemed most appropriate under the circumstances.
11. If the CITY ATTORNEY determines that it is most effective to use the services of a collection agency, the CITY ATTORNEY may solicit proposals and make a recommendation to the COUNCIL regarding selection of a firm consistent with the COUNTY Local Contract Review Board Rules and ORS Chapter 279. The CITY ATTORNEY shall be authorized to negotiate a contract regarding the amount of compensation, length of term and methods of collection, subject to final review and approval by the COUNCIL. However, the contract shall specifically provide that the collection agency shall fully comply with the Fair Debt Collection Practices Act, 15 U.S.C. 1601, et seq., and shall provide for full indemnification and protection of the CITY from any and all claims for unfair or unlawful debt collection practices.

#### **3.04.050 Credit**

An applicant for a DEVELOPMENT PERMIT, shall be entitled to a credit against the TSDC for payment of a fee-in-lieu of construction or for the construction of a QUALIFIED PUBLIC IMPROVEMENT. Calculation of any TSDC credit value will be based on the TSDC CAPITAL PROJECT LIST in place upon the CITY's receipt of a TSDC credit application. The applicant shall have the burden of demonstrating in its application for credit that an improvement qualifies for credit.

- A. The CITY shall provide credit for the documented, reasonable cost of construction (whether paid via fee-in-lieu of or a constructed improvement) of all or part of a QUALIFIED PUBLIC IMPROVEMENT listed in the TSDC CAPITAL PROJECT LIST, adopted pursuant to Section 3.04.010(E), based on the following criteria:

1. Transportation improvements located neither on nor contiguous to the property that is the subject of development approval shall be considered for credit at 100 percent of the cost of the qualified improvements.
  2. Transportation improvements located on or CONTIGUOUS to the property that is the subject of development approval, and required to be built larger, or with greater capacity than is necessary for the particular development project shall be considered for credit. Credit for these improvements may be granted only for the cost of that portion of the improvement that exceeds the capacity needed to serve the development project or property provided in a development. However, the City may grant greater credits (up to the total cost of the improvement) to a developer in limited circumstances where doing so serves the public interest on collector and/or arterial facilities, and the concurred upon traffic impact analysis documents that the development project's impact is incidental to the overall improvement. To grant said additional credits, the City must enter into a DEVELOPMENT AGREEMENT with the developer that identifies the developer's commitments to completing the improvements, including the timing of same, and that establishes the conditions for the City's issuance of credits.
  3. Developer is constructing a QUALIFIED PUBLIC IMPROVEMENT in lieu of the CITY's capital projects group. In accordance with the LDC, utility relocations to accommodate these road designs shall be fully creditable.
  4. No more than 13.5 percent of the total qualifying construction cost shall be creditable for survey, engineering, and inspection.
  5. No credits shall be granted for Oregon Department of Transportation (ODOT) facilities unless clearly identified as a QUALIFIED PUBLIC IMPROVEMENT listed in the TSDC CAPITAL PROJECT LIST.
  6. Road Right-Of-Way dedicated pursuant to the applicable development conditions shall be considered for credit as follows:
    - a. Road right-of-way located neither on nor contiguous to the property that is the subject of development approval shall receive credit for the dedication.
    - b. Road right-of-way located on or contiguous to the property that is the subject of development approval, and required to be built larger, or with greater capacity than is necessary for the development project shall be considered for credit to the extent necessary to construct the facility in excess of the capacity needed to serve the particular development project or property. However, the City may grant greater credits in accordance with Section 3.04.050.A.2, above.
    - c. Credit for right of way shall be allowed based on:
      - i. Reasonable market value of land purchased by the applicant from a third party and necessary to complete the improvement; or
      - ii. A certified market appraisal, paid for by the applicant, that establishes the land value when the property was donated for the needed right of way; or
      - iii. A per square foot value using the then current real market value for the real property shown in the records of the County Tax Assessor.
- B. All requests for credit vouchers must be in writing and filed with the DEPARTMENT not more than ninety days after acceptance of the improvement. Improvement acceptance shall be in accordance with the practices, procedures and standards of the DEPARTMENT.
- C. The amount of any credit shall be determined by the DEPARTMENT and based upon

the subject improvement contract documents, and other appropriate information, provided by the applicant for the credit. In the request, the applicant must identify the improvement(s) for which credit is sought and explain how the improvement(s) meet the requirements of this section.

- D. The applicant shall also document, with credible evidence, the value of the improvement(s) for which credit is sought. If, in the DEPARTMENT's opinion, the improvement(s) meets the requirements of this section and the DEPARTMENT concurs with the proposed value of the improvement(s), a credit shall be granted for the eligible amount.
- E. The value of the credits under this Section shall be determined by the DEPARTMENT based on the actual cost of construction and public RIGHT-OF-WAY, as applicable, as verified by receipts and other credible evidence submitted by the applicant. Upon a finding by the DEPARTMENT that the contract amounts, including payments for RIGHT-OF-WAY, exceed prevailing market rates for a similar project, the credit shall be based upon market rates.
- F. The DEPARTMENT shall respond to the applicant's request in writing within 45 days of receipt of a technically complete request. The DEPARTMENT shall provide a written explanation of the decision on the credit request.
- G. Upon approval, the DEPARTMENT shall provide the applicant with a credit voucher signed by the DEPARTMENT DIRECTOR, on a form provided by the DEPARTMENT. The credit voucher shall state a dollar amount that may be applied against any TSDC imposed against the subject property. In no event shall a subject property be entitled to redeem credit vouchers exceeding the TSDC imposed on the subject property, except as provided for in Section 3.04.050(J).
- H. A credit shall have no cash or monetary value and a remaining balance on a voucher shall not be a basis for any refund. A credit shall only apply against the TSDC and its only value is to be used to reduce the TSDC otherwise due, subject to all conditions, limitations, and requirements of this chapter.
- I. When issued by the DEPARTMENT, a credit shall be the personal property of the applicant. Applicant may transfer all or part of any earned credit to one or more AFFILIATES of the applicant. Credits shall remain the personal property of the applicant, unless transferred by the applicant or its authorized agent as transferor. Any person claiming the right to redeem a credit shall have the burden of demonstrating ownership of the credit.
- J. Prior to permit issuance, upon written application to the DEPARTMENT, a credit shall be applied to the TSDC on a permit for development on a lot or parcel within the confines of the property originally eligible for the credit.
  - 1. In the case of multi-phase development, excess credit generated in one phase may be applied to reduce the TSDC in subsequent phases of the original development project.
- K. Credits may be reassigned from the applicant to another individual or entity for use on the NEW DEVELOPMENT or another property if all the following conditions are met.
  - 1. A request for reassignment of a credit voucher must be made in writing with a notarized letter to the DEPARTMENT signed by the person who owns the credit. The request for reassignment of a credit voucher shall contain all the information necessary to establish that such a reassignment is allowable under this subsection. The burden of proof that a reassignment is allowable is on the applicant. The

DEPARTMENT shall respond in writing to the applicant's request for reassignment within 30 days of receipt of the request.

2. Credits may be reassigned if the DEPARTMENT determines that either:
    - a. The lot or parcel that is to receive the credit is adjacent to and served by the transportation improvements that generated the credits, or
    - b. The transportation improvements that generated the original credits are located within the ZONE OF INFLUENCE of the approved traffic impact analysis for the development receiving the credit or are otherwise located within the city limits of the City of Happy Valley.
  3. When a credit voucher or portion of a credit voucher is reassigned a notarized Assignment of Transportation TSDC Credits notice shall be sent from the DEPARTMENT to both parties clarifying the reassignment. The amount reassigned shall be deducted from the transferor's credit voucher balance and reassigned to the transferee:
    - a. The Assignment shall reference the original credit voucher number, which is associated with the property to which the initial credit was assigned.
    - b. The Assignment shall have the same expiration date as the initial credit voucher.
    - c. The credit shall be applied to the TSDC on a permit for development on a lot or parcel within the confines of the property eligible for Assignment as described in Section 3.04.051(I) of this section.
  4. A reassigned credit voucher shall follow all rules regarding redemption of credits.
  5. The DEPARTMENT may charge a fee, as set by resolution, for administering the reassignment of credits.
- L. Any credit must be redeemed not later than the issuance of the DEVELOPMENT PERMIT. The applicant is responsible for presentation of any credit prior to issuance of the DEVELOPMENT PERMIT. Except as provided in Section 3.04.060, under no circumstances shall any credit redemption be considered after issuance of a DEVELOPMENT PERMIT.
- M. Credit vouchers shall expire on the date ten years after the acceptance of the applicable improvement. No extension of this deadline shall be granted.
- N. The DEPARTMENT DIRECTOR can delegate signature authority for credit vouchers to a designee.

#### **3.04.060 Refunds**

- A. Refunds may be given by the CITY upon finding that there was a clerical error in the calculation of the TSDC. Refunds shall not be allowed for failure to claim credit, as provided for in Section 3.04.050, at the time of DEVELOPMENT or BUILDING PERMIT issuance. The refund must be requested within six months of the date the assessment was paid; failure to avail oneself of this grace period forfeits any future right or interest in the assessment paid and the credit will remain with the parcel for future development.
- B. A fee (set by resolution) will be charged on any refund of an assessment paid on development that did not commence. The fee may be paid in cash or the applicant can opt to reduce the amount of the refund to cover the cost of the fee.

#### **3.04.070 Dedicated Funds, Project Lists**

- A. All monies derived from the TSDC shall be placed in the CITY TSDC Fund. Monies in the TSDC Fund shall be used solely to provide the TSDC CAPITAL PROJECT LIST, listed capacity increasing improvements, according to the TSDC CAPITAL PROJECT LIST as it currently exists or as hereinafter amended, and eligible administrative costs.

All monies derived from the TSDC shall be placed in the CITY TSDC Fund. TSDC revenue shall be used to fund those projects identified in the TSDC CAPITAL PROJECT LIST adopted pursuant to Section 3.04.010(E), and costs related to compliance with the provisions of this ordinance, as provided by ORS 223.307.

- B. The TSDC shall not be expended for costs associated with the construction of administrative office facilities that are more than an incidental part of other capital improvements.
- C. The TSDC shall not be expended for costs of the operation or routine maintenance of capital improvements.
- D. The TSDC CAPITAL PROJECT LIST adopted pursuant to Section 3.04.010(E) may be amended from time to time by COUNCIL resolution. If the RATE SCHEDULE will be increased by a proposed modification of the TSDC CAPITAL PROJECT LIST to include capacity increasing capital improvement cost(s):
  - 1. The CITY shall provide, at least 30 days prior to the adoption of the modification, notice of the proposed modification to the persons who have requested written notice under ORS 223.305(6).
  - 2. If the CITY receives a written request for a hearing on the proposed modification within seven days of the date the proposed modification is scheduled for adoption, the CITY shall hold a public hearing.
  - 3. Notwithstanding ORS 294.160, a public hearing is not required if the CITY does not receive a written request for a hearing.
  - 4. The decision of the CITY to increase the RATE SCHEDULE by modifying the list may be judicially reviewed only as provided in ORS 34.010 to 34.100.

### **3.04.080 Appeal**

- A. A person challenging the propriety of an expenditure of TSDC revenues may appeal the decision or the expenditure to the HEARINGS OFFICER by filing a written request with the DEPARTMENT DIRECTOR. An appeal of an expenditure must be filed within two years of the date of the alleged improper expenditure.
  - 1. After providing notice to the appellant, the HEARINGS OFFICER shall determine whether the expenditure is in accordance with this ordinance and the provisions of ORS 223.297 to 223.214. If the HEARINGS OFFICER determines that there has been an improper expenditure of TSDC revenues, the HEARINGS OFFICER shall direct that a sum equal to the misspent amount shall be deposited within one year to the credit of the account or fund from which it was spent.
- B. Appeals of any other decision required or permitted to be made by the DEPARTMENT under this ordinance must be filed with the HEARINGS OFFICER by filing a written request and paying the appeals fee with the DEPARTMENT within 14 days of the DEPARTMENT's decision, or payment of the assessment, whichever comes first.
  - 1. After providing notice to the appellant, the HEARINGS OFFICER shall determine whether the DEPARTMENT's decision is in accordance with this ordinance and the provisions of ORS 223.297 to 223.214 and may affirm, modify, or overrule the decisions.
  - 2. The fee for formally appealing a decision to the HEARINGS OFFICER will be set by resolution.
- C. The decision of the HEARINGS OFFICER shall be reviewable solely under ORS 34.010 through 34.100. The person who has appealed a decision shall be notified of this

right to review of the decision.

- D. A legal action challenging the METHODOLOGY adopted by the COUNCIL pursuant to Section 3.04.010(E) shall not be filed later than 60 days after adoption. A person may contest the METHODOLOGY used for calculating a TSDC only as provided in ORS 34.010 to ORS 34.100, and not otherwise.

**3.04.090 Annual Review**

- A. Prior to January 1 of each year, the CITY shall provide an annual accounting for the activity occurring in the dedicated fund created by Section 3.04.070 for the previous fiscal year. The accounting shall show the total amount of TSDC's collected, the amount spent on each project that was funded in whole or in part in that fiscal year, and the amount attributed to the costs of complying with the provisions of ORS 223.297 to 223.314.

**Methodology Report**

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# **Transportation System Development Charges**

Prepared For  
**City of Happy Valley**



**November 7, 2017**



In Association with DKS Associates and Randy Young

**EXHIBIT A**

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# Executive Summary

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## Background

Oregon Revised Statutes 223.297-223.314 authorize local governments to assess System Development Charge (SDCs) for transportation and other capital improvements. The City of Happy Valley (the City) embarked on an effort to update its transportation system development charges (TSDCs) in 2016, in conjunction with Clackamas County (the County). The City and County currently have a Joint Area TSDC, adopted through an intergovernmental agreement (IGA) in 2007.

The purpose of the Transportation SDC Update Project (the Project) was to review the current methodology in the context of current industry practices and statutory requirements and infrastructure funding needs. In addition to the methodology review, a major component of the Project was to update the transportation system capital project lists to reflect recently completed Transportation System Plans (TSP), and to review service area boundaries.

Over the course of the Project, the City and County agreed to terminate the existing Joint Area TSDC Program, and instead pursue development of TSDCs and capital project lists specific to each entity. A new IGA was authorized in August 2017 that outlined the terms of separation for program. The City and County worked collaboratively on the review and development of the new TSDC methodologies and ordinances that will serve as the framework for the individual TSDC programs going forward. This report presents the methodology, project list, and updated TSDCs for the City. While the general framework is consistent between the two entities, the individual TSDC programs also reflect policies and objectives specific to each.

## Stakeholder Involvement and Outreach

A Working Group made up of stakeholders and technical staff was convened to provide input to help shape the TSDC methodology update and rates. The group met eight times between December 2015 and August 2017. Members reviewed and provided input on the following topics:

- TSDC methodology
- TSDC project list and selection criteria
- Method used to calculate growth share of projects
- TSDC rate calculation and schedule
- Ordinance for administration of TSDCs, including a review of the language governing credits for qualified improvements

Members represented a wide range of interests and included residential and commercial real estate developers, residential and commercial builders, engineering and planning firms,

and business associations. County and City staff participated in Working Group meetings to provide technical expertise and information. Stakeholder members included representatives from the following groups:

- Home Builders Association
- Gramor Development
- Perkins Coie
- AKS Engineering
- Doug Bean & Associates
- Holt Homes
- North Clackamas Chamber of Commerce

### **Online Open Houses**

The public was invited to learn about the TSDC update and provide their comments on specific elements of the methodology and project list. Comments were primarily gathered through two separate online open houses for the County and the City between April 18 and May 19, 2017. The online open houses included background information about the TSDC update, a geographic interactive map of potential projects, and survey questions. Participants were asked specific questions about the criteria used to select projects for the TSDC project list; approaches to simplifying the rates used to calculate TSDC fees; and options for calculating traffic impacts of new developments.

County and City staff invited the public to participate in the online open houses through more than 1,600 direct emails to interested parties, press releases, website announcements, newsletter articles, and social media (Facebook and Twitter) outreach. In total, about 230 people visited the online open houses, and 45 people submitted completed comment forms.

Feedback collected through these meetings and open houses helped formulate the Project recommendations.

## **Summary of Methodology**

The transportation SDC is based on a system-wide cost per trip, where the costs associated with meeting future growth needs are divided by the projected system-wide growth in trips. Oregon law allows that an SDC may be structured as a reimbursement fee, an improvement fee, or a combination of the two. A reimbursement fee is based on the value of available capacity associated with facilities already constructed or under construction. An improvement fee is designed to recover costs of *planned future* capital improvements needed to add system capacity for future users.

The updated TSDC methodology is structured as an improvement fee only, in order to fund future high priority projects. As such, the cost per trip is calculated by dividing the capacity costs from the TSDC project list by the future growth in trips. In addition to the fee structure, local governments have flexibility in selecting among other methodological approaches, in order to meet local policy objectives. Table 1 provides a comparison of the approaches included in the current methodology with the updated methodology.

**Table ES-1**  
*Comparison of TSDC Methodology Approaches*

Methodology Component	Current Approach	Updated Approach
Growth Share Basis	Capacity Utilization Only	Combination of Capacity Utilization and Standards Based
Traffic Impact Measure	Average Daily Trips	P.M. Peak Hour Trips
Traffic Impact Adjustments	Pass-by and Trip Length	Pass-by and Diverted Link
Land Use Categories	Individual Categories	Consolidated Categories

A brief summary of approaches is provided below.

### **Growth Share Basis**

The current methodology relies solely on a 'capacity utilization' approach, where the growth share for each project is equal to the percent of total future trips that is attributable to new development on a specific roadway segment. The updated methodology uses this approach only for auto-related projects that relate to existing performance issues (e.g. multimodal connection or safety issues.) For other project costs that address future capacity issues through construction of new or expanded facilities, the growth share reflects a "standards-based" allocation approach. Under this approach, growth is charged for the full cost of the capacity expansion if planning/design standards specific to the facility are currently being met. For roadways and intersections, the relevant standard is generally a "volume-capacity" ratio (v/c ratio). For bike and pedestrian improvements, the standard is generally the planned level of service (miles per capita of facilities).

### **Traffic Impact Measure**

TSDCs are based on the amount of traffic a development is likely to create. The current methodology uses "Average Daily Trips" as the basis for the TSDC assessment. Under this approach, TSDCs reflect the total amount of traffic that a land use generates in a full day. The updated methodology is based on the afternoon "PM Peak" traffic. Traffic is heaviest during weekday afternoon commute times, and road improvements are often needed to accommodate these high traffic flows, so the TSDCs reflect these impacts.

### **Traffic Impact Adjustments**

The transportation SDC for an individual development is based on the number of trips attributable to a particular development, where the number of trips is computed as follows:

$$\text{Number of Development Trips} = \text{Traffic Impact Measure (PM Peak Trips)} \times \text{Adjustment Factor(s)} \times \text{Development Units}$$

The current methodology includes adjustment factors for pass-by trips and trip length; while the updated methodology includes pass-by and diverted link trip adjustments. Each is described below.

### **Pass-by Trips and Diverted Link Trips**

Pass-by trips refer to trips that occur when a motorist is already on the roadway, as in the case of a traveler stopping by a fast-food restaurant on the way home from work. In this case, the motorist making a stop while “passing by” is counted as a trip generated by the restaurant, but it does not represent a new (or primary) trip on the roadway. Pass-by trip adjustments in the updated methodology are based on published data by land use from the Institute of Transportation Engineers (ITE).

The updated methodology also adjusts traffic impact based on “diverted link” trips, which is another type of non-primary trip. In this case, the motorist will divert from a primary route to access a nearby use (e.g., a vehicle may turn off a major roadway onto an intersecting street to access a land use), and then return to the original route to complete the trip. The diverted link trip adjustments included in the updated methodology are based on reported ITE data.

### **Trip Length**

The current methodology adjusts traffic impacts based on assumed differences in trip length. Current trip length factors included in the methodology vary from 0.4 (for some schools and service stations) to 1.5 (for some recreation uses). The trip rates (and associated TSDCs) are reduced for land uses with trip length factors less than 1.0, and are increased for land uses with factors greater than 1.0.

The updated methodology eliminates the trip length adjustment, as available data to reasonably estimate average trip length for a given land use type in comparison to other uses is extremely limited. Furthermore, trip length may be more directly attributable to location within an area and the availability of other similar uses in the area than it is to simply the type of use.

### **Land Use Categories**

The current methodology includes 94 separate rate categories based on development (or land use type). One of the objectives of the Project was to simplify the rate schedule in order to make the assignment of a rate more straight-forward for developers and staff administering the program. Therefore, the updated methodology is based on consolidated land use categories (e.g., different types of schools in a single education category, different types of industrial in another, etc.). Traffic impacts for consolidated categories reflect the average traffic generated by the similar uses within the category based on ITE published rates. The new methodology reduces the number of specific rates and the need to capture fees on a change of use if the proposed use falls within the same use category.

## **TSDC Project List**

In developing the TSDC project list, the City began with the list of projects included in the Transportation System Plan (TSP). A set of baseline criteria were then applied to identify the projects that:

- Increase CONNECTIONS to daily needs and services, and improve vehicle MOVEMENT by reducing congestion at intersections

- Create a direct connection from a highway or other major roadway, or is located in or near a current or future EMPLOYMENT AREA.
- Improve SAFETY on roads.
- Be COST-effective and
- Help implement LOCAL land use or development plans.

The resulting draft TSDC Project List contains 35 projects with a total cost of \$146.7 million. The majority of the projects on the TSDC project list are capacity improvements needed to expand the system to meet the needs of future growth. As shown in Table ES-1, \$141.5 million of project lists costs are TSDC-eligible based on the growth share analysis described above.

The full project list can be found in Appendix A (Table A-1).

**Table ES-2**  
*Summary of TSDC Capital Project List*

Project Type	Mode			Total	TSDC-Eligible
	Auto	Ped	Bike		
Intersections	\$20,200,000	\$0	\$0	\$20,200,000	\$20,200,000
Road Widening					
Level of performance	\$9,891,304	\$6,217,391	\$3,391,304	\$19,500,000	\$14,334,168
Capacity only	\$12,528,986	\$7,875,362	\$4,295,652	\$24,700,000	\$24,700,000
Road Extensions	\$40,326,087	\$25,347,826	\$13,826,087	\$79,500,000	\$79,500,000
<b>Total</b>	<b>\$82,946,377</b>	<b>\$39,440,580</b>	<b>\$21,513,043</b>	<b>\$143,900,000</b>	<b>\$138,734,168</b>

## Proposed TSDC Schedule

Based on the total TSDC-eligible costs, and the projected growth in PM Peak Hour trips (16,9000 from the TSP), the system-wide average cost per trip is equal to \$8,209, as shown in Table ES-2.

In addition to the TSDC project list costs, local governments may expend SDC revenue on costs associated with complying with the SDC law. Compliance activities include costs related to developing and administering the SDC methodology, project list, and credit system, as well as annual accounting costs. The compliance charge per trip is estimated to be 4 percent of the base SDC cost, bringing the total cost per trip to \$8,537.

**Table ES-3**  
*System-Wide Cost per Trip*

<b>Item</b>	<b>Amount</b>
Total TSDC Eligible Costs (1)	\$138,734,168
Growth Trip Ends (2)	16,900
<b>SDC per Trip End</b>	<b>\$8,209</b>
<b>Cost per Trip End with Compliance Charge (4%)</b>	<b>\$8,537</b>

(1) From Project List (Tables ES-1 and A-1)  
 (2) PM Peak Hour Trips From TSP

As described previously, the TSDC rates for different development types reflect the system-wide average cost per trip (\$8,537, including the compliance charge), and the adjusted traffic impact (as measured by PM Peak Hour trips) for the particular use category. The updated TSDC rate schedule is shown in Appendix B.

## Report Contents

This report is organized as follows:

- **Executive Summary** - Provides a summary of the TSDC methodology and major project findings.
- **Section 1 - Introduction** - Provides background on TSDCs in the City, and summarizes the project objectives and public process.
- **Section 2 - Project List** - Provides information on the project identification and prioritization process, as well as the summary list.
- **Section 3 - TSDC Methodology** - Presents the approaches used to allocate project costs between existing development and growth, and the system-wide unit costs based on the Project List included in Section 2. Also provides the basis for assessing TSDCs to individual developments.

**Appendix A - TSDC Capital Project List**

**Appendix B - TSDC Rate Schedule**

## SECTION 1

# Introduction

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## Background

Oregon Revised Statutes 223.297-223.314 authorize local governments to assess System Development Charge (SDCs) for transportation and other capital improvements. In addition to specifying the infrastructure systems for which SDCs may be assessed, the SDC legislation provides guidelines on the calculation and modification of SDCs, accounting requirements to track SDC revenues, and the adoption of administrative review procedures.

The City of Happy Valley (the City) last updated in transportation system development charges (TSDCs) in 2007, in conjunction with Clackamas County (the County). The City and County currently have a Joint Area TSDC, adopted through an intergovernmental agreement.

## Project Objectives

The purpose of the Transportation SDC Update Project (the Project) was to review the current methodology in the context of current industry practices and statutory requirements and infrastructure funding needs. In addition to the methodology review, a major component of the Project was to update the TSDC Capital Project List to reflect projects and priorities from the updated Transportation System Plan (TSP) completed in 2016.

Specific Project objectives included:

- Development of TSDCs that balance the need to fund transportation improvements while taking into account the impact on overall development costs.
- Identify ways to simplify the TSDC rate structure, making it easier for developers and community members to estimate fees.
- Involve key stakeholders in the process to give feedback on project list selection criteria and the updated methodology and ordinance.
- Review the current service area boundaries.

With respect to the latter issue of service area boundaries, as part of the Project, the City and County agreed to terminate the existing Joint Area TSDC Program, and instead pursue development of TSDCs and capital project lists specific to each entity. A new IGA was authorized in August 2017 that outlined the terms of separation for the program. The City and County worked collaboratively on the review and development of the new TSDC methodologies and ordinances that will serve as the framework for the individual TSDC programs going forward. This report presents the methodology, project list, and updated TSDCs for the City. While the general framework is consistent

between the two entities, the individual TSDC programs also reflect policies and objectives specific to each.

## **Stakeholder Involvement**

A Working Group made up of stakeholders and technical staff was convened to provide input to help shape the TSDC methodology update and rates. The group met eight times between December 2015 and August 2017. Members reviewed and provided input on the following topics:

- TSDC methodology
- TSDC project list and selection criteria
- Method used to calculate growth share of projects
- TSDC rate calculation and schedule
- Ordinance for administration of TSDCs, including a review of the language governing credits for qualified improvements

Members represented a wide range of interests and included residential and commercial real estate developers, residential and commercial builders, engineering and planning firms, and business associations. County and City staff participated in Working Group meetings to provide technical expertise and information. Stakeholder members included representatives from the following groups:

- Home Builders Association
- Gramor Development
- Perkins Coie
- AKS Engineering
- Doug Bean & Associates
- Holt Homes
- North Clackamas Chamber of Commerce

## **Online Open Houses**

The public was invited to learn about the TSDC update and provide their comments on specific elements of the methodology and project list. Comments were primarily gathered through two online open houses for the County and the City between April 18 and May 19, 2017. The online open houses included background information about the TSDC update, a geographic interactive map of potential projects, and survey questions. Participants were asked specific questions about the criteria used to select projects for the TSDC project list; approaches to simplifying the rates used to calculate TSDC fees; and options for calculating traffic impacts of new developments.

County and City staff invited the public to participate in the online open houses through more than 1,600 direct emails to interested parties, press releases, website announcements, newsletter articles, and social media (Facebook and Twitter) outreach. In total, about 230 people visited the online open houses, and 45 people submitted completed comment forms. Feedback collected through these meetings helped formulate the Project recommendations.

## SECTION 2

# Project List

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## Introduction

The source of projects for the Draft TSDC Capital Project List was the Transportation System Plan (TSP) adopted by the City in 2016.

## Project Prioritization

In order to balance the need to fund transportation improvements while taking into account the impact on overall development costs, a project prioritization process was developed. The prioritization applied the following set of baseline criteria to the projects contained in the TSP:

- Increase CONNECTIONS to daily needs and services, and improve vehicle MOVEMENT by reducing congestion at intersections
- Create a direct connection from a highway or other major roadway, or is located in or near a current or future EMPLOYMENT AREA.
- Improve SAFETY on roads.
- Be COST-effective and
- Help implement LOCAL land use or development plans.

In addition, the TSDC Capital Project List focuses on projects to be completed in the 2040 time horizon. Projects to be funded by other agencies (e.g., Oregon Department of Transportation) are excluded.

## TSDC Capital Project List

The prioritization process resulted in a draft TSDC Capital Project List that contains 35 projects with a total cost of \$143.9 million. As shown in Table 2-1, the largest cost category (\$79.5 million) is for capacity improvements in the form of road extensions needed to meet the needs of future growth. Additional project costs include \$20.2 million for intersections, and \$44.2 million for road widening. Road widening projects include improvements needed to expend vehicular capacity for servicing future development needs, as well as improvements that enhance the level of performance of existing roadways through improved multimodal connectivity and enhanced safety.

The detailed project list is provided in Appendix A.

**Table 2-1**  
*Summary of TSDC Capital Project List*

Project Type	Mode			Total	TSDC-Eligible
	Auto	Ped	Bike		
Intersections	\$20,200,000	\$0	\$0	\$20,200,000	\$20,200,000
Road Widening					
Level of performance	\$9,891,304	\$6,217,391	\$3,391,304	\$19,500,000	\$14,334,168
Capacity only	\$12,528,986	\$7,875,362	\$4,295,652	\$24,700,000	\$24,700,000
Road Extensions	\$40,326,087	\$25,347,826	\$13,826,087	\$79,500,000	\$79,500,000
<b>Total</b>	<b>\$82,946,377</b>	<b>\$39,440,580</b>	<b>\$21,513,043</b>	<b>\$143,900,000</b>	<b>\$138,734,168</b>

SECTION 3

# TSDC Methodology

---

## Introduction

The transportation SDC is based on a system-wide cost per trip, where the costs associated with meeting future growth needs are divided by the projected system-wide growth in trips. The TSDC for a particular development is then determined by multiplying the cost per trip by the number of trips associated with the development.

## System-Wide Cost per Trip

Oregon law allows that an SDC may be structured as a reimbursement fee, an improvement fee, or a combination of the two. A reimbursement fee is based on the value of available capacity associated with facilities already constructed or under construction. An improvement fee is designed to recover costs of *planned future* capital improvements needed to add system capacity for future users. The updated TSDC methodology is structured as an improvement fee only, in order to fund future high priority projects. As such, the cost per trip is calculated by dividing the growth-related capacity costs from the TSDC Capital Project List by the future growth in trips.

## Growth in Trips

Table 3-1 shows the base year and future trips projected for the City from the TSP. Growth trips are projected to be 16,900 on a P.M. Peak Hour basis.

**Table 3-1**  
*Model Vehicle Trip Ends Growth (PM Peak Hour)<sup>1</sup>*

	Base Year Trips	Future Trips	Growth Trips
Trip Ends	12,100	29,000	16,900

<sup>1</sup> Happy Valley Transportation System Plan, Table 4-2

## Growth Share of Project Costs

A key component of the TSDC methodology is determining growth's share of future facility improvement costs from the TSDC Project List. According to statutory requirements:

Improvement fees must be based on a methodology that demonstrates consideration of the projected cost of capital improvements needed to increase system capacity to meet the needs of future users [ORS 223.304]. Furthermore:

*"An increase in system capacity may be established if a capital improvement increases the level of performance or service provided by existing facilities or provides new facilities. The portion of the improvements funded by improvement fees must be related to the need for increased capacity to provide service for future users." [ORS 223.307(2)]*

Table 3-1 presented the system-wide capacity requirements of growth. For purposes of determining potential SDC-eligibility, individual projects from the TSDC Capital Project List are analyzed to determine the portion of costs needed for future growth capacity requirements versus costs associated with raising the level of service for existing development. Two general methods are used for project cost allocations:

1. **“Standards -Based” Approach (used for new facilities and expansion of existing facilities for capacity needs only)** - Existing development paid for existing facilities; new development will pay for its share of system capacity thru funding the next increment of expansion, less costs associated with correcting any existing deficiency. Deficiencies are evaluated based on current performance relative to the appropriate planning/design standard for the particular improvement. For roadways and intersections, the standard is a “volume-capacity ratio (v/c ratio)”<sup>1</sup>. For multimodal improvements, the standard is miles per capita of bikeways and pedestrian ways.
2. **“Capacity Utilization” Approach (used for upgrades to existing facilities to improve level of performance)** - Improvements to existing facilities to address safety, modernization, and other performance considerations provide capacity for growth and enhanced performance for existing development, so the costs are allocated in proportion to the utilization of the facilities (as measured by growth’s share of future trips specific to a facility).

Application of the growth share approaches is discussed in more detail below.

#### **Roadway Extensions and New Intersection Facilities; Existing Facility Expansion (Capacity Only)**

New roadway expansion and extension driven by future development capacity requirements are allocated 100 percent to growth, since the capacity is needed entirely for new development. Similarly, new facilities at intersections (e.g., turn lanes and signals) that are not needed to meet existing mobility standards, but are needed once the growth trips are added to the intersection, are 100 percent TSDC-eligible, since there is no existing deficiency. Data from the TSP was used to determine if existing facilities were operating with a v/c ratio less than the required standard.

#### **Upgrades to Roadways (Improved Level of Performance)**

For upgrade of existing facilities (i.e., widening of existing roadways for modernization, connectivity and safety issues) trip volume data by roadway link (from the regional travel demand model) were used to quantify growth’s utilization of future roadway capacity. Growth capacity utilization is estimated based on the growth in trips over the planning period, as a percentage of total future trips for individual roadway links.

#### **New Multimodal Facilities**

Unlike roadway and intersection projects, trip data for bike and pedestrian improvements is not available. Therefore, growth capacity needs for bike and pedestrian facilities are evaluated based on the planned level of service (LOS) basis. The planned LOS is defined as the quantity of future facilities per capita served.

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<sup>1</sup> Volume-to-capacity ratio is defined as the ratio between the PM peak hour motor vehicle trips divided by the hourly capacity of the facility to serve those trips.

The following equation shows the calculation of the planned LOS:

$$\frac{\text{Existing } Q + \text{Planned } Q}{\text{Future Population Served}} = \text{Planned LOS}$$

Where:

*Q* = quantity (miles of bike or pedestrian facilities), and  
 Future Population Served = 77,957 (Total TSP Service Area)

The existing and future miles of bike and pedestrian facilities are shown in Table 3-2. As indicated, the total future miles of bike lanes and pedestrian facilities are 86.3 miles and 111 miles, respectively. Existing miles are 50.7 and 75.4, respectively.

**Table 3-2**  
 Existing and Future Bike and Pedestrian Facilities (miles)

	Existing	New (TSDC Capital Project List)	Future (Total)
Bicycle Lanes	50.7	35.6	86.3
Pedestrian Facility TOTALS	75.4	35.6	111.0

Population for estimated existing (base year) and future conditions is presented in Table 3-3. Growth during the planning period is estimated to be 33,117, based on TSP service area and assumptions.

**Table 3-3**  
 Population Growth (TSP Service Area)

	Estimated Base Year	Future Year	Population Growth
Population	44,840	77,957	33,117

Table 3-4 presents the existing and planned LOS for bike and pedestrian facilities, based on the existing and planned future facilities presented in Table 3-2 divided by the estimated existing and projected population presented in Table 3-3.

**Table 3-4**  
 Existing and Planned LOS (miles per capita)

	Existing LOS	Planned LOS
Bike Lanes	1.13	1.11
Pedestrian	1.68	1.42

The capacity requirements, or number of miles, needed for the existing population and for the growth population are estimated by multiplying the planned (future) LOS for each facility type (from Table 3-4) by the estimated population of each group (from Table 3-3). The need for the existing population is equal to the planned LOS multiplied by the estimated base year population (44,840). Existing users' needs are assumed to be met first by

the existing inventory of facilities; any shortfall is assumed to come from planned improvements on the TSDC Capital Project List. The total capacity need required by growth is equal to the product of the planned LOS and the projected increase in population over the planning period (33,117).

Total capacity needs for the estimated existing and growth populations are shown in Table 3-5, based on the LOS and estimated population information shown in Tables 3-3 and 3-4. The additional need for facilities by the estimated existing population is equal to the total inventory needed less the existing inventory (from table 3-2). As Table 3-5 indicates, there is no current deficiency for the estimated base population, as the existing inventory exceeds the existing need. Furthermore, the growth need exceeds the additional capacity added by the improvements (35.6 miles as shown in Table 3-2).

**Table 3-5**  
*Existing and Growth Capacity Needs for Bike and Pedestrian Facilities (Miles)*

	Existing Population Need	Existing Inventory	Existing Need (From TSDC Project List)	Growth Need
Bike Lanes	49.6	50.7	0	36.7
Pedestrian	63.8	75.4	0	47.2

Table 3-6 shows the existing and growth allocation for the planned improvements by project type. Because existing development needs are met by existing facilities, new development is responsible for 100 percent of the planned expansion.

**Table 3-6**  
*Existing and Growth Share of TSDC Project List Improvements*

	Total Planned Improvements (TSDC Project List)	Existing Share	Existing %	Growth Share	Growth %
Bike Lanes	35.6	0	0%	35.6	100%
Pedestrian	35.6	0	0%	35.6	100%

### System-wide Unit Cost

The total growth costs reflect the calculated growth share of individual projects from the TSDC Capital Project List; detailed information on the SDC project costs and growth share by mode is provided in Table A-1 of Appendix A. The growth share percentages reflect the approaches described above for each project type and mode. As shown in Table 3-7, the total growth-related improvement costs are estimated to be \$138.7 million (about 96 percent of total TSDC Capital Project List costs). Dividing the growth-related project costs by the projected growth in trip ends (from Table 3-1), the system-wide cost per trip end is \$8,209.

**Table 3-7**  
System-Wide Cost per Trip

Item	Amount
Total TSDC Eligible Costs (1)	\$138,734,168
Growth Trip Ends (2)	16,900
<b>TSDC per Trip End</b>	<b>\$8,209</b>
<b>Cost per Trip End with Compliance Charge (4%)</b>	<b>\$8,537</b>

- (1) From Project List (Tables 2-1 and A-1)  
(2) PM Peak Hour Trips From TSP

## Compliance Charge

Local governments are entitled to include in the TSDCs, a charge to recover costs associated with complying with the SDC statutes. Compliance costs include costs related to developing and administering the SDC methodology, project list (including but not limited to TSP and other studies), and credit system; as well as annual accounting and other City administration costs.

Table 3-8 shows the calculation of the compliance charge per trip, which is \$333, or about 4 percent of the base cost per trip.

**Table 3-8**  
Estimated Compliance Costs

Cost	Annual \$
Direct	
SDC Manager	\$50,000
Com. Dev. & Engineering	\$100,000
Contract services	\$75,000
Overhead	\$56,600
<b>Total Cost</b>	<b>\$281,600</b>
Annual trips	845
<b>Compliance \$/trip</b>	<b>\$333</b>

Source: City of Happy Valley

## SDC Assessment

The transportation SDC for an individual development is based on the cost per trip and the number of trips attributable to a particular development, where the number of trips is computed as follows:

$$\text{Number of Development Trips} = \frac{\text{Traffic Impact Measure} \times \text{Adjustment Factor(s)}}{\text{Development Units}}$$

The proposed TSDC Rate Schedule is shown in Table B-1. Each component is discussed in more detail below.

### **Traffic Impact Measure**

TSDCs are based on the amount of traffic a development is likely to create. The current methodology uses "Average Daily Trips" as the basis for the TSDC assessment. Under this approach, TSDCs reflect the total amount of traffic that a land use generates in a full day. The updated methodology is based on the afternoon "PM Peak" traffic. Traffic is heaviest during weekday afternoon commute times, and road improvements are often needed to accommodate these high traffic flows, so the TSDCs reflect these impacts.

### **Traffic Impact Adjustments**

The updated methodology includes pass-by and diverted linked trip adjustments. The current methodology adjustments for trip length are eliminated, as available data to reasonably estimate average trip length for a given land use type in comparison to other uses is extremely limited. Furthermore, trip length may be more directly attributable to location within an area and the availability of other similar uses in the area than it is to simply the type of use.

The updated methodology adjustments are discussed in more detail below.

#### **Pass-by Trips**

Pass-by trips refer to trips that occur when a motorist is already on the roadway, as in the case of a traveler stopping by a fast-food restaurant on the way home from work. In this case, the motorist making a stop while "passing by" is counted as a trip generated by the restaurant, but it does not represent a new (or primary) trip on the roadway. Pass-by trip adjustments in the updated methodology are based on published data by land use from the Institute of Transportation Engineers (ITE).

#### **Diverted Link Trips**

The updated methodology also adjusts traffic impact based on "diverted link" trips, which is another type of non-primary trip. In this case, the motorist will divert from a primary route to access a nearby use (e.g., a vehicle may turn off a major roadway onto an intersecting street to access a land use), and then return to the original route to complete the trip. As with the pass-by trip adjustments, the diverted link trip adjustments included in the updated methodology are based on reported ITE data.

### **Land Use Categories**

The current methodology includes 94 separate rate categories based on development (or land use type). One of the objectives of the Project was to simplify the rate schedule in order to make the assignment of a rate more straight-forward for developers and staff administering the program. Therefore, the updated methodology is based on consolidated land use categories (e.g., different types of schools in a single education category, different types of industrial in another, etc.). Table B-1 (in Appendix B) includes the updated TSDC rates and traffic impact assumptions for the new categories, but also indicates which land use codes from the ITE Trip Generation Manual have been consolidated into the general

categories. The new methodology reduces the number of specific rates and the need to capture fees on a change of use if the proposed use falls within the same use category.

In determining the traffic impact assumptions for consolidated land use categories, data from the ITE Trip Generation Manual (9<sup>th</sup> edition) was evaluated. In some cases, a straight average of the individual trip rates for land uses that comprise the new category was the basis for the assumptions shown in Table B-1. However, trip rates based on less than three traffic studies were eliminated from the averages.

For land uses that are not explicitly identified in Table B-1, City staff will make a determination of the appropriate TSDC rate, based on the specific use. The updated TSDC ordinance will also specify parameters for individual traffic studies.

### **TSDC Discounts**

The City and County currently provide a system of TSDC discounts for qualifying mixed-use and transit-oriented developments. Specifically, discounts apply as follows:

- Mixed-use development can receive reductions of 7-18 percent, depending on floor area ratio (FAR) and residential/retail/commercial mixtures on the site.
- Transit-oriented development can receive reductions of 5-20 percent depending on floor area ratio (FAR), proximity to transit, and type of transit system. This discount applies only to permanent transit routes/lines, such as SAM, CAT, SMART, or TriMet.

No changes to the current discounts are proposed under the new methodology.

### **Annual Inflationary Adjustments**

The fees included in the Proposed TSDC Rate Schedule will be adjusted annually based on an inflationary index. The City intends to use the Engineering News Record (ENR) Northwest (Seattle, Washington) Construction Cost index as the basis for adjusting the TSDCs.

# Appendix A – TSDC Capital Project List

Table A-1  
Happy Valley TSDC Project List

#	Project	Description	Project (Timing Term)	Total \$	Growth Share				Growth Total \$	Growth Total %
					Auto %	Pedestrian %	Bike %			
11	128th Avenue/ML Scott Blvd/King Rd	Install a traffic signal or roundabout, add eastbound right turn lane	Medium	\$1,500,000	100%	100%	100%	\$0	\$1,500,000	100%
14	172nd Avenue/Rock Creek Boulevard	Add second eastbound left turn lane	Medium	\$200,000	100%	100%	100%	\$0	\$200,000	100%
15	172nd Avenue/Scouter Mountain Road	Install a two-lane roundabout	Medium	\$1,500,000	100%	100%	100%	\$0	\$1,500,000	100%
16	Sunnyside Road/169th Avenue	Install a traffic signal	Near	\$500,000	100%	100%	100%	\$0	\$500,000	100%
17	162nd Avenue/Rock Creek Boulevard	Install a traffic signal or roundabout	Medium	\$1,000,000	100%	100%	100%	\$0	\$1,000,000	100%
19	172nd Avenue/Misty Drive	Install a traffic signal	Medium	\$500,000	100%	100%	100%	\$0	\$500,000	100%
110	172nd Avenue/Troge Road	Install a traffic signal, rebuild creek bridges	Medium	\$8,000,000	100%	100%	100%	\$0	\$8,000,000	100%
111	172nd Avenue/Hennick Road	Install a two-lane roundabout	Medium	\$1,500,000	100%	100%	100%	\$0	\$1,500,000	100%
112	172nd Avenue/172nd-190th Connector	Install a two-lane roundabout	Medium	\$1,500,000	100%	100%	100%	\$0	\$1,500,000	100%
113	172nd Avenue/Sager Road	Install a one-lane roundabout	Medium	\$1,000,000	100%	100%	100%	\$0	\$1,000,000	100%
114	172nd Avenue/Cheldelin Road	Install a traffic signal	Medium	\$500,000	100%	100%	100%	\$0	\$500,000	100%
115	Foster Road/172nd-190th Connector	Install a two-lane roundabout	Medium	\$1,500,000	100%	100%	100%	\$0	\$1,500,000	100%
116	147th Avenue/Scouters Mountain Road	Install a traffic signal or roundabout	Near	\$1,000,000	100%	100%	100%	\$0	\$1,000,000	100%
W2	172nd Avenue Widening South	Widen to 5-lane facility between Sunnyside Road and 172nd-190th Connector Road	Medium	\$14,200,000	100%	100%	100%	\$2,468,565	\$14,200,000	100%
W3	172nd Avenue Widening North	Widen to 3-lane facility between 172nd-190th Connector to Cheldelin Road	Medium	\$5,100,000	100%	100%	100%	\$886,957	\$5,100,000	100%
W4	122nd/129th Avenue Widening	Widen to 3-lane facility between Sunnyside Road and King Road and smooth curves	Medium	\$5,400,000	100%	100%	100%	\$939,130	\$5,400,000	100%
W5	King Road Widening	Widen to a continuous 3-lane facility cross-section between 129th Avenue and 145th Avenue	Medium	\$3,900,000	45%	100%	100%	\$678,261	\$2,817,158	72%
W6	132nd Avenue Widening	Widen to 3-lane facility from Clatsop Street to King Road	Long	\$4,900,000	35%	100%	100%	\$852,174	\$3,272,769	67%
W7	145th Avenue Widening	Widen to 3-lane facility from Clatsop Street to Monnet Road	Medium	\$8,300,000	48%	100%	100%	\$1,443,478	\$6,094,607	73%
W8	162nd Avenue Widening	Widen to 3-lane facility from Palermo Avenue to Hagen Road	Medium	\$2,400,000	79%	100%	100%	\$417,391	\$2,149,634	90%

**Table A-1**  
Happy Valley TSDC Project List

	Project	Growth Share			Growth Total			
		Auto	Pedestrian	Bike				
R1 Clatsop Street Extension East	Construct a new 3-lane facility between 162nd Avenue and 172nd Avenue. May follow a portion of Baxter Road right-of-way	100%	100%	100%	\$2,800,000	\$2,800,000	100%	\$486,957
R3 162nd Avenue Extension North	Construct a new 2/3-lane facility between Hagen Road and Clatsop Street	100%	100%	100%	\$7,700,000	\$7,700,000	100%	\$1,339,130
R4 162nd Avenue Extension South	Construct a new 3-lane facility 157th Avenue to Highway 212	100%	100%	100%	\$19,600,000	\$19,600,000	100%	\$3,408,696
R5 Seger Road Extension East	Construct a new 3-lane east-west facility from 172nd Avenue to Foster Road	100%	100%	100%	\$2,000,000	\$2,000,000	100%	\$347,826
R6 Seger Road Extension West	Upgrade to a 2-lane east-west facility from 162nd Avenue to 172nd Avenue	100%	100%	100%	\$2,000,000	\$2,000,000	100%	\$347,826
R8 Wooden Heights Road	Construct a new 2-lane east-west facility from 162nd Avenue to 177th Avenue	100%	100%	100%	\$1,100,000	\$1,100,000	100%	\$191,304
R9 Hemrick Road Extension	Construct a new 3-lane east-west facility from 162nd Avenue to 177th Avenue	100%	100%	100%	\$2,200,000	\$2,200,000	100%	\$382,609
R10 Scouters Mountain Road	Construct a new east-west 2/3-lane facility over Scouler's Mountain between 147th Avenue and 177th Avenue	100%	100%	100%	\$9,500,000	\$9,500,000	100%	\$1,652,174
R11 Troge Road Extension	162nd Avenue and 177th Avenue, construct new bridge over Rock Creek at 172nd Avenue	100%	100%	100%	\$2,900,000	\$2,900,000	100%	\$504,348
R12 169th Avenue Extension	Construct a new 3-lane facility from Misty Drive to 177th Avenue	100%	100%	100%	\$4,300,000	\$4,300,000	100%	\$747,826
R13 Misty Drive Extension	Construct a new 3-lane east-west facility from 162nd Avenue and 177th Avenue	100%	100%	100%	\$10,100,000	\$10,100,000	100%	\$1,756,522
R16 Rock Creek Boulevard West Extension	Construct a new 5-lane east-west facility from 162nd Avenue to the Sunrise Corridor Rock Creek interchange	100%	100%	100%	\$2,600,000	\$2,600,000	100%	\$452,174
R17 Rock Creek Boulevard East	Construct a new 3-lane east-west facility from 172nd Avenue to 177th Avenue	100%	100%	100%	\$2,800,000	\$2,800,000	100%	\$486,957
R19 Pardlane Drive North Extension	Construct a new 3-lane north-south facility from 162nd Avenue to Stadium Way	100%	100%	100%	\$2,300,000	\$2,300,000	100%	\$400,000
R23 Sunnyside East Extension	Construct a new alignment to the east to 177th Avenue	100%	100%	100%	\$7,600,000	\$7,600,000	100%	\$1,321,739
<b>Total</b>		<b>\$77,780,545</b>	<b>\$39,440,580</b>	<b>\$21,513,043</b>	<b>\$143,900,000</b>	<b>\$138,734,168</b>	<b>95%</b>	

# Appendix B – Proposed TSDC Rate Schedule

Table B-1  
Proposed TSDC Rate Schedule

Land Use Category	Units	ITE Codes Included	Traffic Impact <sup>1</sup>	Adjustments		Adjusted Traffic Impact	Updated TSDC per Unit <sup>2</sup>
				% Diverted Link Trips	Pass-by %		
Transit Parking	Parking Space	90, 93	0.62	-	-	0.62	\$5,293
Industrial/Manufacturing/Warehouse	1,000 Gross Square Feet	110, 120, 130, 140, 150, 151, 170	0.57	-	-	0.57	\$4,866
Single-Family Detached Housing	Dwelling Unit	210	1.00	-	-	1.00	\$8,537
Apartment	Dwelling Unit	220	0.62	-	-	0.62	\$5,293
Residential Condo/Townhouse	Dwelling Unit	230	0.52	-	-	0.52	\$4,439
Mobile Home in Park	Space	240	0.59	-	-	0.59	\$5,037
Assisted Living	Beds	254, 620	0.22	-	-	0.22	\$1,878
Senior Housing	Dwelling Unit	251, 253, 255	0.22	-	-	0.22	\$1,836
Hotel/Motel	Room	310, 320	0.80	-	-	0.80	\$5,122
Parks	Acre	411, 412	0.09	-	-	0.09	\$768
Campground/RV Park	Site	416	0.27	-	-	0.27	\$2,305
Marina	Berths	420	0.19	-	-	0.19	\$1,622
Golf Course	Holes	430	2.92	-	-	2.92	\$24,929
Golf Driving Range	Tee/ Drive Position	432	1.25	-	-	1.25	\$10,672
Recreation Community Center	1,000 Gross Square Feet	435, 495	2.74	-	-	2.74	\$23,392
Bowling Alley	Bowling Lanes	437	1.51	-	-	1.51	\$12,891
Movie Theater	Movie Screens	443, 444, 445	13.64	-	-	13.64	\$118,450
Casino/Mdeo Lottery Establishment	1,000 Gross Square Feet	473	13.43	-	-	13.43	\$114,657
Soccer Complex	Field	488	17.70	-	-	17.70	\$151,111
Racquet/Tennis Club	Court	491	3.35	-	-	3.35	\$28,600
Health/Fitness Club	1,000 Gross Square Feet	492	3.53	-	-	3.53	\$30,137
Military Base	Employees	501	0.39	-	-	0.39	\$3,330
Education	Student	520, 522, 530, 536, 540, 550	0.15	-	-	0.15	\$1,246
Church	1,000 Gross Square Feet	560	0.55	-	-	0.55	\$4,696
Day Care	Student	565	0.81	56	-	0.36	\$3,043
Library	1,000 Gross Square Feet	590	7.30	-	-	7.30	\$62,323
Hospital	Beds	610	1.42	-	-	1.42	\$12,123
Medical-Dental	1,000 Gross Square Feet	720, 630	3.57	-	-	3.57	\$30,478
Office	1,000 Gross Square Feet	710, 714, 715, 730, 750, 760, 770	1.41	-	-	1.41	\$12,023
State Motor Vehicles Department	1,000 Gross Square Feet	731	17.09	-	-	17.09	\$145,903
Post Office	1,000 Gross Square Feet	732	11.22	-	17	9.31	\$79,505
Building & Hardware	1,000 Gross Square Feet	812, 816	4.67	-	37	2.96	\$25,255

**Table B-1**  
Proposed TSDC Rate Schedule

Land Use Category	Units	ITE Codes Included	Traffic Impact <sup>1</sup>	Adjustments		Adjusted Traffic Impact	Updated TSDC per Unit <sup>2</sup>
				% Diverted Link Trips	Pass-by %		
Free-Standing Discount Store	1,000 Gross Square Feet	813, 815	4.67	35	22	2.02	\$17,260
Nursery	1,000 Gross Square Feet	817, 818	6.06	-	27	4.44	\$37,870
Factory Outlet Center	1,000 Gross Square Feet	823	2.29	-	34	1.51	\$12,903
Automobile Sales	1,000 Gross Square Feet	841	2.62	-	34	1.73	\$14,783
Automobile Parts Sales	1,000 Gross Square Feet	843	5.98	-	43	3.41	\$29,100
Tire Stores	1,000 Gross Square Feet	848, 849	3.13	-	28	2.25	\$19,240
Supermarket	1,000 Gross Square Feet	850, 854	9.48	38	36	2.46	\$21,043
Convenience Market	1,000 Gross Square Feet	851, 852	43.49	11	51	16.53	\$141,090
Shopping/Retail	1,000 Gross Square Feet Leasable Area	820, 826, 862, 863, 867	3.21	15	34	1.64	\$13,970
Pharmacy	1,000 Gross Square Feet	880, 881	9.16	14	51	3.27	\$27,908
Furniture Store	1,000 Gross Square Feet	880	0.45	-	53	0.21	\$1,806
Bank	1,000 Gross Square Feet	911, 912	24.30	26	35	9.48	\$80,909
Restaurants	1,000 Gross Square Feet	925, 931, 932	8.67	27	44	2.81	\$22,306
Fast Food	1,000 Gross Square Feet	933, 934	29.40	13	50	10.96	\$93,444
Coffee/Donut Shop	1,000 Gross Square Feet	936, 937	42.80	-	89	4.71	\$40,194
Quick Lubrication Veh. Shop	Service Positions	941	5.19	-	42	3.01	\$25,699
Automobile Care Center	1,000 Gross Square Feet	942	3.11	-	42	1.80	\$15,400
Service Stations	Fueling Positions	853, 944, 945, 946	13.75	32	51	2.30	\$19,598

<sup>1</sup> Based on PM Peak Hour Trips

<sup>2</sup> Includes compliance cost

Table B-1 TSDC Rate Schedule						
Land Use Category	Units	ITE Codes Included	Traffic Impact <sup>1</sup>	Adjustments		Updated TSDC per Unit <sup>2</sup>
				% Diverted Link Trips	Pass-by %	
Transit Parking	Parking Space	90, 93	0.62	-	-	\$5,293
Industrial/ Manufacturing/Warehouse	1,000 Gross Square Feet	110, 120, 130, 140, 150, 151, 170	0.57	-	-	\$4,866
Single-Family Detached Housing	Dwelling Unit	210	1.00	-	-	\$8,537
Apartment	Dwelling Unit	220	0.62	-	-	\$5,293
Residential Condo/Townhouse	Dwelling Unit	230	0.52	-	-	\$4,439
Mobile Home in Park	Space	240	0.59	-	-	\$5,037
Assisted Living	Beds	254, 620	0.22	-	-	\$1,878
Senior Housing	Dwelling Unit	251, 253, 255	0.22	-	-	\$1,836
Hotel/Motel	Room	310, 320	0.60	-	-	\$5,122
Parks	Acre	411, 412	0.09	-	-	\$768
Campground/RV Park	Site	416	0.27	-	-	\$2,305
Marina	Berths	420	0.19	-	-	\$1,622
Golf Course	Holes	430	2.92	-	-	\$24,929
Golf Driving Range	Tee/ Drive Position	432	1.25	-	-	\$10,672
Recreation Community Center	1,000 Gross Square Feet	435, 495	2.74	-	-	\$23,392
Bowling Alley	Bowling Lanes	437	1.51	-	-	\$12,891
Movie Theater	Movie Screens	443, 444, 445	13.64	-	-	\$116,450
Casino/Video Lottery Establishment	1,000 Gross Square Feet	473	13.43	-	-	\$114,657
Soccer Complex	Field	488	17.70	-	-	\$151,111
Racquet/Tennis Club	Court	491	3.35	-	-	\$28,600
Health/Fitness Club	1,000 Gross Square Feet	492	3.53	-	-	\$30,137
Military Base	Employees	501	0.39	-	-	\$3,330
Education	Student	520, 522, 530, 536, 540, 550	0.15	-	-	\$1,246

Table B-1 TSDC Rate Schedule						
Land Use Category	Units	ITE Codes Included	Traffic Impact <sup>1</sup>	Adjustments		Updated TSDC per Unit <sup>2</sup>
				% Diverted Link Trips	Pass-by %	
Church	1,000 Gross Square Feet	560	0.55	-	-	\$4,696
Day Care	Student	565	0.81	56	-	\$3,043
Library	1,000 Gross Square Feet	590	7.30	-	-	\$62,323
Hospital	Beds	610	1.42	-	-	\$12,123
Medical-Dental	1,000 Gross Square Feet	720, 630	3.57	-	-	\$30,478
Office	1,000 Gross Square Feet	710, 714, 715, 730, 750, 760, 770	1.41	-	-	\$12,023
State Motor Vehicles Department	1,000 Gross Square Feet	731	17.09	-	-	\$145,903
Post Office	1,000 Gross Square Feet	732	11.22	-	17	\$79,505
Building & Hardware	1,000 Gross Square Feet	812, 816	4.67	-	37	\$25,255
Free-Standing Discount Store	1,000 Gross Square Feet	813, 815	4.67	35	22	\$17,260
Nursery	1,000 Gross Square Feet	817, 818	6.06	-	27	\$37,870
Factory Outlet Center	1,000 Gross Square Feet	823	2.29	-	34	\$12,903
Automobile Sales	1,000 Gross Square Feet	841	2.62	-	34	\$14,763
Automobile Parts Sales	1,000 Gross Square Feet	843	5.98	-	43	\$29,100
Tire Stores	1,000 Gross Square Feet	848, 849	3.13	-	28	\$19,240
Supermarket	1,000 Gross Square Feet	850, 854	9.48	38	36	\$21,043
Convenience Market	1,000 Gross Square Feet	851, 852	43.49	11	51	\$141,090
Shopping/Retail	1,000 Gross Square Feet	820, 826, 862, 863, 867	3.21	15	34	\$13,970
Pharmacy	1,000 Gross Square Feet	880, 881	9.16	14	51	\$27,908
Furniture Store	1,000 Gross Square Feet	890	0.45	-	53	\$1,806
Bank	1,000 Gross Square Feet	911, 912	24.30	26	35	\$80,909
Restaurants	1,000 Gross Square Feet	925, 931, 932	8.67	27	44	\$22,306
Fast Food	1,000 Gross Square Feet	933, 934	29.40	13	50	\$93,444

Table B-1 TSDC Rate Schedule						
Land Use Category	Units	ITE Codes Included	Traffic Impact <sup>1</sup>	Adjustments		Updated TSDC per Unit <sup>2</sup>
				% Diverted Link Trips	Pass-by %	
Coffee/Donut Shop	1,000 Gross Square Feet	936, 937	42.80	-	89	\$40,194
Quick Lubrication Veh. Shop	Service Positions	941	5.19	-	42	\$25,699
Automobile Care Center	1,000 Gross Square Feet	942	3.11	-	42	\$15,400
Service Stations	Fueling Positions	853, 944, 945, 946	13.75	32	51	\$19,598

<sup>1</sup> Based on PM Peak Hour Trips

<sup>2</sup> Includes compliance cost



**PARKS SDC's**  
**CITY OF HAPPY VALLEY**

**2019**

**NOTE:**  
**SDC's ARE SUBJECT TO PERIODIC UPDATE.**



**CITY OF HAPPY VALLEY  
ORDINANCE 530**

**AN ORDINANCE AMENDING THE PARKS AND RECREATION SYSTEM  
DEVELOPMENT CHARGE, CREATING A NEW CHAPTER 3.05 OF THE HAPPY  
VALLEY MUNICIPAL CODE**

WHEREAS, on June 17, 1991, the City of Happy Valley adopted Ordinance 106 to establish various system development charges, including one for parks and recreation.

WHEREAS, on December 28, 2004, the City Council adopted a Parks and Recreation Net Residential SDC Per Dwelling Unit rate of \$4,222 and \$0 for commercial uses.

WHEREAS, in 2006 the City of Happy Valley (City) annexed into the North Clackamas Parks and Recreation District (NCPRD), a county recreational service district organized under ORS 451.

WHEREAS, in anticipation of annexing into NCPRD, in 2005, NCPRD and City entered into an intergovernmental agreement (IGA) describing among other items the collection, administration and use of park and recreation system development charges (SDCs) collected by and in the City.

WHEREAS, in 2008, the City increased the Parks and Recreation SDC rates to \$6,075 per single-family dwelling unit, \$5,290 per multi-family dwelling unit, and \$60 per employee for commercial development.

WHEREAS, since 2006 the City has transferred to NCPRD more than Seventeen and a half Million Dollars (\$17,500,000.00) in SDC revenue collected by and in the City, including approximately Two Million dollars (\$2,000,000.00) collected by the City prior executing the IGA.

WHEREAS, the City Council will consider the Parks and Recreation Methodology Report, Capital Improvement Plan, and Rate Schedule contained in Resolution 17-48, all dated December 5, 2017, and found them to represent the City's best interests in moving forward to continue administration, collection, and implementation of the City's Parks and Recreation System Development Charge.

**NOW THEREFORE, THE CITY OF HAPPY VALLEY ORDAINS AS FOLLOWS:**

**Section 1.** The Happy Valley Municipal Code is amended to add Chapter 3.05 Parks and Recreation System Development Charge as set forth in Exhibit A.

**Section 2.** An emergency is declared to exist, and, as provided by Section 17 of the Happy Valley City Charter, this ordinance takes effect on January 1, 2018.

Ordinance 530 is enacted by the City Council of the City of Happy Valley, this 5th day of December, 2017.

  
\_\_\_\_\_  
Lon DeRemer  
Mayor

ATTEST:

  
\_\_\_\_\_  
Kara Kerpan  
City Recorder

## EXHIBIT A

### 3.05.010. Purpose

The purpose of the parks and recreation system development charge (PSDC) is to ensure that New Development contributes to the cost of new parks and recreation facilities and any expansion of existing parks and recreation facilities required to accommodate additional demand generated by the Development.

### 3.05.020. Definitions

The following definitions apply to this ordinance:

- A. **Capital Improvements** mean public facilities or assets, including real property, used for parks and recreation. Capital Improvements do not include costs of the operation or routine maintenance of any facilities or assets.
- B. **Council** means the City Council of the City of Happy Valley, Oregon.
- C. **Construction Cost Index** means that index published by the Engineering News Record (ENR) Northwest (Seattle, Washington) titled "Construction Cost Index."
- D. **Development** means any man-made change to improved or unimproved real estate including a building or other land construction, or making a physical change in the use of a structure or land that may have the effect of increasing demand for parks and recreation facilities or that may contribute to the need for additional or enlarged parks and recreation facilities as determined in this ordinance. Development includes redevelopment of property. Development includes improved open areas such as plazas and walkways but does not include natural geologic forms or unimproved lands.
- E. **Finance Director** means the Finance Director of the City of Happy Valley or the Director's designee.
- F. **Improvement Fee** means a fee for costs associated with Capital Improvements to be constructed.
- G. **Improvement Fee Credit** means a credit granted for the construction of a Qualified Public Improvement under the provisions of ORS 223.304(4).
- H. **New Development** means Development that occurs on or after the effective date of this ordinance.
- I. **Owner** means the owner or owners of record of real property as shown in the records of Clackamas County, or a person purchasing a piece of property under contract, or a public body or public agency with authority to exercise the power of eminent domain which has formally enacted a resolution of its intent to acquire the property described in the resolution.
- J. **Parcel** means a tract, partition parcel, subdivision lot, legal lot of record or other unit of land or interest in real property.
- K. **Parks and Recreation System Development Charge or PSDC** means a Reimbursement Fee, an Improvement Fee, or a combination thereof assessed or collected at the time of increased usage of Capital Improvements or issuance of a Development permit or building permit. A PSDC does not include fees assessed or collected as part of a local improvement district or a charge in lieu of

a local improvement district assessment, or the cost of complying with requirements or conditions imposed by a land use decision.

- L. **Permittee** means the person to whom a building permit, Development permit, or other permit related to the use of a Parcel is issued.
- M. **Qualified Public Improvement** means a Capital Improvement that is:
- i. Required as a condition of Development approval; and
  - ii. Identified in the adopted Capital Improvement plan pursuant to ORS 223.309; and is either:
    - a. Not located on or contiguous to a parcel of land that is the subject of the Development approval; or
    - b. Located on or contiguous to property that is the subject of development approval and is required to be built larger or with greater capacity (overcapacity) than is necessary for the applicant's New Development.
- N. **Reimbursement Fee** means a fee for costs associated with Capital Improvements that are: (1) constructed or under construction on the date the fee is adopted pursuant to this ordinance, and (2) for which the Council determines that capacity for future users exists.

### **3.05.030. Parks System Development Charge Established**

PSDCs may be established and revised by resolution of the Council. The resolution shall set the amount of the charge, the type of permit to which the charge applies, and, if the charge applies to a geographic area smaller than the entire city, the geographic area subject to the charge.

PSDCs may be annually adjusted to account for changes in the costs of acquiring and constructing park and recreation facilities, based on the change in Construction Cost Index. The construction cost index shall be used to adjust the PSDCs unless they are otherwise adjusted by the Council based on adoption of an updated methodology report or Capital Improvement Project List.

### **3.05.040. Methodology**

The methodology used to establish or modify the Reimbursement Fee shall, where applicable, be based on the cost of then-existing facilities including without limitation design, financing and construction costs, prior contributions by then-existing users, gifts or grants from federal or state government or private persons, the cost of the unused capacity of existing facilities, rate-making principals employed to finance publicly owned Capital Improvements, and other relevant factors identified by the Council. The methodology shall promote the objective that future system users shall contribute no more than an equitable share of the cost of then-existing facilities.

The methodology used to establish or modify the Improvement Fee shall demonstrate, where applicable, consideration of the estimated cost of projected Capital Improvements needed to increase the capacity of the parks and recreation system. The methodology shall be calculated to obtain the cost of Capital Improvements for the projected need for available system capacity for future system users.

The methodology used to establish or modify the Improvement Fee or the Reimbursement Fee, or both, shall be contained in a resolution adopted by the Council.

### **3.05.050. Authorized Expenditures**

Reimbursement Fees shall be spent only on Capital Improvements that are included in the plan adopted by the Council pursuant to Section 7 of this ordinance, including expenditures relating to repayment of future debt for the improvements. However, expenditure of Reimbursement Fees is not limited to the portions of projects that create capacity for future system users.

Improvement Fees shall be spent only on portions of Capital Improvements that create additional capacity for future users, including expenditures relating to repayment of future debt for the improvements. An increase in system capacity occurs if a Capital Improvement increases the level of performance or service provided by existing facilities or providing new facilities. The portion of the Capital Improvements funded by Improvement Fees must be related to demands created by New Development. A Capital Improvement being funded wholly or in part from revenues derived from the Improvement Fee shall be included in the plan adopted by the Council pursuant to Section 7 of this ordinance.

Notwithstanding Section 3.05.060, PSDC revenue may be expended on the direct costs of complying with the provisions of this ordinance, including the costs of developing PSDC methodologies and providing an annual accounting of PSDC expenditures.

### **3.05.060. Expenditure Restrictions**

PSDCs shall not be expended for costs associated with the construction of administrative facilities that are more than an incidental part of a Capital Improvement. PSDCs shall not be expended for costs of the operation or routine maintenance of Capital Improvements or other park and recreation facilities.

### **3.05.070. Improvement Plan**

Prior to establishing a PSDC, the Council shall adopt a plan by resolution that includes a list of:

- A. The Capital Improvements that the Council intends to fund in whole or in part with PSDC revenues; and
- B. The estimated cost and time of construction of each Capital Improvement and the percentage of that cost eligible to be funded with Improvement Fee revenues; and
- C. A description of the process for modifying the plan.

In adopting the plan, the Council may incorporate by reference all or a portion of any public facilities plan, master plan, Capital Improvements plan or similar plan that contains the information required by this section.

The Council may modify the plan and list at any time. If a PSDC will be increased by a proposed modification to the list the Council will:

- A. At least 30 days prior to adoption of the proposed modification, provide written notice to persons who have requested notice pursuant to this ordinance; and
- B. Hold a public hearing if a written request for a hearing is received at least seven days prior to the date of the proposed modification.

A change in the amount of a Reimbursement Fee or an Improvement Fee is not a modification of the system development charge if the change in amount is based on the periodic application of a cost index such as the construction cost indices published by the *Engineering News Record*.

### **3.05.080. Collection of Charge**

The PSDC is due and payable upon the issuance of the building permit for all types of development. If a building or development permit is not required, the PSDC is payable at the time use of a Capital Improvement is increased based on changes in the use of the property that are unrelated to seasonal or ordinary fluctuations.

Notwithstanding issuance of a Development, building, or occupancy permit without payment, the PSDC liability shall survive and become a personal obligation of the Permittee.

Failure to pay the charge within sixty days of the due date shall result in a penalty equal to fifty percent of the charge. Interest shall accrue from the sixty-day point at the legal rate established by statute.

The Finance Director is authorized to take the following actions with respect to PSDCs, penalties, and interest:

- A. To take any action described in this section to collect and enforce the charge, penalties, and interest.
- B. To initiate legal action or exercise any other statutory right to collect any delinquent charge, penalties and interest under this ordinance upon approval of the City Council, as applicable, or in accordance with any general City collection policy.
- C. If the Finance Director determines that the delinquent charges for any development are for any reason wholly uncollectible, the Finance Director may request, in writing, to the City Council for an order directing that the charges be cancelled. The City Council, when so requested, may in its discretion order and direct the Finance Director to cancel such uncollectible charges.

### **3.05.090. Installment Payments**

When a PSDC is due and payable, the Permittee may apply to the City for payment in twenty (20) semiannual installments, secured by a lien on the property upon which the Development is to occur, to include interest on the unpaid balance, if an option for installment payments is required to be made available by ORS 223.207.

The City shall provide an application form for installment payments, which shall include a waiver of all rights to contest the validity of the lien, except for the correction of computational errors. The application fee shall be set by the Council by resolution.

If the principal amount owed is less than twenty-five thousand dollars (\$25,000.00), interest shall accrue at the current prime lending rate plus three percentage points. Otherwise, interest shall accrue at the current prime lending rate plus two percentage points.

An applicant requesting installment payments has the burden of demonstrating that the applicant has authority to assent to the imposition of a lien on the property and that the applicant's interest in the property is adequate to secure payment of the lien. The Finance Director may order the imposition of the lien as directed by the department.

Upon the Finance Director's order, the Finance Department shall cause the lien to be recorded on the City's lien docket. From that time the City shall have a lien upon the described parcel for the amount of the PSDC, together with interest on the unpaid balance at the rate established by the Finance Director. The lien shall be enforceable in the manner provided in ORS Chapter 223 and shall be superior to all other liens pursuant to ORS 223.230. Upon satisfaction of the obligation the Finance Director shall direct the Finance Department to release the lien.

### **3.05.100. Exemptions**

The uses listed and described in this subsection are exempt, either partially or fully, from payment of the PSDC. Any applicant seeking an exemption under this Section shall request that exemption, in writing, no later than the time of application for the building permit. Where Development consists of only part of one or more of the uses described in this Section, only that/those portion(s) of the Development that qualify under this Section are eligible for an exemption. The balance of the Development that does not qualify for any exemption under this Section shall be subject to the full PSDC.

- A. Remodeling or replacing an existing structure (including mobile homes) except to the extent that the remodeling or replacement creates demands on the parks and recreation system greater than those of the existing use of the property;
- B. A structure or use established and legally existing on or before the effective date of this ordinance is exempt from a system development charge to the extent of the structure or use then existing and to the extent of the parcel of land, as constituted on that date.
- C. An addition to a single-family dwelling that does not add a dwelling unit, as defined by the State Uniform Building Code.
- D. Temporary uses that do not exceed ninety days in a calendar year;
- E. Temporary construction facilities as determined by the Finance Director.

### **3.05.110. Credits**

A PSDC is imposed when a change of use of a Parcel or structure occurs, but credit shall be given in an amount equal to the existing PSDC for the preexisting type and level of the use. The credit so computed shall not exceed the calculated PSDC. No refund or credit shall be made on account of such credit.

An Improvement Fee Credit shall be given for the cost of a bonded or completed Qualified Public Improvement associated with a Development upon acceptance by the City of the improvement, subject to the following conditions:

- A. Such credit shall be only for the actual cost of that portion of the Qualified Public Improvement that the adopted methodology includes in the cost basis of the Improvement Fee. The applicant has the burden of demonstrating that a particular improvement qualifies as a Qualified Public Improvement. The request for credit shall be filed in writing no later than sixty (60) days after acceptance of the improvement by the City.
- B. When construction of a Qualified Public Improvement gives rise to a credit amount greater than the Improvement Fee that would otherwise be levied against the project receiving Development approval, the excess credit may be applied against Improvement Fees that accrue in other development projects.

- C. Credits shall be used within ten (10) years from the date the credit is given, after which the credit shall expire, and be null and void, without the need for the city to take any further action.
- D. Credit cannot be transferred from one type of capital improvement to another.
- E. Credits may be transferred from one development to another within the City.

### **3.05.120. Notice**

The City shall maintain a list of persons who have made a written request for notification prior to adoption or modification of a methodology for any PSDC. Written notice will be mailed to persons on the list at least 90 days prior to the first hearing to establish or modify a PSDC. The methodology supporting the PSDC shall be available at least 60 days prior to the first hearing to adopt or amend a PSDC. The failure of a person on the list to receive a notice that was mailed does not invalidate the action of the City.

The City may periodically delete names from the list, but at least 30 days prior to removing a name from the list, the City must notify the person whose name is to be deleted that a new written request for notification is required if the person wishes to remain on the notification list.

### **3.05.130. Segregation and Use of Revenue**

All funds derived from the PSDC described in this ordinance are to be segregated from all other funds of the City using standard accounting practices. PSDCs collected under this ordinance will not be used for any purpose other than set forth in Section 3.05.050.

The Finance Director shall provide the Council with an annual accounting as provided in ORS 223.311.

### **3.05.140.: Refunds**

A refund may be given by the Finance Director upon finding that there was an error in calculating a PSDC.

A refund is not allowed due to a failure to timely claim credit or to timely seek an alternative method of system development charge calculation at the time of submission of an application for a Development or building permit.

The City may charge a fee (set by resolution) to refund a PSDC that was paid for Development that did not commence. The fee may be paid in cash or the applicant can opt to reduce the amount of the refund to cover the cost of the fee.

### **3.05.150. Appeal Procedure**

A. A person may challenge the propriety of an expenditure of PSDC revenue by filing a written appeal with the Finance Director. An appeal of an expenditure must be filed within two years of the date of the alleged improper expenditure. Upon receipt of an appeal, the Director shall refer the matter to the City Hearings Officer.

1. The City Hearings Officer shall provide an opportunity for the appellant and the City to provide written evidence, testimony and argument regarding the expenditure. Within 30 days of the date the appeal is referred by the Director, the Hearings Officer shall issue a written decision whether the expenditure is in accordance with this ordinance and the provisions of

ORS 223.297 to 223.214. The Hearings Officer shall provide a copy of the decision to the appellant and the City. If the Hearings Officer determines that there has been an improper expenditure of PSDC revenues, the Hearings Officer shall direct that a sum equal to the misspent amount shall be deposited within one year to the credit of the account or fund from which it was spent.

B. A person may challenge any other decision required or permitted to be made by the City under this ordinance by filing a written request and paying the appeals fee with the City Manager within 14 days of the City's decision, or payment of the assessment, whichever comes first. The City Manager shall refer the appeal to the City Hearings Officer.

1. The City Hearings Officer shall provide an opportunity for the appellant and the City to provide written evidence, testimony and argument regarding the decision. Within 30 days of the date the appeal is referred by the City Manager, the HEARINGS OFFICER shall issue a written decision whether the decision is in accordance with this ordinance and the provisions of ORS 223.297 to 223.214 and may affirm, modify, or reverse the decision.

C. The Council may set an appeal fee by resolution.

D. The Hearings Officer's decision under this Section is subject to review solely under ORS 34.010 through 34.100 and not otherwise. The appellant shall be notified of the right to seek review of the decision.

E. Any legal claim or action challenging the methodology adopted by the Council pursuant to Section 3.05.040 may not be filed more than 60 days after the date the methodology is adopted. A person may seek review of a decision to adopt the methodology only as provided in ORS 34.010 to ORS 34.100 and not otherwise.

### **3.05.160. Severability**

The provisions of this ordinance are severable, and it is the intention to confer the whole or any part of the powers herein provided for. If any clause, section or provision of this ordinance shall be declared unconstitutional or invalid for any reason or cause, the remaining portion of this ordinance shall be in full force and effect and be valid as if such invalid portion thereof had not been incorporated herein. It is hereby declared to be the Council's intent that this ordinance would have been adopted had such an unconstitutional provision not been included herein.

### **3.05.170. Classification**

The Council determines that any fee, rates or charges imposed by this ordinance are not a tax subject to the property tax limitations of Article XI, section 11(b) of the Oregon Constitution.



City of Happy Valley, Oregon



Final Report for  
PARKS SYSTEM  
DEVELOPMENT CHARGE  
METHODOLOGY

November 21, 2017

**FCS GROUP**

Building 1, Suite 220  
4000 Kruse Way Place  
Lake Oswego, OR 97035  
.503.841.6543

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## SECTION 1: INTRODUCTION

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

### PROJECT

On June 6, 2017, the City Council of Happy Valley (“City”) enacted an ordinance to withdraw from the North Clackamas Parks and Recreation District (“NCPRD”). The withdrawal will be effective December 31, 2017. The City is seeking to update its system development charge (SDC) for parks by adopting a new methodology and revising its SDC ordinance.

In July, 2017, the City engaged the FCS GROUP project team, made up of FCS GROUP, Conservation Technix, and JLA, to (1) develop a parks master plan, (2) develop a new SDC methodology based on that plan, and (3) develop a revised parks SDC ordinance. The body of this document contains the SDC methodology. The parks master plan (currently in draft form) is a separate document, and the parks SDC ordinance is forthcoming.

During the development of the SDC methodology, FCS GROUP maintained close contact with City staff to ensure that the project was meeting City objectives. We met in person with City staff on September 18, 2017, to review a draft analysis. In addition, we have exchanged several telephone calls and e-mails with City staff.

### POLICY

SDCs are enabled by state statutes and authorized by local ordinance.

#### State Statutes

Oregon Revised Statutes (“ORS”) 223.297 to 223.314 enable local governments to establish SDCs, which are one-time fees on new development that are paid at the time of development. SDCs are intended to recover a fair share of the cost of existing and planned facilities that provide capacity to serve future growth.

ORS 223.299 defines two types of SDC:

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

ORS 223.304(1) states, in part, that a reimbursement fee must be based on “the value of unused capacity available to future system users or the cost of existing facilities” and must account for prior contributions by existing users and any gifted or grant-funded facilities. The calculation must “promote the objective of future system users contributing no more than an equitable share to the

**cost of existing facilities.” A reimbursement fee may be spent on any capital improvement related to the system for which it is being charged (whether cash-financed or debt-financed).**

**ORS 223.304(2) states, in part, that an improvement fee must be calculated to include only the cost of projected capital improvements needed to increase system capacity for future users. In other words, the cost of planned projects that correct existing deficiencies or 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).**

### **Local Ordinance**

**We will provide a draft ordinance to update the SDC section of the Happy Valley Municipal Code for the City’s consideration as part of this engagement.**

## SECTION 2: ANALYSIS

This section provides our detailed calculations of the maximum defensible 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.

### GROWTH

The City’s park system serves both the residents and employees of Happy Valley. We therefore define growth for the parks SDC as a combination of growth in total population and growth in employment during the ten-year planning period from 2017 to 2027.

### Current Demand

The calculation of growth begins with the most recent counts for population and employment in Happy Valley. In 2014 (the most recent year for which employment data are available), 16,480 residents lived in Happy Valley, and 2,324 employees worked in Happy Valley. Of these, 160 people both lived and worked in Happy Valley.

<b>Table 2.1: Population and Employment, 2014</b>	<b>Living inside Happy Valley</b>	<b>Living outside Happy Valley</b>	<b>Total</b>
<b>Working inside Happy Valley</b>	160	2,164	2,324
<b>Working outside Happy Valley</b>	8,295		
<b>Not working</b>	<u>8,025</u>		
<b>Total</b>	<u>16,480</u>		

*Source: Portland State University, Population Research Center, 2014 annual report tables, Table 7 (total living inside Happy Valley); U.S. Census Bureau, OnTheMap Application (working inside and outside Happy Valley).*

Next, we calculate the relative demand of residents and employees by estimating the number of hours of park availability for each of the two groups.

<b>Table 2.2: Hours per Week of Park Availability per Person, Residential Demand</b>	<b>Living inside Happy Valley</b>	<b>Living outside Happy Valley</b>
<b>Working inside Happy Valley</b>	72	
<b>Working outside Happy Valley</b>	72	
<b>Not working</b>	112	

*Source: FCS Group.*

	Living inside Happy Valley	Living outside Happy Valley
Working inside Happy Valley	40	40
Working outside Happy Valley		
Not working		

Source: FCS Group.

When the hours per week of park availability are multiplied by the counts from Table 2.1, we are able to determine the relative demand of residents and employees. As shown in Table 2.4, one employee is equivalent to 0.44 resident.

	Residential Hours	Non-Residential Hours	Total Hours
Working inside Happy Valley	11,520	92,960	104,480
Working outside Happy Valley	597,240		597,240
Not working	898,800		898,800
<b>Total</b>	<b>1,507,560</b>	<b>92,960</b>	<b>1,600,520</b>
Hours per resident	91		
Hours per employee		40	
Residents per employee			0.44

Source: Previous tables.

## Future Demand

Based on the growth assumptions in the draft *Parks, Recreation & Open Space Plan*, we calculate the growth in residents and employees over the 10-year planning period. Because each employee is equivalent to 0.44 resident, we can combine these growth calculations into the single category of residential equivalents. In 2017, there are 20,426 residential equivalents in Happy Valley. After growing at an annual rate of three percent, there will be 28,260 residential equivalents in 2017. The difference between these numbers, 7,834 residential equivalents, is the expected growth from which the costs calculated later in this report can be recovered.

	2014	2016	2017	2027	2035	Growth from 2017 to 2027	Annual Change after 2016
Residents	16,480	18,680	19,240	26,619	32,727	7,379	3.00%
Employees	2,324	2,634	2,713	3,754	4,615	1,041	3.00%
Residential equivalents	17,496	19,832	20,426	28,260	34,745	7,834	3.00%

Source: Previous tables (2014); Draft *Parks, Recreation & Open Space Plan*, Figure 2 (2016 residents); Metro, 2035 Forecast of Population by City and County (2035 residents).

## LEVELS OF SERVICE

Determining what portion of which costs can be legally recovered in an SDC begins with determining *both* the level of service (LoS) that is currently being achieved for each type of facility (i.e., category of park) *and* the LoS that will be achieved after all projects in the capital improvement

plan (CIP) have been completed. For purposes of analyzing LoS, we use the following four categories:

- Community parks (which includes natural areas, open space, and regional parks)
- Neighborhood parks (which includes pocket parks)
- Special facilities
- Trails

### Current Inventory

The City's current inventory of park facilities includes both parks that are owned by the City and those that are owned by other agencies. Because park users are typically unconcerned or unaware of a park's ownership, we include all facilities regardless of ownership in our analysis. Table 2.6 summarizes these facilities and the LoS that they provide.

	Units	Units Owned by City	Units Owned by Other Agencies	Total Units	Units per 1,000 Residents in 2017
<b>Community parks</b>	Acres	103.73	324.88	428.61	22.28
<b>Natural areas</b>					
<b>Open space</b>					
<b>Regional parks</b>					
<b>Neighborhood parks</b>	Acres	1.51	15.78	17.29	0.90
<b>Pocket parks</b>					
<b>Special facilities</b>	Acres	0.00	36.00	36.00	1.87
<b>Trails</b>	Miles	9.57	10.12	19.70	1.02

*Source: Draft Parks, Recreation & Open Space Plan.*

### Planned Projects

During the ten-year planning period, the City intends to spend \$66.7 million on park projects that will, in part, add capacity to the park system. Table 2.7 summarizes this cost and the added capacity by park category.

	Units	Units Added	Acquisition Cost	Design and Development Cost	Renovation Cost	Total Cost
<b>Community parks</b>	Acres	50.00	\$ 25,000,000	\$ 25,955,000	\$ 2,851,000	\$ 53,806,000
<b>Natural areas</b>						
<b>Open space</b>						
<b>Regional parks</b>						
<b>Neighborhood parks</b>	Acres	8.00	4,000,000	2,200,000	-	6,200,000
<b>Pocket parks</b>						
<b>Special facilities</b>	Acres					
<b>Trails</b>	Miles	5.90	-	6,315,000	-	6,315,000
<b>Other facilities</b>				250,000	155,000	405,000
<b>Total</b>			<u>\$ 29,000,000</u>	<u>\$ 34,720,000</u>	<u>\$ 3,006,000</u>	<u>\$ 66,726,000</u>

*Source: Draft Parks, Recreation & Open Space Plan; Michael Walter, e-mail, 09/14/2017.*

## Future Inventory

Table 2.8 summarizes the expected inventory in 2027, after the completion of the planned projects.

Table 2.8: Future Inventory	Units	Units Owned		Total Units	Units per 1,000 Residents in 2027
		Units Owned by City	by Other Agencies		
<b>Community parks</b>	Acres	153.73	324.88	478.61	17.98
<b>Natural areas</b>					
<b>Open space</b>					
<b>Regional parks</b>					
<b>Neighborhood parks</b>	Acres	9.51	15.78	25.29	0.95
<b>Pocket parks</b>					
<b>Special facilities</b>	Acres	0.00	36.00	36.00	1.35
<b>Trails</b>	Miles	15.47	10.12	25.60	0.96

Source: Previous tables.

## Improvement Fee Eligibility

Project costs must pass two tests to be included in an improvement fee cost basis. First, the project must create additional capacity. Second, that additional capacity must be available for new users in the planning period. In other words, the additional capacity cannot be absorbed by existing users (which would be curing a deficiency), and it cannot wait to be absorbed by users who will arrive after the planning period (which would be overbuilding).

In this analysis, the first test can be met by excluding (1) all project costs in the “Renovation Cost” column of Table 2.7 and (2) all project costs in the “Other Facilities” row of Table 2.7 (because no additional capacity is being created in this category). After these exclusions, the acquisition and design/development costs for community parks, neighborhood parks, and trails are includable to the extent that they pass the second test.

In this analysis, the target level of capacity is the expected LoS in 2027, as shown in Table 2.8. The current LoS of community parks and trails (as shown in Table 2.6) exceeds the expected LoS in 2027 (as shown in Table 2.8). Therefore, all project costs in these categories that pass the first test will also pass the second test. Neighborhood parks, on the other hand, will experience an increase in LoS from 0.90 acre per 1,000 residents to 0.95 acre per 1,000 residents. That increase indicates that the current inventory of neighborhood parks is deficient. The portion of project costs that cure this deficiency must be excluded from the improvement fee cost basis. This exclusion results in an eligibility of 87.64 percent for neighborhood parks. Table 2.9 derives the eligibility for all project costs that pass the first test.

Table 2.9: Improvement Fee Eligibility Based on Post-CIP Level of Service	Community	Neighborhood	
	Parks	Parks	Trails
Units per 1,000 Residents in 2027	17.98	0.95	0.96
<b>Facility needs in 2027:</b>			
Current inventory in acres/miles	428.61	17.29	19.70
Additional units to meet level of service in 2017	0.00	0.99	0.00
Additional units to meet level of service in 2027	50.00	7.01	5.90
<b>Total facility needs in 2027</b>	<b>478.61</b>	<b>25.29</b>	<b>25.60</b>
<b>Planned projects:</b>			
Curing deficiencies	0.00	0.99	0.00
Accommodating growth	50.00	7.01	5.90
Increasing level of service	0.00	0.00	0.00
<b>Total planned projects</b>	<b>50.00</b>	<b>8.00</b>	<b>5.90</b>
<b>Improvement fee eligibility</b>	<b>100.00%</b>	<b>87.64%</b>	<b>100.00%</b>
<b>Acres/miles eligible for reimbursement fee</b>	<b>82.68</b>	<b>0.00</b>	<b>1.20</b>

Source: Previous tables.

## REIMBURSEMENT FEE

The reimbursement fee is the cost of available capacity per unit of growth that such available capacity will serve. In order for a reimbursement fee to be calculated, unused capacity in the existing park system must be available to serve future growth. For facility types that do not have excess capacity, no reimbursement fee may be charged.

Although Table 2.9 shows available capacity in community parks (82.68 acres) and trails (1.20 miles), we have not calculated a reimbursement fee. Such a calculation would require further investigation into the funding sources of the reimbursable assets.

## IMPROVEMENT FEE

Applying the eligibility percentages in Table 2.9 to the project costs in Table 2.7 results in an improvement fee cost basis of \$62.6 million.

Table 2.10: Improvement Fee Cost Basis, Post-CIP Level of Service	Units	Units Added	Eligible			Total Eligible Cost
			Acquisition Cost	Design and Development Cost	Renovation Cost	
Community parks	Acres	50.00	\$ 25,000,000	\$ 25,850,000	\$ -	\$ 50,850,000
Neighborhood parks	Acres	8.00	3,505,581	1,928,070	-	5,433,651
Trails	Miles	5.90	-	6,315,000	-	6,315,000
<b>Total</b>			<b>\$ 28,505,581</b>	<b>\$ 34,093,070</b>	<b>\$ -</b>	<b>\$ 62,598,651</b>

Source: Previous tables.

## ADJUSTMENTS

Two cost basis adjustments are potentially applicable to both reimbursement and improvement fees: compliance costs and fund balance.

## Compliance Costs

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

City staff has estimated that compliance costs represent four percent of the improvement fee cost basis. However, since this estimate is based on past cost bases (not the one calculated in this report), we have applied this percentage to an estimate of the prior cost basis using the current SDC. As a result, we have added \$725,630 to the total cost basis.

## Fund Balance

To the extent that SDC revenue is currently available in a fund balance, that revenue should be deducted from its corresponding cost basis. Because any such revenue is currently held by NCPRD—and its transfer to the City is not assured—we have not deducted for any fund balance in our calculation.

## CALCULATED SDCS

Table 2.11 shows that dividing the total cost basis of \$63.3 million by 7,834 residential equivalents results in an SDC of \$8,083 per residential equivalent.

	Based on Post-CIP Level of Service
Reimbursement fee cost basis	\$ -
Improvement fee cost basis	62,598,651
Compliance costs	725,630
Less fund balance	
<b>Total cost basis</b>	<b>\$ 63,324,280</b>
<b>Growth in residential equivalents from 2017 to 2027</b>	<b>7,834</b>
<b>SDC per residential equivalent</b>	<b>\$ 8,083</b>

Source: City staff (compliance costs); previous tables.

The final analytic step is to convert the SDCs per residential equivalent into the categories of land use that appear in the current fee schedule published by NCPRD.

Post-CIP Level of Service	Residential Equivalents	Current SDC	Proposed SDC	Proposed \$ Change	Proposed % Change
Single-family residence and manufactured home	2.62	\$ 6,075	\$ 21,206	\$ 15,131	249.07%
Multi-family residence (per dwelling unit)	1.84	5,290	14,855	9,565	180.81%
Non-residential development (per employee)	0.44	60	3,534	3,474	5790.80%

Source: U.S. Census Bureau, 2015 American Community Survey 1-Year Estimates, tables B25024 and B25033 for Clackamas County (residents per dwelling unit); System Development Charge (SDC) Information Packet, 2017 (current SDC); previous tables.

## CIP FUNDING PLAN

If the City charges the full SDCs proposed in Table 2.12—and the expected growth materializes—the City will raise \$63.3 million in SDC revenue during the ten-year planning period. This revenue will

be short of total capital and compliance costs by \$4.1 million. The City could use funding sources such as the General Fund or general obligation bonds to make up this difference.

Table 2.13: CIP Funding Plan		Based on Post-CIP Level of Service
<b>Resources:</b>		
SDC revenue		\$ 63,324,280
Other resources		4,127,349
Total resources		<u>\$ 67,451,630</u>
<b>Requirements:</b>		
Projects in capital improvement plan		\$ 66,726,000
Compliance costs		725,630
Total requirements		<u>\$ 67,451,630</u>

Source: Previous tables.

Moreover, to the extent that the City charges SDCs that are lower than those calculated here, the funding gap will be larger.

## SECTION 3: IMPLEMENTATION

This section addresses practical aspects of implementing SDCs.

### DISCOUNTING

The SDCs calculated in Table 2.12 represent our opinion of the maximum parks SDCs that the City can charge under Oregon law. The only risk of imposing lower SDCs is financial (i.e., the risk of having insufficient revenue to complete the CIP).

Many cities and park districts have taken a phased approach to implementing new SDCs that are significantly higher than previous SDCs. This approach also requires no analytic justification.

### COMPARISONS

The parks SDCs of other agencies play no role in calculating the maximum parks SDCs for the City. However, we recognize that an understanding of the current parks SDCs in comparable jurisdictions can be an important input to decision makers. Table 3.1 summarizes the parks SDCs for selected cities.

<b>Table 3.1: Comparison of Parks SDCs</b>	<b>Parks SDC for a Single- Family Residence</b>
<b>Happy Valley, legal maximum</b>	\$ 21,206
<b>Hillsboro, SoHI (without LID)</b>	\$ 14,683
<b>Portland, non-central city (&gt; 2,200 square feet)</b>	\$ 13,895
<b>Lake Oswego</b>	\$ 13,110
<b>West Linn</b>	\$ 10,616
<b>Portland, central city (&gt; 2,200 square feet)</b>	\$ 10,330
<b>Gresham, Springwater</b>	\$ 6,868
<b>Happy Valley/NCPRD, current</b>	\$ 6,075
<b>Wilsonville</b>	\$ 5,374
<b>Gresham, Pleasant Valley</b>	\$ 5,356
<b>Hillsboro, most of city</b>	\$ 5,149
<b>Oregon City</b>	\$ 4,881
<b>Gresham, most of city</b>	\$ 3,955

*Source: City websites; Ben Bryant, e-mail, 09/26/2017; FCS Group.*

### ANNUAL INDEXING

ORS 223.304 allows for the periodic indexing of system development charges 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

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**(C) Incorporated as part of the established methodology or identified and adopted in a separate ordinance, resolution or order.**

**We recommend that the City implement annual indexing, and we will include this provision in our forthcoming ordinance.**



**CITY OF HAPPY VALLEY  
RESOLUTION 17-48**

**A RESOLUTION AUTHORIZING THE ADOPTION OF THE CITY'S PARKS SYSTEM  
DEVELOPMENT CHARGE METHODOLOGY; ADOPTION OF THE PARKS CAPITAL  
IMPROVEMENT PLAN; AND UPDATE THE PARKS SYSTEM DEVELOPMENT  
CHARGE RATE AND ASSOCIATED APPLICATION FEES**

WHEREAS, on June 17, 1991, the City of Happy Valley adopted Ordinance 106 to establish various system development charges, including one for parks and recreation.

WHEREAS, on December 28, 2004, the City Council adopted a Parks and Recreation Net Residential SDC Per Dwelling Unit rate of \$4,222 and \$0 for commercial uses.

WHEREAS, in 2006 the City of Happy Valley (City) annexed into the North Clackamas Parks and Recreation District (NCPRD), a county recreational service district organized under ORS 451.

WHEREAS, in anticipation of annexing into NCPRD, in 2005, NCPRD and City entered into an intergovernmental agreement (IGA) describing among other items the collection, administration and use of park and recreation system development charges (SDCs) collected by and in the City.

WHEREAS, in 2008, the City increased the Parks and Recreation SDC rates to \$6,075 per single-family dwelling unit, \$5,290 per multi-family dwelling unit, and \$60 per employee for commercial development.

WHEREAS, since 2006 the City has transferred to NCPRD more than Seventeen and a half Million Dollars (\$17,500,000.00) in SDC revenue collected by and in the City, including approximately Two Million dollars (\$2,000,000.00) collected by the City prior executing the IGA.

WHEREAS, on December 5, 2017, the City Council adopted Ordinance No. 530 creating a new Chapter 3.05 of the Municipal Code, amending the Parks and recreation system development charge.

**NOW THEREFORE, THE CITY OF HAPPY VALLEY RESOLVES AS FOLLOWS:**

- Section 1. The City adopts the Parks System Development Charges Methodology Report as set forth in Exhibit A.
- Section 2. The City adopts the Parks System Development Charges Capital Improvement Plan as set forth in Exhibit B in compliance with Happy Valley Municipal Code 3.05.070.
- Section 3. The Parks System Development Charges established in the Happy Valley Municipal Code 3.05.030 shall be as follows:

<b>Development Category</b>	<b>Parks SDC Rate</b>
Single-Family Residential	\$7,000
Multi-family Residential	\$6,095
Non-residential development	\$0 per employee

Section 4. These rates shall be updated on July 1<sup>st</sup> of each year to account for changes in the costs of acquiring and constructing park and recreation facilities, based on the Construction Cost Index as set forth in Happy Valley Municipal Code 3.05.030.

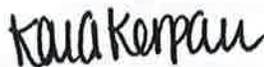
Section 5. The application fee for installment payments shall be \$1,000.

Section 6. This resolution shall become effective on January 1, 2018.

Resolution 17-48 is enacted by the City Council of the City of Happy Valley, this 5th day of December, 2017.

  
Lori DeRemer  
Mayor

ATTEST:



Kara Kerpan  
City Recorder

**TRANSPORTATION/PARKS SDC's**

**CITY OF HAPPY VALLEY**

**ANNUAL INCREASES BASED ON COST CONSTRUCTION  
INDEX**

**NOTE:**

**SDC's ARE SUBJECT TO PERIODIC UPDATE.**





Church	1,000 Gross Sq. Ft.	560	\$4,696	\$5,025	\$5,264
Day Care	Student	565	\$3,043	\$3,256	\$3,411
Library	1,000 Gross Sq. Ft.	590	\$62,323	\$66,686	\$69,854
Hospital	Beds	610	\$12,123	\$12,972	\$13,588
Medical-Dental	1,000 Gross Sq. Ft.	720,630	\$30,478	\$32,611	\$34,160
Office	1,000 Gross Sq. Ft.	710,714,715,730,750,760,770	\$12,023	\$12,865	\$13,476
State Motor Vehicles Department	1,000 Gross Sq. Ft.	731	\$145,903	\$156,116	\$163,532
Post Office	1,000 Gross Sq. Ft.	732	\$79,505	\$85,070	\$89,111
Building & Hardware	1,000 Gross Sq. Ft.	812,816	\$25,255	\$27,023	\$28,307
Free-Standing Discount Store	1,000 Gross Sq. Ft.	813,815	\$17,260	\$18,468	\$19,345
Nursery	1,000 Gross Sq. Ft.	817,818	\$37,870	\$40,521	\$42,446
Factory Outlet Center	1,000 Gross Sq. Ft.	823	\$12,903	\$13,806	\$14,462
Automobile Sales	1,000 Gross Sq. Ft.	841	\$14,763	\$15,796	\$16,546
Automobile Parts Sales	1,000 Gross Sq. Ft.	843	\$29,100	\$31,137	\$32,616
Tire Stores	1,000 Gross Sq. Ft.	848,849	\$19,240	\$20,587	\$21,565
Supermarket	1,000 Gross Sq. Ft.	850,854	\$21,043	\$22,516	\$23,586
Convenience Market	1,000 Gross Sq. Ft.	851,852	\$141,090	\$150,966	\$158,137
Shopping/Retail	1,000 GSF Lease Area	820,826,862,863,867	\$13,970	\$14,948	\$15,658
Pharmacy	1,000 Gross Sq. Ft.	880,881	\$27,908	\$29,862	\$31,280
Furniture Store	1,000 Gross Sq. Ft.	890	\$1,806	\$1,932	\$2,024
Bank	1,000 Gross Sq. Ft.	911,912	\$80,909	\$86,573	\$90,685
Restaurants	1,000 Gross Sq. Ft.	925,931,932	\$22,306	\$23,867	\$25,001
Fast Food	1,000 Gross Sq. Ft.	933,934	\$93,444	\$99,985	\$104,734
Coffee/Donut Shop	1,000 Gross Sq. Ft.	936,937	\$40,194	\$43,008	\$45,051
Quick Lubrication Veh. Shop	Service Positions	941	\$25,699	\$27,498	\$28,804
Automobile Care Center	1,000 Gross Sq. Ft.	942	\$15,400	\$16,478	\$17,261
Service Stations	Fueling positions	853,944,945,946	\$19,598	\$20,970	\$21,966
(1) Based on PM Peak Hour Trips					
(2) Includes compliance cost					
TSDC Rate for Self storage calculate at \$1450 per 1,000 Gross Square Feet (Per MDW)					

**WATER SDC's**  
**SUNRISE WATER AUTHORITY**  
**2019**

**NOTE:**  
**SDC's ARE SUBJECT TO PERIODIC UPDATE.**



**SYSTEM DEVELOPMENT CHARGES**  
**with CASH DISCOUNT**  
**AS OF FEBRUARY 1, 2019**  
**PLUS**  
**STANDARD METER INSTALLATION CHARGES**  
**AS OF FEBRUARY 1, 2019**

METER SIZE	INSTALL CHARGE	ERU	REIMBURSEMENT CHARGE	IMPROVEMENT CHARGE	TOTAL	GALLONS PER MINUTE
5/8 x 3/4"	\$700	1.0	\$2,176	\$6,813	\$9,689	15-20
Full 3/4"	\$700	1.5	\$3,264	\$10,219	\$14,183	30
1"	\$800	2.5	\$5,440	\$17,032	\$23,272	50
1 1/2"	\$800	5.0	\$10,880	\$34,065	\$45,745	100
2"	\$1,000	8.0	\$17,408	\$54,504	\$72,912	160
3"	\$2,300	15.0	\$32,640	\$102,195	\$137,135	
4"	\$2,900	25.0	\$54,400	\$170,325	\$227,625	
6" *		50.0	\$108,800	\$340,650		
8" *		80.0	\$174,080	\$545,040		
10" *		115.0	\$250,240	\$783,495		

\*The install charges for these meters are calculated individually.

**SYSTEM DEVELOPMENT CHARGES  
CREDIT CARD  
AS OF FEBRUARY 1, 2019  
PLUS  
STANDARD METER INSTALLATION CHARGES  
AS OF FEBRUARY 1, 2019**

METER SIZE	INSTALL CHARGE	ERU	REIMBURSEMENT CHARGE	IMPROVEMENT CHARGE	TOTAL	GALLONS PER MINUTE
5/8 x 3/4"	\$700	1.0	\$2,241	\$7,017	\$9,958	15-20
Full 3/4"	\$700	1.5	\$3,361	\$10,525	\$14,586	30
1"	\$800	2.5	\$5,602	\$17,542	\$23,944	50
1 1/2"	\$800	5.0	\$11,205	\$35,085	\$47,090	100
2"	\$1,000	8.0	\$17,928	\$56,136	\$75,064	160
3"	\$2,400	15.0	\$33,615	\$105,255	\$141,270	
4"	\$3,000	25.0	\$56,025	\$175,425	\$234,450	
6" *		50.0	\$112,050	\$350,850		
8" *		80.0	\$179,280	\$561,360		
10" *		115.0	\$257,715	\$806,955		

\*The install charges for these meters are calculated individually.

**SANITARY SEWER SDC's**  
**CLACKAMAS COUNTY WATER ENVIRONMENT**  
**SERVICES (WES)**

**2019**

**NOTE:**  
**SDC's ARE SUBJECT TO PERIODIC UPDATE.**



**TABLE VI**  
**ASSIGNMENT OF EQUIVALENT DWELLING UNITS TO CLASSES OF SERVICE**  
 NORTH CLACKAMAS SANITARY SEWER SERVICE AREA  
 SYSTEM DEVELOPMENT SYSTEM USER CHARGE

CLASS OF SERVICE	SYSTEM DEVELOPMENT CHARGE	SYSTEM USER CHARGE
<b>RESIDENTIAL</b>		
01. Single Family Dwelling, including Condominiums	1 EDU	1 EDU per dwelling unit
02. Duplex	0.5 EDU per dwelling unit	1 EDU per dwelling unit
03. Triplex	1.0 EDU per dwelling unit	1 EDU per dwelling unit
04. Multi-Family (4plex or more)	0.5 EDU per dwelling unit	1 EDU per dwelling unit
05. Trailer/Mobile home/Manufactured home units	0.5 EDU per dwelling unit	1 EDU per dwelling unit
<b>INDUSTRIAL</b>		
10. High Schools	1 EDU per 20 students (A.D.A.)	1 EDU per each 1,000 cu. ft. or fraction thereof per month of metered water consumption
11. Junior High	1 EDU per 20 students (A.D.A.)	
12. Elementary, Pre-school	1 EDU per 20 students (A.D.A.)	
13. Community College	1 EDU per 20 students (A.D.A.)	
14. Office use	1 EDU per 100 seats	
- If passenger	1 EDU additional	
- If workshop child care or child school	1 EDU per 20 students, additional	
- If not time business	1 EDU per 1,000 sq. ft. office additional	
- If evening programs bonded or night or more per week	1 EDU per 1,000 sq. ft. meeting room, additional	
15. Hospitals	1 EDU per bed	
16. Convalescent/Rest home	1 EDU per 2 beds	
<b>COMMERCIAL</b>		
20. Hotels, Motels	1 EDU per 2 rooms	1 EDU per 10 seats, additional or fraction thereof per month of metered water consumption
- If quickly resturant	1 EDU per each 1,000 cu. ft.	
21. Quick resturants	1 EDU per 10 seats	
22. Fast Food	1 EDU per 11 seats	
23. Tavern/ Lounge	1 EDU per 16 seats	
24. Bar/ Ice Station (No eat Wash)	1.7 seats	
25. Car Wash - Wind	1.8 EDU per car	
26. Car Wash - Roll-over (Reverse station)	1.8 EDU	

**SANITARY SEWER**



## CCSD#1 Rates Effective July 1, 2016

### Clackamas County Service District No. 1

#### Sanitary Sewer Monthly Rate (per EDU):

- North Clackamas, Hoodland, & Boring Services Areas.....\$45.00
- City of Happy Valley (Including ROW Fee).....\$47.25

#### Surface Water Monthly Rate (per ESU):

- North Clackamas, Hoodland, & Boring Services Areas.....\$6.50
- City of Happy Valley (Including ROW Fee).....\$6.85

#### System Development Charge:

- Sanitary Sewer (per EDU).....\$7,140.00
- Stormwater (per ESU).....\$205.00

#### Notes:

- A single family residences is billed monthly at the rate of 1-Sanitary EDU and 1-Surface Water ESU a month for services.
- Sanitary EDU – Equivalent Dwelling Unit
- Surface Water ESU – Equivalent Service Unit

Water Environment Services Fees - Effective 7/1/2009

Sanitary Sewer Line Repair - Subirrigation	ORS 451	X	X	\$400.00 or 4% of the estimated cost of any required public sewer extension, whichever is greater
Sanitary Sewer Line Repair - Commercial/Industrial	ORS 451	X	X	\$400.00 or 4% of the estimated cost of any required public sewer extension, whichever is greater, except, no fee will be charged if Trench improvements where there is no change of use or an additional public sewer connection. Building additions less than 2,000 sq. ft. and there is no change of use or no additional public sewer connection
Sanitary Sewer Monthly Service (RSC (NCSA only))	ORS 451	X	X	\$5.00
Sanitary Sewer Monthly On-Site Maintenance (NCSA only)	ORS 451	X	X	\$5.00



**FOR ADDITIONAL INFORMATION ON SANITARY  
SEWER AND STORM SEWER SDC RATES OR FEES,  
PLEASE CONTACT:**

**ROB HUNGERFORD (503-742-4576):**  
**SANITARY SEWER**

**MIKE BICKERTON (503-742-4582): STORM SEWER**



**SURFACE WATER SDC's**  
**CLACKAMAS COUNTY WATER ENVIRONMENT**  
**SERVICES (WES)**

**2019**

**NOTE:**  
**SDC's ARE SUBJECT TO PERIODIC UPDATE.**



Water Environment Services Fees - Effective 7/1/2009

Service / Description	ORS #	Fee Type	Fee Amount	Notes
Surface Water System Development Charge / ESU (NPSA only)	ORS 451		\$200.00	
Surface Water Plan Review			\$400.00	or 4% of the installed cost of any required surface water management system, whichever is greater. No fee will be charged when there is no additional impervious surface area.
Minor Perturb			\$55.00	
Commercial/Industrial			\$200.00	
Surface Water and Erosion Control Plan Review	ORS 451		\$55.00	
Single Family Residence	ORS 451		\$200.00	
New Single Family Residence	ORS 451		\$200.00	
Existing Commercial Permit				
With Certification				
Single Family Residence	ORS 451		\$200.00	
New Single Family Residence	ORS 451		\$270.00	+ \$81.00/acre over 1/2 acre
NPTES 1200C Permit	ESA WDRBQ		\$270.00	+ \$81.00/acre over 1/2 acre
Water Certification				
Single Family Residence	ORS 451		\$510.00	

Water Environment Services Fees - Effective 7/1/2009

Non Single Family Residence	CRS 451				\$460.00 + \$80.00/acre over base fee
NPDES LINDO Permit	IGA w/DBQ		X		\$460.00 + \$80.00/acre over base fee
ERDO Reimbursement Fee	CRS 451 & IGA w/DBQ		X		\$70.00 + \$25.00/acre over base fee
Sanitary Sewer Disconnection Urban Sewer	CRS 451		X		\$75.00
NSF Credit	CRS 451		X		\$14.00
Industrial Permit/Discharge Permit	CRS 451		X		\$25.00
1. Base Fee					
2. 5 to 8 Industrial User Points	CRS 451		X		\$250.00
3. 9 to 13 Industrial User Points	CRS 451		X		\$375.00
4. 14 to 17 Industrial User Points	CRS 451		X		\$500.00
2. Second Year					
a. 5 to 8 Industrial User Points	CRS 451		X		\$500.00
b. 9 to 13 Industrial User Points	CRS 451		X		\$750.00
c. 14 to 17 Industrial User Points	CRS 451		X		\$1,000.00
3. Third Year					
a. 5 to 8 Industrial User Points	CRS 451		X		\$750.00
b. 9 to 13 Industrial User Points	CRS 451		X		\$1,125.00
c. 14 to 17 Industrial User Points	CRS 451		X		\$1,500.00

Water Environment Services Fees - Effective 7/1/2009

Water Environment Services Fees - Effective 7/1/2009						
4. Rental Year						
a. 3 to 8 Industrial User Points	ORS 451	X	X	\$1,000.00		
b. 9 to 15 Industrial User Points	ORS 451	X	X	\$1,500.00		
c. 14 to 17 Industrial User Points	ORS 451	X	X	\$2,000.00		
5. 80th Year						
a. 3 to 8 Industrial User Points	ORS 451	X	X	\$1,000.00		
b. 9 to 15 Industrial User Points	ORS 451	X	X	\$1,500.00		
c. 14 to 17 Industrial User Points	ORS 451	X	X	\$2,000.00		
6. 2009th Year						
a. 3 to 8 Industrial User Points	ORS 451	X	X	\$1,000.00 per year		
b. 9 to 15 Industrial User Points	ORS 451	X	X	\$1,500.00 per year		
c. 14 to 17 Industrial User Points	ORS 451	X	X	\$2,000.00 per year		
Public Records Copying	ORS 196.448 (4)	X	X (County policy)	\$1.00 for first page and \$0.10 every page thereafter. A substantial charge of \$20.00 per hour for staff time for public records fee requests		
Public Records Research	ORS 451	X	X	\$65.00 per hour plus cost of reproduction		
Business Relations Registration Fee (One-time)	ORS 451	X	X	\$500.00 plus Director signature expense		
Excess Capacity Assessment Fee	ORS 451	X	X	\$105.00		

Water Retirement Services Fees - Effective 7/1/2009

Code	Description	Rate	Assessment	Assessment	Assessment	Assessment
02S 451	Collection System Charge	X	X			\$6,000.00 Minimum. Funded if assessment does not apply for collection system.
02S 451	Appointment of Assessment	X	X	X		\$100.00 plus percentage plus
02S 451	Insulation Project Application (not included in an assessment district)	X	X	X		\$300.00
02S 451	Collection System Change Reassessment Application	X	X	X		Initial year: \$100.00 Per subsequent year: \$65.00 plus labor service plus annual expenses to the District
02S 451	Miscellaneous - Any other service, fee or cost of which is not included in the items listed above, the equivalence of which for professional services, labor or materials	X	X	X		

27. Car Wash - Turndown 16 EDUs  
(W/S/yno station)

28. Leachmate 1 EDU per machine

1 EDU per each 1,000 cu. ft. or fraction thereof per month of installed water consumption.

29. Mini Storage 1 EDU per office unit plus

1 EDU per dwelling unit

30. Other Commercial The lesser of (shall include all classes)

- a) 1 EDU per 1,000 sq. ft. of floor space included on sq. ft. or lots of this table in total floor space. Or,
- b) 1 EDU per quarter acre or fraction thereof of land, but not less than 60% of the maximum charge resulting from a) or b) above.

**INDUSTRIAL**

31. Light Industrial Waste with  
a) 50 lbs to 200 lbs of SS per day, or  
b) 50 lbs to 200 lbs of HOD per day, and  
c) less than 40,000 gallons per day

Same as Class 20

1 EDU per each 1,000 cu. ft. or fraction thereof per month of installed water consumption, and actual cost to District for removal of SS and HOD per pound for amount remaining from sewage strength in excess of disposal capacity strength. Based on District Cost per pound for recovery of HOD and SS and cost per gallon for processing wastewater.

32. Heavy Industrial Waste  
a) 200 lbs of SS per day or  
b) 200 lbs of HOD per day or  
c) 10,000 gallons or more per day.

Based on actual cost to waste with more than District but not less than Class 30

**PUBLIC SANITARIAN**  
40:025

**A.D.A. Average Daily Attendance**

When equaling to an fraction or none, the number of units shall be computed on the basis of one unit for each full fraction of a unit or any portion thereof.  
NOTE: For the purpose of Equivalency Dwelling Units for connection charge purposes, the number will be carried to two decimal places.



**STORM DRAINAGE SDC's**

**CITY OF HAPPY VALLEY**

**2019**

**NOTE:**

**SDC's ARE SUBJECT TO PERIODIC UPDATE.**



**CAPITAL STORM DRAINAGE FACILITIES AND FUNDING**

In addition to the storm drainage facilities that are a part of the Transportation Improvement Program shown in Table and Figure 7 the City will undertake a program for other major storm drainage improvements. Included in these facilities is a major storm water detention facility in the City Park that will also provide fish and wildlife habitat. Additional detention facilities are planned within the Mt. South Creek Watershed and other major drainage ways. Improvements in Mt. South Creek drainage outfalls and drainage ways leading into the City's major outfall pipe are also planned.

Funding for these facilities will be primarily by System Development Charges and some participation by Clatsop County and Land Development where applicable. The City's System Development Charges are to be used for Capital Improvements for storm drainage, transportation facilities, parks and recreation, water systems and utility work. However, no specific account is established for storm drainage alone and such projects will have to compete with other infrastructure needs for these public funds. Consequently, the future Storm Water Management Program will include separate work for storm drainage to be targeted for those facilities only.

Drainage facilities that are within the public right-of-way on County lands may have some County funding. A developer of land in the City will primarily be responsible for drainage improvements needed in a right-of-way of the development subject to City and County approval where applicable.

Table 7 shows the projected schedule for construction of storm drainage projects through 2010. Figure 8 shows the location for each project. The timing, cost, financing, and description of each project shown in this report is based on preliminary estimates from engineering, environmental, cost, and planning, financing and administration departments.

