

RESOLUTION NO. 2017-56

**RESOLUTION FIXING PARKS SYSTEM DEVELOPMENT CHARGES (SDC)
FOR THE CITY OF FOREST GROVE, ADOPTING THE SDC METHODOLOGY
STUDY AND REPEALING RESOLUTION NO. 2006-39**

WHEREAS, Ordinance No. 1990-07 requires the City Council to fix the parks system development charges by resolution; and

WHEREAS, DHC Planning was retained to perform a study for the City of Forest Grove which was completed September 28, 2016, which satisfies the requirements of ORS 223.297 et seq. and would establish SDC's which would ensure fair and equitable capital financing is available to support needed capital additions; and

WHEREAS, the study set forth the calculations for improvement fees based on the cost of projected capital improvements needed to increase the capacity of the systems to which the fee is related and the number of dwellings as derived from the Comprehensive Plan, and;

WHEREAS, the projected capital improvements were derived from the Parks, Recreation, and Open Space Master Plan approved by City Council in November, 2016; and

WHEREAS, the Master Plan included a thorough, bilingual, and amply participatory public involvement process including a survey, meetings, workshops, work sessions, presentations, commission meetings, and website; and

WHEREAS, the study found the SDC fees being collected are insufficient to meet future acquisitions and development needs created by new development; and

WHEREAS, the study conducted considered a fully developed, ten (10) year capital improvement plan for the City of Forest Grove Parks system and calculated a system development charge necessary to fund the listed capital improvements; and

WHEREAS, the City Council finds the methodology used in the study to calculate the system development charge to be fair and reasonable; and

WHEREAS, notice of Public Hearing was published in the Forest Grove NewsTimes pursuant to ORS 223.304(7)(a) on May 10, 2017, and August 9, 2017; and

WHEREAS, the City Council held a duly-noticed Public Hearing on proposed resolution on August 14, 2017.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY OF FOREST GROVE AS FOLLOWS:

Section 1. The City Council hereby adopts the DHC Planning study, dated September 28, 2016, and the methodology included therein to calculate Park System Development Charges (attached as Exhibit A).

Section 2. That fee increases for Parks System Development Charges effective January 1, 2018, January 1, 2019, and January 1, 2020, are hereby adopted as follows:

Residential Use	January 1, 2018	January 1, 2019	January 1, 2020
Single-Family Dwelling Unit (DU)	\$4,000	\$5,000	\$6,010
Duplex	\$4,000 per DU	\$5,000 per DU	\$6,010 per DU
Multi-Family Dwelling	\$4,000 per DU	\$5,000 per DU	\$6,010 per DU
Manufactured Dwelling	\$4,000 per DU	\$5,000 per DU	\$6,010 per DU

Section 3. Dedication in Lieu of Charge. Parties who apply for several building permits simultaneously or the developer may be afforded the option of dedicating land or facilities to the City of Forest Grove in lieu of the system development charge or any portion thereof. The City Manager or designee shall determine whether the land may be dedicated in lieu of the charge and what value shall be placed on the property for the purpose of offsetting the amount of the charge.

Section 4. Resolution No. 2006-39 is hereby repealed upon the effective implementation date of the forgoing rate.

Section 5. This resolution is effective immediately upon its enactment by the City Council.

PRESENTED AND PASSED this 14th day of August, 2017.



Anna D. Ruggles, City Recorder

APPROVED by the Mayor this 14th day of August, 2017.



Peter B. Truax, Mayor

MEMORANDUM

DHC Planning

812 SW Washington Street, Suite 600
Portland, OR 97205

DATE: September 28, 2016
TO: Tom Gamble, Director of Parks and Recreation
City of Forest Grove
FROM: DJ Heffernan
SUBJECT: Forest Grove Park System Development Charge (SDC) Methodology Update

A. Overview

This memorandum reviews a proposal to update the City of Forest Grove Park System Development Charge (SDC) methodology. Many provisions in the City's 2002 SDC methodology are out of date or not applicable to current conditions in Forest Grove. The memo outlines a new methodology and fee system and also the steps required to implement the proposed methodology. The memo is arranged by topic. Section B reviews how a typical SDC fee is developed. Section C presents the SDC fee analysis and rate structure for Forest Grove. Section D reviews a series of policy issues and recommendations made by the City's Technical Advisory Committee (TAC) for the fee program. Section E reviews required steps to update the Park SDC methodology and fees.

SDC fee programs are regulated by state law in ORS 223.297 et seq. The law has been in place since 1989 and has been amended several times. SDC fees may be collected for sanitary sewer, water, storm drainage, transportation, and park systems. A local SDC fee methodology must be adopted for each SDC fee that is collected. The methodology is the rate-setting analysis that establishes service levels for the fee program, how the fee is calculated, the amount of the fee, and the type of development that is subject to the fee. The fees are designed to offset the cost to expand public infrastructure that benefits new development – in this case city-owned parks.

An important feature of SDC fee programs is that they may include two types of fees: an improvement fee and a reimbursement fee. Improvement fees are based on the cost to expand infrastructure for the benefit of new residents. Improvement fees need to be consistent with system master plans and include cost estimates for projects that are needed to sustain current levels of service. Reimbursement fees recover the value of prior investments that have been made with the capacity to serve future development. Reimbursement fees may only recover the value of prior investment that will benefit future residents. They must be based on historic costs excluding third-party grants, contributions, and gifts.

Program accounting must track SDC revenue sources and their use separately. The statute provides greater flexibility for the use of reimbursement fee revenue than for improvement fee revenue. SDC fees must be spent on capital improvement projects and may not be used

for operations and maintenance. In addition, improvement fee revenue may not be used to expand the level of service for current residents. Cities may choose to raise their overall service standards, but the SDC fee program may not be used to finance system-wide improvements that raise service standards. Other resources must be used for that purpose.

Discretion may be used when defining a current level of service to account for changing consumer preferences (e.g. less investment in tennis courts and more investment in disk golf) and for changes to public safety regulations (e.g. how sewerage discharge is treated). These factors may affect the design and cost of planned system improvements that in turn may affect SDC rates.

B. Park SDC Methodology Outline

The following outline shows the steps typically followed to calculate SDC fees.

1. Calculate Level of Service Basis – the number of park acres /1,000 residents.
2. Calculate Future Demand – the number of new residents or households that the City expects to serve over a defined time period, which coincides with growth projections in the *Forest Grove Parks, Recreation, and Open Space System Master Plan*.
3. Calculate Improvement Needs and Costs – the number of new park facilities that need to be acquired / improved in order to sustain current service levels over time, and the cost to build them.
4. Calculate Reimbursement Value – reimbursement fees recover the cost that existing residents paid to provide capacity for future residents. In a park system, for example, this could include the value of land acquired for parks that have not yet been developed, or the value of untapped service capacity in an existing facility.
5. Calculate Administrative costs – the cost to prepare park master plans and to administer the SDC fee program may be recovered through the fee program.
6. Calculate contribution credits – adjust fees to account for general contributions that future residents will make to system improvements, such as estimated tax assessments that are programmed for park system improvements.
7. Calculate SDC Rates – establish the fee for a unit of service, such as a new dwelling unit. The fees basis may vary by use (e.g. residential vs employment uses) so long as the burden for the capital program is shouldered proportionally. Reimbursement and improvement fees are calculated separately.
8. Calculate SDC Index Basis – this is an optional feature that may be included in a methodology. Many cities index their SDC fees to protect against inflation risk. An index may not be added later without updating the methodology and subjecting it to judicial review.

C. Proposed Forest Grove Park System Methodology

The proposed SDC fee program for the City of Forest Grove was developed concurrent with the 2016 update to the *Parks, Recreation, and Open Space System Master Plan* (Master Plan). The proposed SDC includes an improvement fee but not a reimbursement fee. The cost basis for calculating the proposed improvement fee is consistent with design assumptions in the Master Plan that maintain existing park system service levels. The program is designed to address demand for four types of park facilities: Neighborhood Parks, Community Parks, Open Space, Trails and Greenways (OSTG), and Special Use Parks (e.g. the Senior Center and Aquatic Center). The OSTG category includes city-owned parks as well as city-owned and maintained trail corridors that pass through natural areas owned by third parties (e.g. Metro “B” Street Wetland Trail).

The proposed methodology assumes a future service population that is consistent with the City’s adopted comprehensive land use plan and with the Master Plan. The 2016 base year estimated population for Forest Grove is 23,365,¹ and uses an annual population growth rate of 2.3%.² At this growth rate, the expected population in 2026, which is the planning horizon for the park system, will be 28,970³. This is an increase of 5,605 residents.

In 2002, Forest Grove adopted a policy to exempt non-residential development from Park SDC fees. The proposed methodology retains this policy and allocates all park system improvement costs to residential uses.

1. Level of Service (LOS) Analysis

The proposed LOS for parks is acres per 1000 residents.

Table 1: Existing Level of Service (in acres/1000 residents)

Park Type	Inventory *	Current LOS	Notes
Neighborhood Park	19.7 acres	0.84 acres	Existing city-park acreage
Community Park	51.3 acres	2.22 acres	Existing city-park acreage
Open Space, Trails, and Greenways	59.2 acres	2.53 acres	Existing City-park acreage and city-owned trail corridors through third-party open space areas.
Special Use Park	4.3 acres	0.18 acres	The Aquatic and Senior Center sites.

¹ Estimate by City of Forest Grove Planning Department
² Forest Grove 2014 Comprehensive Plan Update, p. 38.
³ City of Forest Grove Planning Department

2. Future Demand

The demand for park system improvements is calculated by multiplying the current LOS times projected growth. The forecast horizon year is 2026, which is the time frame used in the Master Plan. The following table shows the system improvements needed to maintain park service levels for an increase of 5,605 residents in 2026.

Table 2: Park System Land Need Analysis

Park Type	Acres per 1000	Forecast Need	Net Need *	Notes
Neighborhood	0.85 acres	4.7acres	4.7 acres	The City has no suitable undeveloped neighborhood park sites.
Community	2.22 acres	12.3 acres	12.3 acres	The City has no suitable undeveloped community park sites.
Open Space, Trails, and Greenways	2.56 acres	14.2 acres	0.0 acres	The City own 17 acres of land suitable for OSGWT park sites.
Special Use	0.18 acres	1.0 acres	0.0 acres	The City owns a 3.2-acre site that is suitable for a special use park.

* - adjusted for city-owned undeveloped inventory

3. Improvement Fee Cost Basis

The cost to develop park facilities covers land acquisition and site development. Costs differ for each park type. Adjustments were made for parkland the City owns, which reduced the amount of land the City will need to acquire for new parks. For example, the City has enough land that is suitable for Open Space, Trails, and Greenways and for a 3.2-acre Special Use Park. There is not enough land in inventory to sustain current service levels for neighborhood and community parks. The cost to acquire this additional land is based on an estimated cost for vacant residential zoned land in Forest Grove. City staff estimate that this land costs \$200,000/acre. The land acquisition cost included in the rate basis is:

$$\$200,000 \quad \times \quad 17.0 \text{ acres} \quad = \quad \$3,400,000$$

The cost to improve parks varies by park type. The costs are based on estimates included in the Master Plan, which reflect the average cost per acre to develop park land and the amenities typically found in each park type, such as playgrounds, pathways, access and parking, restrooms, picnic areas, etc. The cost estimates include upgrades to unimproved parkland owned by the City. Table 3 below shows the amount included in the rate base for each type of park facility.

Table 3 – Park Improvement Cost Estimates

Park Type	Unit Cost/acre	Need	Improvement Cost
Neighborhood	\$300,000	4.7 acres	\$1,410,000
Community	\$400,000	12.3 acres	4,920,000
Open Space, Greenways and Trails	\$200,000	14.2 acres	2,840,000
Special Use	\$500,000	1.0 acres	500,000
Total Improvements			\$9,670,000

4. Administrative Costs

SDC program administration costs may be recovered through the SDC fee. These include the cost to prepare the methodology, the cost to prepare/update the improvement fee project list program (ORS 223.309), the annual cost to prepare a financial summary for the program and other related administrative expenses. It also includes a cost to update the Master Plan, which is needed for rate setting updates. These costs are shown in Table 4 below.

Table 4 – Administrative Costs Summary

Cost Factor	Unit Cost	Timing	Discounted Cost *
Financial Review	\$ 1,000	Annual	\$ 9,800
Master Plan Update	100,000	Year 10	78,100
SDC Rate Review	5,000	Year 5	4,400
Adjusted Cost			\$92,300

* - future costs are discounted to 2016 dollars using a discount rate of 2.5%

5. Contribution Credits

Two types of credits are considered in SDC programs. The first is a credit granted to developers when they build credit-eligible improvements that are listed in the park system capital improvement program. For example, a developer would be eligible for SDC credits for donating land and/or constructing a neighborhood park that is called for in the park system SDC capital improvement plan. These credits reduce the developer’s SDC obligation. The credit is calculated case-by-case and generally only applies on large-scale projects.

Forest Grove has a procedure in place for calculating SDC credits per this provision in the law. No change is proposed to that process.

The second type of credit is a general rate credit. This credit applies when existing or planned park system improvements will be financed in part with fees or property tax assessments paid by city residents. For example, if a city intends to build a park facility and pay half the cost using a property assessment, a credit would be calculated for the future tax contribution that new residents will be making through property assessments so that they are not taxed twice for the improvement.

No such credit is necessary for the park SDC rate in Forest Grove because City park improvements to meet existing service levels are not being financed with bonds backed by ad valorem taxes or City fees.

6. SDC Rate Calculation

Given that City only collects Park SDC fees from residential development, an SDC rate can be calculated on a per dwelling unit basis. The calculation uses an assumed average household size for Forest Grove based on the Comprehensive Plan⁴ and a historic average housing vacancy rate (5%) to estimate new dwelling units.

If new population / household size = new households, then $5,605 / 2.68 = 2,091$ new households.

If new Households x one plus the vacancy rate = new dwellings, then $2,091 \times 1.05 = 2,190$ dwellings.

The SDC rate per dwelling is calculated by summing all eligible park SDC costs and dividing that total by the estimated number of new dwelling units.

Table 5 - SDC Rate Calculation

Cost Factor	Amount
Park Land	\$ 3,400,000
Park Improvements	9,670,000
Admin	92,300
Total Eligible Cost	\$ 13,162,300
/ New Dwellings	/ 2,190
SDC Rate/ DU	\$ 6,010

⁴ Forest Grove 2014 Comprehensive Land Use Plan, Housing Element

D. Policy Questions and Recommendations

The City's Technical Advisory Committee (TAC) reviewed a number of policy questions related to the SDC fee. Their recommendations regarding these policies are summarized below for Council review and decision-making when the SDC methodology is reviewed and adopted.

Question 1: Should the City include undeveloped parkland in its park inventory?

Recommendation: Include the vacant land in the existing inventory.

Forest Grove's existing park inventory includes some undeveloped park acreage, such as the land adjacent to Thatcher Park and Lincoln Park. The TAC recommended we include this undeveloped parkland as part of the park system inventory. They did not recommend including the cost to improve this acreage as an additional system development cost. Doing so would increase the capital program by \$4,402,000 and the SDC rate by ~ \$2,190 per new dwelling.

Question 2: Should the City increase SDC fees in some parts of the UGB to upgrade park services in those areas?

Recommendation: Do not establish separate SDC fee zones in the City.

Forest Grove's existing level of service does not preclude the City from adopting higher park service standards in part of the City provided that the fees collected are paid by and principally benefit new residents within that area. Under this approach, the City could adopt a split-fee rate structure with higher park SDC fees in relatively undeveloped parts of its service area. The higher fees would generate revenue targeted for land acquisition and improvements in those areas under the assumption that proximity to the new facilities in those areas would benefit the new residents in those areas.

Clackamas Park and Recreation District, Hillsboro, and Tualatin Hills Park and Recreation District have used this approach to improve park services in areas with no parks and virtually no development. Citizens and developers supported the approach in those communities.

There are pros and cons to this approach. On the plus side, more SDC funds for park development would increase the quality of parks in newer residential areas within Forest Grove, which may be attractive to developers who value better parks for marketing purposes and by new residents who benefit from better parks. Conversely, this would create an equity issue and disparity in the quality of parks in newer and older areas. Also, the approach is more expensive to design and monitor and could prove divisive within a community the size of Forest Grove. Forest Grove used this approach in the past and found it expensive and difficult to implement.

Question 3: Should Forest Grove impose a different SDC rate for single-family and multi-family units?

Recommendation: Do not establish separate SDC rates for single-family and multi-family dwellings.

Some cities charge single-family residential (SFR) units higher SDC fees than multi-family units (MFR) based on the assumption that SFR imposes higher demand on public facilities. Research shows, for example, that per-capita trip rates, water use, and impervious surface area is greater for SFR units than for MFR units. The argument for higher SFR park SDC fees is that SFR has larger household size and more people equals more demand.

If the City were to take this approach, the park SDC rate would decrease for MFR and increase for SFR. We used census bureau household size differences for owner vs renter occupied units to estimate the impact. This is not a perfect proxy; some SF units are rented and some attached dwellings are owned. But this approach is a generally accepted for adjusting SDC fees to account for differences in household size between SFR and MFR.

Under this approach, the SDC rate would be calculated on a cost per person basis times estimated household size difference between SFR and MFR units in Forest Grove⁵. An adjustment was made to account for vacancies.

SFR persons/household: 3.14

MFR persons/household: 2.47

SDC Cost per person: $\$13,162,000/5,605 = \$2,003/\text{person}$

SFR Rate/DU: \$ 6,290

MFR Rate/DU: \$ 4,950

The TAC recommended against this approach because it conflicts with existing policy for other SDC fees. The impact of SDCs on housing affordability was noted but that issue should be addressed separately and comprehensively by City Council.

Question 4: Should Forest Grove adjust Park SDC fees annually using an index formula?

Recommendation: Yes, include an index in the methodology that adjusts rates annually.

ORS 223.304(8) allows jurisdictions to adjust SDC rates based on an index. The purpose is to protect against inflation risk and very large fee increases to catch up. Park development involves general construction and land acquisition costs. Some communities use a blended index formula to adjust land and construction costs separately. Other cities take a simpler approach and just use a construction index, which is easier to administer. Neither method

⁵ Source: Affordable Housing On-line: <http://affordablehousingonline.com/housing-search/Oregon/Forest-Grove/>

ensures that the indexed fee will remain in parity with actual costs over time. The program should be reviewed at regular intervals to make sure that rates are consistent with current development costs.

The TAC reviewed different approaches and recommended the Engineers News Record Construction Index for Seattle. The ENR Construction index is more sensitive to development cost trends than the U.S. Department of Commerce Consumer Price Index (CPI). The ENR index for Seattle is the closest region for which a construction cost index is available.

The TAC did not recommend preparing a blended land and construction cost index. The City owns a significant share of the land it needs for future parks. Preparing a local land cost index requires an annual commitment of staff time. At the margin, the difference in the cost adjustments for land and improvements is not likely to be that significant, especially if the City reviews SDC rates every 5-years.

Forest Grove’s park SDC rate is not indexed at present. The TAC asked what would the effect have been had rates been indexed in 2002? The following table considers that effect for the adopted rate, for the recommended 2002 rate, and for an adjusted rate that excludes costs related to non-residential development.

<u>2002 Options</u>	<u>Amount</u>		<u>ENR Index Change</u>		<u>2016 Indexed Amount</u>
Adopted Rate	\$2,000	X	1.399	=	\$2,800
Recommended	\$6,587	X	1.399	=	\$9,222
Only Residential	\$5,665	X	1.399	=	\$7,930
2016 Proposed Park SDC Rate					\$6,010

This analysis illustrates that the City had a significant loss of revenue compared with what it could have collected in park SDC fees. Second it shows the effect of not setting rates in line with actual levels of service. The decision in 2002 to discount park SDC rates resulted in a decline in park service levels caused by deferred capital investment. This can be seen in the difference in the amount of the recommended 2016 SDC fee and the indexed 2016 Residential Only rate. Third, while the recommended 2016 rate is less than what the indexed recommended 2002 rate would now be, the proposed rate is comparable with rates charged by other suburban Metro jurisdictions shown in Table 6 below.

Question 5: Should Forest Grove discount its Park SDC rates in an effort to attract development?

Recommendation: The City should not discount its SDC rates. Lower fees do not support increased development and reduce the park level of service provided.

Economic research by the University of Oregon⁶ regarding the effect of SDC rates on development showed no correlation between discounted SDC fees and increased development trends. Developers are more concerned with land rent and rates of return on investment than on local development fees. Bend and Portland, for example, have among the highest SDC fees in the state and both have growth rates that are in line with neighboring jurisdictions whose SDC rates are much lower. Looking at SDC rates in isolation, it may be tempting to assume lower fees deliver a competitive advantage. At the margin, however, these fees make up a small fraction of overall development costs and reducing them does not provide enough incentive for developers to alter their geographic location plans. On the other hand, a higher level of park development supports a higher quality of community livability that is attractive to employers and new residents potentially looking to relocate to Forest Grove.

For comparison, the following table shows park SDC rates for other Metro area suburban cities.

Table 6: Comparison of Suburban Park SDC Rates

Jurisdiction	SFR Rate	Non-residential Fee?	Dwelling Type Fees?	Indexed Fee?
Beaverton ¹	\$16,047	Yes	No	Yes
Hillsboro ²	Variable	No	No	Yes
King City	1,627	No	No	No
Lake Oswego	11,650	Yes	No	No
Milwaukie	3,895	Yes	No	No
No Plains	3,910	No	No	No
THPRD ³	Variable	Yes	Yes	Yes
Tualatin	3,892	No	No	Yes
Wilsonville	3,221	Yes	No	No

Source: League of Oregon Cities 2013 SDC Survey except Hillsboro and THPRD, which reflect current rates

1 Beaverton imposes a separate \$5,247 park fee in addition to THPRD fees.

2. Hillsboro's Park SDC fees vary from \$4647 on older neighborhoods to \$8600 in So. Hillsboro.

3. THPRD's Park SDC fee is 10,800 in most of the district but increases to \$12,790 in Cooper Mt. and \$12,695 in Bethany.

⁶ http://economics.uoregon.edu/wp-content/uploads/sites/4/2014/07/DelSavio_Eugenio_Mulkey_SDC_2014.pdf

E. SDC Methodology Adoption and Implementation

There are specific notification requirements related to the modification of SDC fees and methodologies. This section summarizes the process that Forest Grove should follow to update its Park SDC program. Before considering the updated methodology, the City should first adopt the *Parks, Recreation and Open Space Master Plan*. The *Forest Grove Parks, Recreation and Open Space Master Plan* includes important information regarding demand forecasts as well as estimated costs to develop park facilities like the ones that City residents currently enjoy. It is important that these parameters are established prior to updating the SDC fee program, which relies on them.

Many of the capital projects listed in the Master Plan will be 100% eligible for SDC funding, such as proposed new Neighborhood Parks, new development in Community Parks, and new Open Space, Greenway, and Trails facilities. But not all proposed improvements in the Master Plan are SDC eligible. A capital improvement project list should note SDC-eligible projects.

The SDC implementation process is proscribed by state law.

ORS 223.304(2) states that an improvement fee must:

(a) Be established or modified by ordinance or resolution setting forth a methodology that is available for public inspection and demonstrates consideration of:

(A) The projected cost of the capital improvements identified in the plan and list adopted pursuant to ORS 223.309 that are needed to increase the capacity of the systems to which the fee is related; and

(B) The need for increased capacity in the system to which the fee is related that will be required to serve the demands placed on the system by future users.

(b) Be calculated to obtain the cost of capital improvements for the projected need for available system capacity for future users.

ORS 223.309(1) states that:

Prior to the establishment of a system development charge by ordinance or resolution, a local government shall prepare a capital improvement plan, public facilities plan, master plan or comparable plan that includes a list of the capital improvements that the local government intends to fund, in whole or in part, with revenues from an improvement fee and the estimated cost, timing and percentage of costs eligible to be funded with revenues from the improvement fee for each improvement.

An ordinance for adopting the Park SDC Methodology should include the methodology outlined in Section C of this memo, or as modified during the methodology review period. It should make specific references to the adopted Master Plan regarding level of service and capital improvement cost calculations that are applicable to the fee. It also should reference the planning basis for the park need calculations in the Master Plan and their relation to the city's comprehensive land use plan.

The ordinance needs to include the list of planned capital improvements that will be funded in whole or part with SDC funds (the 309-list). The SDC eligible percentage needs to be listed for each capital improvement project for which SDC funds will be used. The SDC eligible percentage for some projects may be less than 100%. This could occur if the Master Plan recommends levels of service for certain categories of park facilities that are greater than the levels of service City residents currently enjoy, or if the scope of a project also includes capital replacement work. The City will need to identify alternative funding sources to finance the cost-share that falls outside the allowed limits for SDC funding.

ORS 223.304 also requires that:

(6) Any local government that proposes to establish or modify a system development charge shall maintain a list of persons who have made a written request for notification prior to adoption or amendment of a methodology for any system development charge.

(7)(a) Written notice must be mailed to persons on the list at least 90 days prior to the first hearing to establish or modify a system development charge, and the methodology supporting the system development charge must be available at least 60 days prior to the first hearing. The failure of a person on the list to receive a notice that was mailed does not invalidate the action of the local government. The local government may periodically delete names from the list, but at least 30 days prior to removing a name from the list shall 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.

(b) Legal action intended to contest the methodology used for calculating a system development charge may not be filed after 60 days following adoption or modification of the system development charge ordinance or resolution by the local government. A person shall request judicial review of the methodology used for calculating a system development charge only as provided in ORS 34.010 to 34.100.

Local procedures that comply with these requirements should already be in the City's general SDC program ordinance. Immediately following the Master Plan's adoption, the City should notify persons on its "list of interested persons" that it intends to modify the Park SDC program. It may at the same time but no less than 60 days prior to the first ordinance hearing notify persons on the list of the hearing date and indicate where review copies of the proposed new methodology may be obtained.

During the review period, the City may invite special interest groups to meet and comment on the proposed SDC fee amendments. Comments from groups such as the Portland Area Homebuilders, the Forest Grove Chamber of Commerce, the School District, and community-based recreation groups will help City Council determine an appropriate SDC rate for this community.

The following conceptual timeline outlines the review and adoption process for the SDC Methodology Amendments. This timeline is contingent upon the City’s schedule for adopting the Master Plan.

Table 7 – SDC Implementation (Pro-forma Timeline)

Date	SDC Methodology Update Step	Comment
10/25/16	Publish Notice of Intent to update SDC Methodology.	This notice may be published prior to the date the City adopts the Park Master Plan in order to expedite the adoption process.
10/25/16	Mail 90-day notice of the City’s intent to update its Park SDC Methodology to persons on the City’s SDC notification list.	This written notice must be sent 90 days prior to the first hearing to modify the SDC fee methodology. See ORS 223.304(7)(a).
11/24/16	Send notification about where the proposed SDC program modifications may be viewed at least 60-days prior to public hearing.	At the City’s discretion, this information may be included in the 90-day notice.
TBD	Informational meetings with stakeholder groups.	The City may elect to hold informational meetings with stakeholder groups, such as homebuilders, recreation interest groups, and the school district. These meetings are not required.
TBD	City Council Park SDC Work Session	The City Council may wish to review the proposed SDC changes with staff in work session prior to formal hearings. Work sessions are subject only to legislative agenda notice requirements. They are not subject to the notice requirements in ORS 223.304(7)(a).
1/23/17	City Council Park SDC Methodology Update Hearing	This date is 90 days after the 10/25/16 notice date and is the first date that a hearing could take place. The hearing may take place after this date provided notice has been provided per ORS requirements.
3/24/17	SDC Judicial Review filing period expires	After this date, if no objections have been filed to the updated methodology and fees, the methodology may not be challenged.

The SDC amendment timeline reflects an ideal timeline that conforms precisely to the requirements in the statute. The City may choose to follow a more relaxed timeline. The methodology update may not occur more quickly than shown here because of statutory requirements.



CITY OF FOREST GROVE, OREGON



Parks, Recreation and Open Space Master Plan

Executive Summary

Adopted November 2016

ATTACHMENT B:





www.migcom.com

EXECUTIVE SUMMARY



The ballfield at Thatcher Park is one of many Forest Grove park amenities that support community livability.

Described as one of “the coolest suburbs” in America’s 35 biggest metro areas,¹ Forest Grove combines small town charm with university-caliber opportunities, good restaurants, prospering businesses, and family homes. It has an attractive park system that was built through the efforts of a tight-knit community, with City parks and recreation services supported through partner collaborations, voter-approved funding, volunteer projects, and donations.

This support has been critical since 2002, when the previous *Parks, Recreation and Open Space Master*

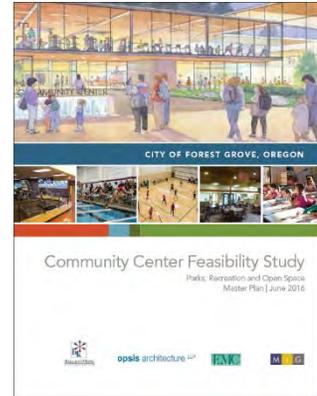
WHY PLAN?

Forest Grove residents want more parks and a greater variety of recreation opportunities. This Master Plan provides guidance to build and maintain the desired park system, while considering the community’s willingness to support parks through partnerships, donations, volunteerism and voter-approved funding measures.

¹ <https://www.thrillist.com/travel/nation/best-suburbs-in-america-the-best-suburb-in-35-american-cities?ref=facebook-869>

Plan was adopted. Many of the City’s beloved parks and trails were developed or improved because of the City’s ongoing collaboration with residents and partners to fund priority park projects.

While that support has never wavered, much has changed in the last 14 years. A new roadmap is needed to guide investment in the park system. The 2016 *Parks, Recreation and Open Space Master Plan* (Master Plan) re-evaluates community priorities to provide decision-making guidance for the acquisition, development, renovation, maintenance and activation of parks and recreation facilities. It presents a 10-year plan for park and recreation investments.



The Master Plan incorporates findings from the Community Center Feasibility Study.

COMMUNITY VALUES AND VISION

Community leaders, residents, park users, recreation interest groups, recreation providers and key City staff were integral to the planning process. A variety of outreach activities were conducted to make sure different viewpoints were represented in the Master Plan. This broad-based community

feedback helped update the core values, vision, mission and goals that are the underpinnings of plan recommendations. It also guided decisions about the right level of park investment to make and about which projects to advance to support community priorities.

The following community values, which emerged from community comments, drive this plan: **access for all, one community, stewardship** and **community livability**.

With a population 23,360, Forest Grove has a higher percentage of children/youth and Hispanic/Latino residents, as well as a lower median income, than other cities in Oregon. Affordable recreation options are important as the City provides inclusive recreation opportunities. A forecasted growth of 5,600 residents in the next 10 years will significantly increase needs for parks, recreation facilities and programs.

MASTER PLAN INVOLVEMENT

Activity	#
Stakeholder Interviews	4
Online Questionnaire	488
Sports & Recreation Focus Group	15
Hispanic-Latino Focus Group	12
Community Workshops	20
Telephone Survey	220
Citizen Advisory Committee (CAC)	20
Technical Advisory Committee (TAC)	5
TOTAL	784

COMMUNITY’S VISION

A system of parks, recreation facilities, trails and programs that serves the entire community, reflects the character of Forest Grove and protects our natural resources.



Residents of all ages, cultures, incomes and a variety of interests appreciate Forest Grove's parks, programs and community events.

SYSTEM AND SITE RECOMMENDATIONS

The *Parks, Recreation and Open Space Master Plan* identifies broad strategies to enhance park and recreation opportunities city-wide. It presents action items in the following areas:

- **Parks and facilities:** Enhance existing parks and facilities and develop new ones to provide engaging community recreation and social spaces that meet the needs of Forest Grove residents now and as the population grows.
- **Open space, greenways and trails:** Protect natural resources and provide trails to connect people to parks, open space and community destinations.
- **Recreation programs and services:** Activate parks and facilitate and coordinate recreation programs and events for Forest Grove residents.
- **Maintenance and stewardship:** Maintain and replace assets in a sustainable manner. Preserve Forest Grove's historical and cultural heritage, including the tree canopy and natural resources.
- **Collaborative management and partnerships:** Work collaboratively with others to maximize the benefits of the park and recreation system. Involve volunteers, partners, businesses and other agencies to deliver recreation opportunities through shared resources, partnerships and joint use agreements.

The Master Plan also presents design options for each site. The site diagrams (such as the one at the right) take into account community feedback, partnership and programming opportunities to provide direction for updating parks when individual facilities are replaced or new parks are developed.



FOREST GROVE PARKS, RECREATION AND OPEN SPACE MASTER PLAN

Based on these recommendations, the Master Plan indicates which sites need major or minor enhancements,² as well as where new parks are needed. It also suggests ways in which the City could pool resources with partners to increase recreation options. Park projects are proposed across the City to improve recreation opportunities for all (see map on next page). These include recommendations to enhance or provide the following:

- **Community parks:** These larger parks provide a variety of active and passive recreational opportunities for all residents. These parks typically support large group gatherings and protect natural resources.
- **Neighborhood parks:** These small parks provide recreation and play space within biking or walking distance of nearby neighbors.
- **Special use parks:** These parks and recreation facilities provide a unique recreation opportunity for the entire City. Examples include downtown plazas, historic properties, and sports complexes.
- **Open space, greenways and trails:** These natural areas, trailheads and trail corridors support resource protection, outdoor recreation and/or trail use.
- **Partner sites:** The City may support recreation by pooling resources or funding projects at sites owned by partner organizations such as Metro, the Forest Grove School District or Clean Water Services.
- **Additional projects and programs:** In addition to the projects shown on the Park System Map, a downtown plaza and community recreation center are recommended in the long-term, although suitable sites have not yet been identified. The Master Plan also recommends initiating pilot recreation programs, hiring a recreation coordinator, offering more community events and improving park maintenance.

The City would need more than \$90 million in 10 years implement all of these projects and programs. This includes approximately \$12.3 million to enhance existing parks; nearly \$38 million³ to acquire and develop a new community park and recreation center; and \$15.7 million to develop other new parks as recommended. It also includes \$2.1 million annually to maintain all sites once developed, and up to \$775,000 annually to provide recreation programs and events. This is more than the community wants to invest in its park and recreation system at this time.



Park renovations and development may support new recreation options for Forest Grove residents.

² Major enhancements address approximately ½ of the park, while minor enhancements address approximately ¼ of the site.

³ See the *Community Center Feasibility Study* for details on this cost.

Forest Grove Parks, Recreation and Open Space Master Plan

EXISTING PARKS AND TRAILS

-  Multi-use Trail
-  Pedestrian Trail
-  Community Park
-  Neighborhood Park
-  Special Use Park
-  Open Space, Greenways and Trails

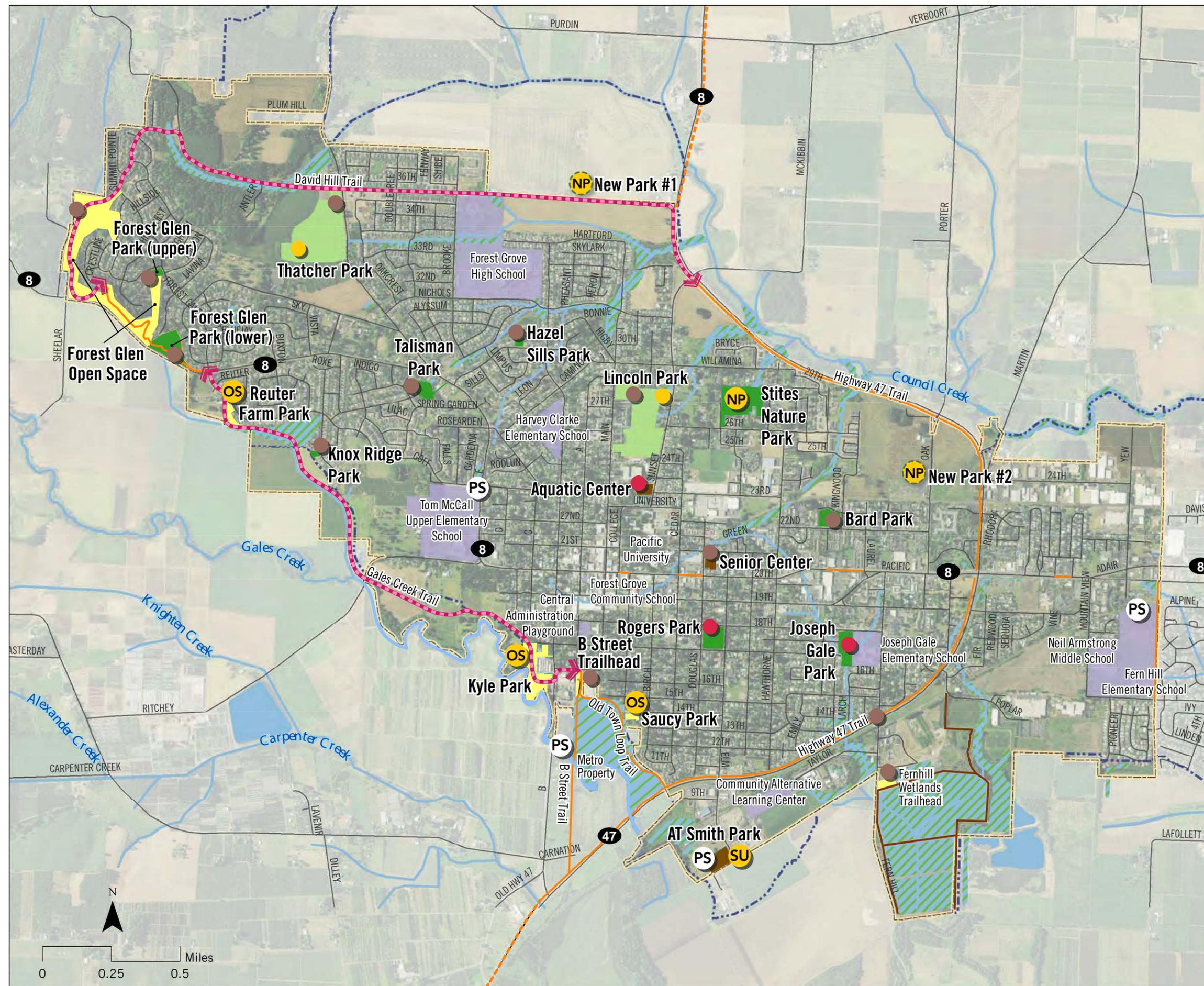
PROPOSED PARKS AND TRAILS

-  Proposed Multi-use Trail
-  Planned Metro Multi-use Trail
-  Proposed Neighborhood Park
-  Proposed Special Use Park
-  Proposed Partner Site
-  Proposed Open Space
-  Provide Major Enhancements
-  Provide Minor Enhancements
-  Develop Park or Trail
-  Improve Partner Site
-  Acquire Land (somewhere in this vicinity)

OTHER FEATURES

-  Forest Grove City Limits
-  Urban Growth Boundary
-  Streets
-  Wetlands
-  Water Feature
-  School Parcel

Proposed Park System



10-YEAR IMPLEMENTATION PLAN

The Master Plan introduces a 10-year implementation plan for City leaders and residents to consider when making decisions about park and program funding. The 10-year plan incorporates priority projects as identified by the Citizen Advisory Committee and residents through a statistically-representative Parks and Recreation Telephone Survey. These priorities include:

- **Protect existing investments:** Ensuring that parks are well-maintained and in good condition is the top funding priority. A majority of survey respondents supported a new tax measure to fund repairing existing amenities and facilities, taking care of urban trees, and improving the upkeep of existing assets.
- **Prioritize low-cost options to enhance recreation opportunities:** The second priority is investing in low-cost park development or site improvements with high community benefits.
- **Enhance existing recreation programs and community events:** Residents also indicated a willingness to support investments in more afterschool programs and activities for youth, more program and events for adults and families, plus scholarships and better information about existing programs.
- **Consider different funding options to develop more parks and trails:** Both survey results and earlier outreach results suggested that residents want a variety of park projects, as long as the City does not have to raise taxes to implement them. More than 57% of survey respondents indicated it was important for the City to develop its vacant park sites. However, there wasn't support for increasing taxes substantially to fund these projects.

COMMUNITY FUNDING SUPPORT

Telephone Survey findings suggest that residents may be willing to support an annual tax increase of \$25 - \$50 per year for the average homeowner, which would generate \$150,000 - \$300,000 annually to take care of existing parks, provide more programs and events, and invest in minor park enhancements.

Depending on funding decisions made by Council—and the willingness of voters to renew existing levies or support future tax measures—the City may have between \$10 million and \$24 million to invest in capital park projects. The table that follows provides a list of top funding priorities within this range of available funds. Projects are divided into two categories:

- **Primary Projects:** These projects are the most important to implement in 10 years to take care of high-use parks and improve recreation opportunities in underserved areas. They include approximately \$17 million in projects, focusing on existing park projects and renovation (\$9.7 million) and proposed parks and access improvements in underserved areas (\$7.2 million).
- **Desired Projects:** If funding is available, these second-tier projects would help address recreation facility needs and refresh aging parks and facilities. Together these cost approximately \$7.4 million.

Public outreach findings indicate that residents want a higher level of service. More funding will be needed to meet community demands for a greater variety of recreation options. City Council and staff should consider a variety of funding options to achieve community goals.

CAPITAL FUNDING STRATEGIES

To implement priority projects associated with a 10-year plan, City Council and staff should consider several options to fund capital projects:

- **Increase the SDC rate:** To provide parks at the current level of service as the community grows, the City should consider increasing revenues from System Development Charges (SDCs) to meet the needs of new residential development. SDCs are one-time fees imposed on new residential development to address the impacts this growth will have on the park system.
- **Increase the Facilities Major Maintenance Fund:** As the Aquatics Center and Senior Center continue to age, additional funds will be needed for major repairs to keep these buildings operational. Additional dollars from the Facility Major Maintenance Fund could support these facilities.
- **Leverage partnerships, donations and easements to reduce costs:** City leaders should continue working together to explore opportunities to advance community or partner-supported projects. Crowdfunding, fundraising, land swaps and donations, joint facility development, trail easements (rather than land acquisition at market costs) have been important project resources in the past and would support a higher level of service if increased in the future.
- **Revisit a voter-approved bond measure:** The Telephone Survey suggested that there is community support for a small tax measure. If the City pursues a bond to finance other City projects such as a new police station, it may consider a funding package that includes funds for key park projects. In time, if community demand increases for park improvements and development, the City may find it valuable to re-test community support for a larger tax measure.
- **Apply other funding sources:** The City should evaluate all other potential funding sources. For example, the Public Arts Donation Fund may be able to support the sculpture garden at Lincoln Park. Naming rights could be sold for major new facilities such as an event pavilion (recommended at Lincoln Park) or amphitheater (at A.T.Smith Park). Other funding sources and grants could augment what City funds alone can provide.

OPERATIONS FUNDING STRATEGIES

In addition to the capital dollars, greater operations funding will be needed to maintain new parks and facilities, increase the maintenance level of service at high-use parks, and coordinate programs and events. The following options could be considered to expand operational dollars:

PROPOSED 10-YEAR PLAN: PRIMARY AND DESIRED CAPITAL PROJECTS

	Acres	Park Type	RECOMMENDATIONS					Estimated Capital Cost	
			Acquire Land	Develop Park or Trail	Provide Minor Enhancements	Provide Major Enhancements	Add Facility through Partnership		
PRIMARY PROJECTS: the most important projects to take care of high-use existing parks and improve recreation opportunities in underserved areas.									
Existing Parks	LINCOLN PARK	25.8	CP	•	•			Improve north end of park as a play, event and social gathering space. Create a plaza with water feature between play area and sculpture garden/natural area. Repurpose BMX track to provide a destination playground including sand and water play features and climbing areas. Upgrade restroom and replace central picnic shelter with reservable event pavilion to support large group gatherings, sports tournaments, comments events and festivals and social occasions such as outdoor weddings in the adjacent garden. Develop area with a new entry (parking, signage, access paths) from Sunset Drive. Create a natural area and sculpture garden with a boardwalk, trail and other interpretive elements added near the wetlands.	\$ 14,100,000
	THATCHER PARK	9.5	CP	•	•			Add a natural play area, terraced community gardens, reservable picnic shelter and additional parking. Provide soft-surfaced trails, self directed interpretive elements, and seating/viewpoints through the woods. Acquire dog park site to permanently incorporate this area into the park.	\$ 5,900,000
	JOSEPH GALE PARK	3.8	NP				•	Repurpose the T-ball field to support social and educational gatherings, providing a picnic shelter, community table and updated restroom. Add play elements near this social space, such as climbing wall, outdoor ping pong and bocce. Add natural elements to the existing play area, and improve connections to the school.	\$ 564,000
	ROGERS PARK	3.7	NP				•	Enhance park to embrace play and social gatherings for all ages, incorporating Anna and Abby's Yard (memorial play area), an open central plaza with seatwalls, water spray ground, nature play area, teen play area, a reservable picnic shelter, barbecue, a restroom and additional small sport courts.	\$ 550,500
	FOREST GROVE AQUATIC CENTER	3.0	SU				•	Maintain and repair the aquatic center to continue providing revenue-generating aquatics programs. Continue to monitor facility condition over the long term.	\$ 750,000
	FOREST GROVE SENIOR CENTER	1.3	SU				•	Explore options and minor enhancements to provide additional programming at this facility.	\$ 162,500
	FERNHILL WETLANDS TRAILHEAD	0.9	OSGT				•	Maintain trailhead, restroom and shelter. Repair facilities as needed.	\$ 45,000
	HIGHWAY 47 TRAIL	9.1	TC				•	Resurface trail and add or replace benches where needed.	\$ 455,000
	FACILITY RE-INVESTMENT & DEFERRED MAINTENANCE						•	Establish a fund to repair and replace worn, broken or damaged amenities and facilities in parks where needed. This allows the City to address unexpected repairs or issues immediately.	\$ 500,000
<i>Existing Primary Projects Subtotal</i>		57.0							\$ 23,027,000
Proposed Parks	SAUCY PARK	0.5	OSGT		•			Develop as an access point to the Old Town Loop Trail. Provide picnic tables, seating options, interpretive features, a natural play area, and natural plantings.	\$ 100,000
	STITES NATURE PARK	10.9	NP		•			Develop as the City's first "naturehood" park, protecting natural elements and serving surrounding neighbors. Provide a parking area and information/interpretive kiosk at the main entrance, adding a picnic shelter and restroom adjacent to the nature play area. Include walking paths, a soft-surfaced loop trails, meadow, wetland plants, viewpoints, interpretive signage, boardwalk, views to the water and nature learning opportunities throughout the site.	\$ 2,616,000
	NEW NEIGHBORHOOD PARK # 1 (David Hill North)	6.0	NP	•	•			Develop as neighborhood park with playground, sports courts (basketball, futsal), small picnic shelter, and practice soccer field.	\$ 3,000,000
	DAVID HILL TRAIL	5.1	OSGT	•	•			Acquire land or easement and develop this segment of the multi-use regional trail, connecting the B Street Trailhead to Kyle Park, Knox Ridge Park, Reuter Farm Park, and Forest Glen Park. [Length: 3.1 miles (16,368 feet)]	\$ 1,530,000
<i>Proposed Primary Projects Subtotal</i>		22.5							\$ 7,246,000
<i>Primary Projects Subtotal</i>		79.5							\$ 30,273,000

	Acres	Park Type	RECOMMENDATIONS					CAPITAL COSTS	
			Acquire Land	Develop Park or Trail	Provide Minor Enhancements	Provide Major Enhancements	Add Facility through Partnership	Estimated Capital Cost	
DESIRED PROJECTS: second-tier projects that would help address recreation facility needs and refresh aging parks and facilities.									
Existing Parks	THATCHER PARK (Existing Park Enhancements)	16.0	CP			•		Create an entry plaza to provide access from the proposed multi-use regional trail along David Hill Road. Connect existing features to Phase 2 park development.	\$ -
	BARD PARK	2.8	NP			•		Add a permanent restroom, a community table, more seating, additional picnic tables, and nature play and teen play features such as a climbing wall and small court sports.	\$ 213,000
	TAILSMAN PARK	2.3	NP			•		Enhance play area with more open-ended, free play features. Provide a covered picnic shelter and gathering in the north and an opportunity to add park games and a community table to the south near the gazebo.	\$ 172,500
	<i>Existing Desired Projects Subtotal</i>		<i>21.1</i>						
Proposed Parks	NEW NEIGHBORHOOD PARK # 2 (Oak Street)	2.5	NP	•	•			Develop as mixed use park with plaza/seating area, play elements, low impact sports courts (e.g., bocce, shuffleboard, pickleball), picnic area, and raised community garden.	\$ 1,250,000
	A.T. SMITH PARK (City)	3.2	SU	•				Develop this site to include community garden beds, a tree covered parking area, an event pavilion and an open area to host classes and programs. (See partnership opportunities related to park land owned by the Friends of Historic Grove.)	\$ 1,600,000
	A.T. SMITH AMPHITHEATER (FHFG)	2.2	PS				•	Develop amphitheater in conjunction with other improvements made by FHFG.	\$ 350,000
	NEIL ARMSTRONG MS SPORTS FIELDS	7.5	PS				•	Improve four ballfield complex, adding two multi-purpose rectangular sports fields as overlays in the outfields. Provide access paths, a permanent restroom and support amenities.	\$ 1,250,000
	SCHOOL SPORTS FIELD PROJECTS	2.1	PS				•	Consider options to add one multi-use rectangular field at Tom McCall Upper Elementary School. Also coordinate with the School District in addressing other sports fields needs, such as field lighting at Forest Grove High School and the development of new athletic facilities at the proposed school in the David Hill/North Forest Grove area.	\$ 200,000
	GALES CREEK TRAIL	7.5	OSGT	•	•			Acquire land or easement and develop this segment of the multi-use regional trail, connecting Forest Glen Park to Thatcher Park, Forest Grove HS, a proposed new neighborhood park and the Highway 47 Trail. [Length: 2.1 miles (11,088 feet)]	\$ 2,250,000
<i>Proposed Desired Projects Subtotal</i>		<i>25.0</i>							<i>\$ 6,970,631</i>
<i>Preferred Projects Subtotal</i>		<i>46.2</i>							<i>\$ 7,356,131</i>
TOTAL COSTS FOR PRIMARY AND DESIRED PROJECTS									\$ 24,709,131

Notes: CP = Community Park; NP = Neighborhood Park; SU = Special Use; OSGT = Open Space, Greenway and Trail, PS = Partner Site

- **Apply additional General Fund dollars towards operations:** The City should explore options to increase General Fund support for park operations. By ensuring that major facility repairs and renovations are funded through a renewed Facilities Major Maintenance Fund, that frees up additional General Fund dollars for tasks such as the day-to-day park maintenance or the development/consolidation of recreation information in a website.
- **Renew the local option levy:** The City has relied on a local option to levy to support park maintenance and other City services. This fund is up for renewal and will need voter approval. Maintenance costs will increase as facilities age and new park amenities and facilities are brought online, so renewal or potentially increasing these maintenance funds will be important.
- **Expand and focus the Community Enhancement Fund on program initiatives:** In 1990, the City established the Community Enhancement Fund based on a per-ton fee charged on solid waste disposed at the Forest Grove Transfer Station. Non-profit groups and City-sponsored committees can apply to use these funds for recreational improvements and increased programming that benefit youth, seniors, low income persons and/or underserved populations. As part of the pilot effort to increase recreation programming and events, recreation providers and non-profits should be encouraged to apply for funds to increase recreation services and events. The long-term goal is to transition these pilot programs into fee-based recreation programs that continue to be held in parks without a future subsidy.
- **Consider a recreation/event operational levy:** As demand and support for recreation grows, the City may consider asking voters to approve a small tax measure (e.g., \$25 - \$50 annually for the average homeowner) to fund a recreation staff position and increased community events and programs.
- **Provide fee-based programs and reinvest revenues:** The City should consider initiating the pilot investment in recreation programs and events, charging fees to recover facility use costs for programs. Any revenues generated can be reinvested into additional programs.

PLANNING FOR THE FUTURE

In the past, the community has rallied to create a park and recreation system that enhances their quality of life. Community support will continue to be important as residents, City leaders, staff, businesses, non-profits and key partners all work together to implement the 10-year plan for parks, recreation, trails and open space. This collaboration will allow Forest Grove to achieve its vision for the future.



A partnership between the City and Pacific University supports many park facilities such as this stadium at Lincoln Park.



A place where families and businesses thrive.

<i>CITY RECORDER USE ONLY:</i>	
AGENDA ITEM #:	<u>6</u>
MEETING DATE:	<u>8-14-17</u>
FINAL ACTION:	<u>2006-39</u>

2017-56
approved
section 2

CITY COUNCIL STAFF REPORT

TO: *City Council*

FROM: *Jesse VanderZanden, City Manager*

PROJECT TEAM: *Tom Gamble, Director, Parks and Recreation
Paul Downey, Director, Administrative Services*

MEETING DATE: *August 14, 2017*

SUBJECT TITLE: *Report and Resolution on Setting Park System Development Charges for the City of Forest Grove and Adopting the Methodology Study and Repealing Resolution No. 2006-39*

ACTION REQUESTED:	<input type="checkbox"/> Ordinance	<input type="checkbox"/> Order	x	<input checked="" type="checkbox"/> Resolution	<input type="checkbox"/> Motion	<input type="checkbox"/> Informational
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X all that apply

ISSUE STATEMENT: The City Council is being asked to consider an increase to the Parks System Development Charge (SDC) from \$3,000 to \$6,010 per dwelling and to adopt the methodology substantiating the increase based on an update to the Capital Improvement Plan (CIP) included in the adopted Parks, Recreation and Open Space Master Plan and to the SDC methodology that establishes the SDC.

BACKGROUND: The Parks SDC program was enacted in June 2002 by ordinance. This ordinance is an enabling document that outlines how and when the fee is collected, establishes procedures for granting SDC credits, and sets up other required program features. The ordinance states that the park system fee methodology and the SDC amount shall be adopted by resolution.

On June 24, 2002, the Council passed Resolution 2002-36, which adopted the Park SDC fee methodology and established an SDC fee of \$2,000, below the \$4,950 recommended in the methodology. That resolution was rescinded in 2006 and replaced by Resolution 2006-39, which retained the methodology and raised the SDC fee to \$3,000. The City has not altered its park system SDC rate since 2006.

SDC fee programs are regulated by State Law under ORS 223.297 et seq. SDC fees may be collected for a number of public infrastructure improvements including parks systems. A local SDC fee methodology must be adopted for each SDC fee that is collected. The fees are designed to offset the cost to expand public infrastructure that benefits new development – in this case city-owned parks. SDC fees must be spent on capital improvement projects and may not be used for operations and maintenance.

THE PARKS MASTER PLAN AND ITS RELATIONSHIP TO SDC'S: The current Parks, Recreation and Open Space Master Plan was recommend for approval by the Parks and Recreation Commission and approved by City Council in November, 2016. The Plan was adopted after an extensive public outreach that included the Capital Improvements Program (CIP). Outreach included responses from over 800 community members collected by several methods including a telephone survey, online survey, and community workshop conducted in both English and Spanish. This process was the foundational work to establish the community's vision: *"A system of parks, recreation facilities, trails and programs that serves the entire community, reflects the character of Forest Grove and protects our natural resources."*

The CIP in the Master Plan established Site Recommendations to increase recreational activities for our community. These are highlighted by the following elements:

- Complete development of community parks
- Develop park properties currently undeveloped.
- Acquire and develop two new parks in unserved areas.
- Finish the Loop Trail.

Each of these elements are factors included in the methodology for a new SDC rate.

Attached (Exhibit A) is the Forest Grove Park System SDC Methodology Update, provided by DHC Planning. This document provides the overview for the recommendations at the end of this staff report. Salient sections of the report include:

- Park SDC Methodology Outline.
- Proposed Forest Grove Park System Methodology.
 - Levels of Service (LOS) Analysis. (Table 1)
 - Future Demand. (Table 2)
 - Improvement Fee Cost Basis.(Table 3)
 - Administrative Costs (Table 4)
 - Contribution Credits
 - SDC Rate Calculation (Table 5)
 - Comparison of Suburban Park SDC Rates (Table 6)

On February 27, 2017, the City Council held a joint work session with the Parks and Recreation Commission to discuss the proposed SDC changes. During the work session, there was general consensus to implement the following policy questions:

1. Should the City have areas/zones and separately account for fees collected in those zones which could include higher fees in certain areas of the city? The general consensus was to continue the current practice and place collected SDC fees in one account for the entire city.
2. Should the City include undeveloped parkland in its park inventory? The general consensus was to include undeveloped land in the inventory.
3. Should the City impose a different SDC rate for single-family and multi-family units? The general consensus was to continue the current policy of charging one rate for all dwellings.
4. Should the City establish a non-residential SDC fee? The general consensus was to continue the current policy and not charge a non-residential fee.
5. Should the City adjust Park SDC fees annually using an index formula? The general consensus was that if an index was adopted to use the Engineers News Record

Construction Index for Seattle, the nearest index and the one currently used for water rates. Automatic annual indexing would probably require a change in the Parks SDC ordinance.

6. The SDC Methodology and Parks Capital Improvement Plan (CIP) were presented and \$6,010/dwelling unit was discussed as the amount necessary to fully implement the CIP in the Master Plan. The general consensus was to publish \$6,010/dwelling unit recognizing that publishing the total amount allowed the City Council to consider any SDC amount ranging from the current SDC to the published SDC.

SDC COMPARISONS TO OTHER MUNICIPALITIES: If increased to \$6,010 per dwelling, Forest Grove's SDC would be the 5th highest out of 10 local area SDC's, as noted below.

Beaverton	\$16,047
Lake Oswego	\$11,650
Tualatin P/R District	\$10,800
South Hillsboro	\$8,600
Forest Grove	\$6,010
Hillsboro	\$4,647
Wilsonville	\$5,374
Tualatin	\$5,170
Milwaukie	\$3,985
North Plains	\$4,725

Several of these other municipalities charge a non-residential SDC in addition to a residential SDC. Beaverton, Lake Oswego, Tualatin P/R District, Hillsboro, Milwaukie and Wilsonville are agencies that charge a non-residential SDC.

PUBLIC NOTIFICATIONS AND COMMUNICATIONS: Based on the Work Session, the "Notice of Public Hearing" was published in the NewsTimes on May 10, 2017, in compliance with State Law. Additionally, the SDC methodology update and the adopted Master Plan was placed on the City of Forest Grove Parks and Recreation website and the information was sent to all stakeholders lists.

Per their request, staff has discussed the SDC methodology and Master Plan with the Homebuilders Association. The Homebuilders had several suggestions but had no concerns related to the methodology or CIP plan. The Homebuilders expressed a desire to phase in any potential SDC increases so as not to affect home buyers currently under contract and to allow for adaptation to market conditions. To date, staff has not received any other comments related to the proposal.

FISCAL IMPACT: If the SDC remains \$3,000 per dwelling unit, the estimated revenue would be \$6,570,000 over a ten year planning period. If the SDC was increased to \$6,010 per dwelling unit, the estimated revenue would be \$13,070,000 over a 10 year period. These estimates are based on 2,190 dwelling units over 10 years or 219 units per year. The number of dwelling units is based on the Comprehensive Plan and a historic average housing vacancy rate of 5% to estimate new dwelling units. SDC revenues comprise 53% of the total revenue to implement the CIP in the Parks, Recreation and Open Space Master Plan.

IMPLEMENTATION SCHEDULE OPTIONS: The City Council has the flexibility to choose the amount of the SDC and if changed, when the SDC would be implemented. To allow for a comparison of revenue impacts tied to phasing, staff has prepared three options. Please keep in mind City Council is not limited to these options.

<u>RATE</u>	<u>DATE TO IMPLEMENT</u>	<u>10-YR REVENUE ESTIMATE</u>
Option #1 (No Change) \$3,000.00/dwelling Unit	N/A	\$6,570,000
Option #2 (Phased 3 Years)		
\$4,000.00/Dwelling Unit	January 1, 2018	\$876,000
\$5,000.00/Dwelling Unit	January 1, 2019	\$1,095,000
\$6,010.00/Dwelling Unit	January 1, 2020	<u>\$10,529,520</u>
		\$12,500,520
Option #3 (Phased 2 Years)		
\$4,500.00/Dwelling Unit	January 1, 2018	\$985,500
\$6,010.00/Dwelling Unit	January 1, 2019	<u>\$11,845,710</u>
	TOTAL	\$12,831,210
Option #4 (Full Fee 1/1/2018)		
\$6,010.00/Dwelling Unit	TOTAL	\$13,161,900

RECREATION COMMISSION RECOMMENDATION: At the July 19, 2017, meeting of the Parks and Recreation Commission, the Commission voted unanimously to implement the full SDC fee of \$6,010.00/Dwelling Unit. The Commission did not voice an opinion on a schedule for implementation.

STAFF RECOMMENDATION: Based on Council consensus to advertise the full SDC fee of \$6,010, the Parks and Recreation Commission recommendation to implement the full fee, and accounting for the Homebuilders Association concerns regarding immediate implementation, staff recommends the Council consider Options 2-4 or a variation thereof to implement the full SDC fee. For the purposes of the Public Hearing, staff has prepared a resolution adopting Option 4, however, the Council can amend the resolution during the adoption process to implement any fee or phasing plan it desires.

ATTACHMENT(s):

- (A) Forest Grove Park System Develop Charge (SDC) Methodology Update
- (B) 2016 Forest Grove Parks, Recreation and Open Space Master Plan Executive Summary including the 10 year C.I.P.
- (C) Resolution adopting the SDC Methodology and Establishing a new SDC rate



A place where families and businesses thrive.

**NOTICE OF PUBLIC HEARING
PROPOSED INCREASE OF PARKS SYSTEM DEVELOPMENT CHARGES
FOR THE CITY OF FOREST GROVE**

NOTICE IS HEREBY GIVEN, PURSUANT TO ORS 223.304(7)(a), that the Forest Grove City Council will hold a Public Hearing on **MONDAY, AUGUST 14, 2017**, at 7:00 p.m. or thereafter, in the Community Auditorium, 1915 Main Street, Forest Grove, to consider adopting a resolution that would increase Parks System Development Charges (SDC). The SDC rates would be effective upon approval by the City Council and are proposed as follows:

RESIDENTIAL USE:	CURRENT RATE:	PROPOSED RATE
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Manufactured Dwelling	\$3,000 per dwelling unit	\$6,010 per dwelling unit

This hearing is open to the public and interested parties are encouraged to attend. A copy of the adopted Parks, Recreation and Open Space Master Plan, including methodology supporting the system development charges, is available for inspection at least 60 days prior to the hearing at the City Recorder’s Office or by visiting the City’s website at www.forestgrove-or.gov (parks and recreation page). Written comments or testimony may be submitted at the hearing, e-mailed to aruggles@forestgrove-or.gov, or sent to the attention of the City Recorder’s Office, P. O. Box 326, 1924 Council Street, Forest Grove, OR 97116, prior to the hearing. For further information, please call the City Recorder’s Office at 503.992.3235.

**Anna D. Ruggles, CMC, City Recorder
City of Forest Grove**

Publish Notice (NewsTimes May 10, 2017)
Publish Notice (NewsTimes August 9, 2017)



6605 S.E. Lake Road, Portland, OR 97222
 PO Box 22109 • Portland, OR 97269-2109
 Phone: 503-684-0360 Fax: 503-620-3433
 E-mail: legals@commnewspapers.com

AFFIDAVIT OF PUBLICATION

State of Oregon, County of Washington, SS I, Charlotte Allsop, being the first duly sworn, depose and say that I am the Accounting Manager of the *Forest Grove News-Times*, a newspaper of general circulation, published at Forest Grove, in the aforesaid county and state, as defined by ORS 193.010 and 193.020, that

City of Forest Grove
Notice of Public Hearing – Parks System
Development Charges
FGNT94472

a copy of which is hereto attached, was published in the entire issue of said newspaper for

1
 week in the following issue:
May 10, 2017

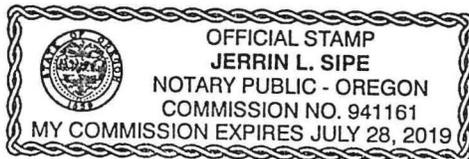
Charlotte Allsop

Charlotte Allsop, Accounting Manager

Subscribed and sworn to before me this
 May 10, 2017.

Jerrin L. Sipe

NOTARY PUBLIC FOR OREGON



Acct #298024
 PO #: 20165070
Attn: Anna Ruggles
 City of Forest Grove
 PO Box 326
 Forest Grove, OR 97116
 Size: 2 x 5.06"
 Amount Due: \$98.69*
 *Please remit to the above address.

NOTICE OF PUBLIC HEARING
PROPOSED INCREASE OF PARKS
SYSTEM DEVELOPMENT CHARGES
FOR THE CITY OF FOREST GROVE

NOTICE IS HEREBY GIVEN, PURSUANT TO ORS 223.304(7)(a), that the Forest Grove City Council will hold a Public Hearing on **MONDAY, AUGUST 14, 2017**, at 7:00 p.m. or thereafter, in the Community Auditorium, 1915 Main Street, Forest Grove, to consider adopting a resolution that would increase Parks System Development Charges (SDC). The SDC rates would be effective upon approval by the City Council and are proposed as follows:

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 Publish 05/10/2017. FGNT15894472M



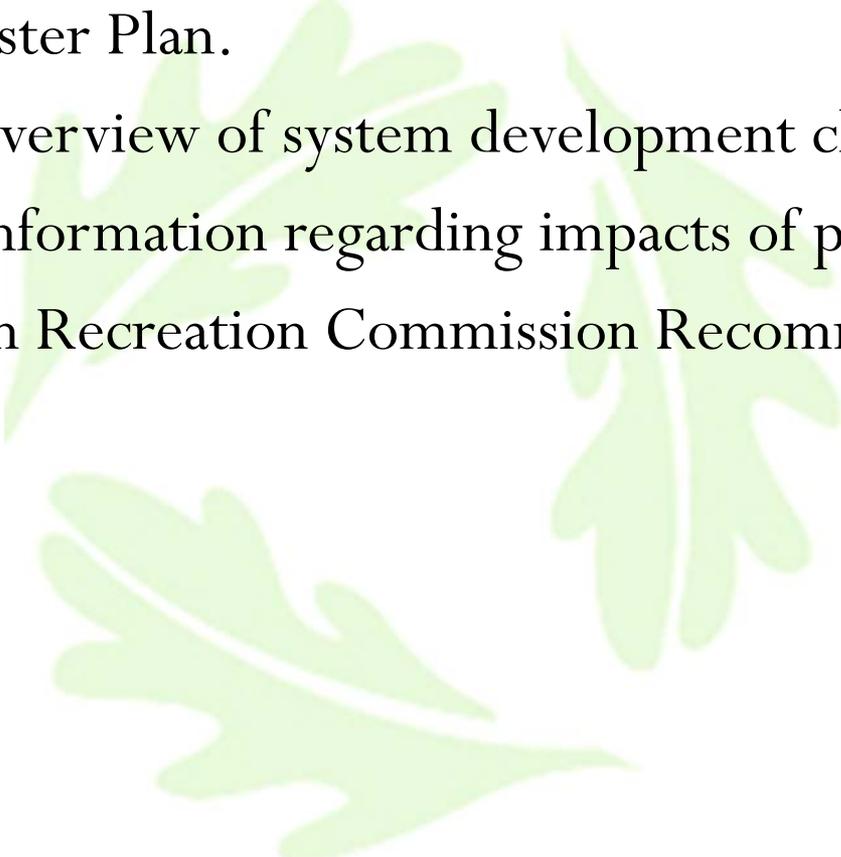
Park SDC Methodology Update

Presentation to City Council

August 14, 2017

A place where families and businesses thrive.

Presentation Purpose

- SDC fee needed to implement Parks, Recreation and Open Space Master Plan.
 - Provide overview of system development charges (SDCs)
 - Provide information regarding impacts of proposed SDC fees
 - Report on Recreation Commission Recommendations.
- 

Relationship with Parks Master Plan

- Parks Master Plan approved by Council in November, 2016
- Council approval followed extensive public outreach related to the Capital Improvements Program (CIP).
 - Telephone survey
 - Online survey
 - Community workshops in English and Spanish
 - Advisory Committee Recommendation
 - Recreation Commission Recommendation and approval.
- SDC included as funding source for CIP in the 2016 Parks Master Plan

SDC Methodology

- A local SDC fee methodology must be adopted for each SDC fee that is collected.
- The methodology is the rate-setting analysis that identifies:
 - Service levels for the fee program
 - How the fee is calculated
 - The amount of the fee
 - The type of development subject to the fee

SDC Fee Programs

- Are regulated by State law (ORS 223.297 et seq.)
- Must be based on a capital improvement plan, master plan or comparable plan that includes:
 - *A list of the capital improvements that the city intends to fund with SDC revenues;*
 - *The estimated cost, timing and % of costs to be funded with SDC revenues for each improvement*

Parks SDC Methodology

Category	2002 Methodology	2016 Methodology
Residential development	✓	✓
Non-residential development	Allowed but not applied	No
Improvement fee	✓	✓
Reimbursement fee	No	No
Different fees for unit types	No	No
Indexed for inflation	No	✓

2016 Methodology Update (Land)

- Acreage based on 10-year dwelling unit forecast from Comp Plan
- Takes into account undeveloped park land already owned
- Land costs estimated at \$200,000 per acre

Park Land Needs and Costs

Park Type	Forecasted Need	Additional Park Acreage Needed
Neighborhood	4.7 acres	4.7 acres
Community	12.3 acres	12.3 acres
Open Space, Trails and Greenways	14.2 acres	0 acres (land already owned)
Special Use	1.0 acres	0 acres (land already owned)
Total Park Needs		17.0 acres
TOTAL COST		\$3,400,000

Methodology Update (Improvements)

- Based on cost per acre to develop different types of parks

Park Improvement Needs and Costs

Park Type	Unit Cost Per Acre	Net Need for Improvements	Improvement Cost
Neighborhood	\$300,000	4.7 acres	\$1,410,000
Community	\$400,000	12.3 acres	\$4,920,000
Open Space, Trails and Greenways	\$200,000	14.2 acres	\$2,840,000
Special Use	\$500,000	1.0 acre	\$500,000
TOTAL COST			\$9,670,000

Methodology Update (Admin Fees)

- Based on actual planning costs

Administrative Costs

Administrative Task	Unit Cost	Timing	Discounted Cost *
Financial Review	\$ 1,000	Annual	\$ 9,800
Master Plan Update	100,000	Year 10	78,100
SDC Rate Review	5,000	Year 5	4,400
TOTAL COST			\$92,300

* Future costs are discounted to 2016 dollars using a discount rate of 2.5%

SDC Rate Calculation

- SDC fees are charged per residential dwelling unit
- The City forecasts developing 2,190 new units

SDC Rate Calculation

Cost Factor	Amount
Park Land Costs	\$ 3,400,000
Park Improvement Costs	9,670,000
Administrative Costs	<u>92,300</u>
Total Eligible Costs	\$ 13,162,300
(Divided by) New Dwellings	<u>/ 2,190</u>
SDC RATE PER DWELLING UNIT	\$ 6,010

Forest Grove Parks SDCs

COMMUNITY'S VISION

A system of parks, recreation facilities, trails and programs that serves the entire community, reflects the character of Forest Grove and protects our natural resources.

SDC rates affect the amount of funding available to achieve the community's vision:

- **2016 calculated rate:** \$6,010 per residential unit
- **2002 calculated rate:** \$6,587 per residential unit (indexed for inflation)
- **Current adopted rate:** \$3,000 per residential unit

Potential SDC Revenue

SDC's	Potential Revenue in 10 Years	
	Current fee of \$3,000/du	Full fee of \$6,010/du
System Development Charges (SDCs)	\$6,570,000	\$13,160,000
Park Acquisition and Development Fund (Fund Balance)	\$1,500,000	\$1,500,000
Total	\$8,070,000	\$14,660,000

Primary Projects

- Primary Projects are the most important for completion within the 10-year planning horizon.
- Primary Projects include \$12.3 million in SDC-eligible improvements. The improvements are divided into two categories:
 - 1) existing parks (\$5 million)
 - 2) new parks (\$7.3 million)



Primary Projects

- Existing Parks (\$5 million):
 - Rogers Park (Capacity Enhancement)
 - Lincoln Park (Addition)
 - Thatcher Park (Phase 2)
 - Joseph Gale Park (Capacity Enhancement)
- New Parks (\$7.3 million):
 - Saucy Park (trailhead for Old Town Loop)
 - Stites Nature Park
 - New Neighborhood Park # 1 (David Hill)
 - North Segment of Loop Trail (David Hill)



Desired Projects

Desired Projects: second-tier community priorities to complete if funding is available. Approximately \$7 million of these projects are SDC eligible, including:

- A.T. Smith Park (City) and Amphitheater (FHFG)
- Neil Armstrong MS Sports Fields
- School sports field projects
- South Segment of Loop Trail (Gales Creek)
- New Neighborhood Park # 2 (Oak Street)



SDC Funded Projects

Existing SDC Monies: \$8,070,000 (including reserves)

- Many **Primary** projects
- No **Desired** projects

Proposed SDC rate: \$14,660,000 (including reserves)

- All **Primary** projects
- One additional **Desired** project



SDC Rate Comparison

Jurisdiction	SFR Rate	Non-residential Fee?	Dwelling Type Fees?	Indexed Fee?
Beaverton	\$16,047	Yes	No	Yes
Hillsboro	\$4,647	Yes	No	Yes
S. Hillsboro	\$8,600	Yes	No	Yes
Lake Oswego	\$11,650	Yes	No	No
Milwaukie	\$3,985	Yes	No	No
No Plains	\$4,725	No	No	No
THPRD ¹	\$10,800+	Yes	Yes	Yes
Tualatin	\$5,170	No	No	Yes
Wilsonville	\$5,374	Yes	No	No

Source: League of Oregon Cities 2013 SDC Survey except Hillsboro and THPRD, which reflect current rates

¹ THPRD's fee is \$10,800 in most of the district but increases to \$12,790 in Cooper Mt. and \$12,695 in Bethany.

Options for Implementation

<u>Rate</u>	<u>Date to Implement</u>	<u>10YR Revenue Estimate</u>
Option #1 (Keep Current Rate)		
\$3,000/Dwelling Unit	N/A	\$6,570,000
Option #2 (Phased Approach over three years)		
\$4,000/Dwelling Unit	Jan. 1, 2018	\$876,000
\$5,000/Dwelling Unit	Jan. 1, 2019	\$1,095,000
\$6,010/Dwelling Unit	Jan. 1, 2020	<u>\$10,529,520</u>
	Total	\$12,500,520
Option #3 (Phased Approach over two years)		
\$4,500/Dwelling Unit	Jan. 1, 2018	\$985,500
\$6,010/Dwelling Unit	Jan. 1, 2019	<u>\$11,845,710</u>
	Total	\$12,831,210
Option #4 (Full Fee)		
\$6,010/Dwelling Unit	Jan. 1, 2018	\$13,161,900

Staff Recommendation

- Staff recommends Council consider Options 2-4.
 - For the Public Hearing and to allow consideration, staff has prepared a resolution adopting Option #4.
 - Council can amend the attached resolution during the adoption process to implement any fee or phasing plan it desires.
 - Indexing. Staff recommends Council consider an annual increase of the SDC fee using the Engineering News Record for Seattle. Further, staff recommends Council consider this increase on an annual basis and by a separate resolution. Any index increase would not occur until after the phasing plan is complete.

RESOLUTION NO. 2017-56

**RESOLUTION FIXING PARKS SYSTEM DEVELOPMENT CHARGES (SDC)
FOR THE CITY OF FOREST GROVE, ADOPTING THE SDC METHODOLOGY
STUDY AND REPEALING RESOLUTION NO. 2006-39**

WHEREAS, Ordinance No. 1990-07 requires the City Council to fix the parks system development charges by resolution; and

WHEREAS, DHC Planning was retained to perform a study for the City of Forest Grove which was completed September 28, 2016, which satisfies the requirements of ORS 223.297 et seq. and would establish SDC's which would ensure fair and equitable capital financing is available to support needed capital additions; and

WHEREAS, the study set forth the calculations for improvement fees based on the cost of projected capital improvements needed to increase the capacity of the systems to which the fee is related and the number of dwellings as derived from the Comprehensive Plan, and;

WHEREAS, the projected capital improvements were derived from the Parks, Recreation, and Open Space Master Plan approved by City Council in November, 2016; and

WHEREAS, the Master Plan included a thorough, bilingual, and amply participatory public involvement process including a survey, meetings, workshops, work sessions, presentations, commission meetings, and website; and

WHEREAS, the study found the SDC fees being collected are insufficient to meet future acquisitions and development needs created by new development; and

WHEREAS, the study conducted considered a fully developed, ten (10) year capital improvement plan for the City of Forest Grove Parks system and calculated a system development charge necessary to fund the listed capital improvements; and

WHEREAS, the City Council finds the methodology used in the study to calculate the system development charge to be fair and reasonable; and

WHEREAS, notice of Public Hearing was published in the Forest Grove NewsTimes pursuant to ORS 223.304(7)(a) on May 10, 2017, and August 9, 2017; and

WHEREAS, the City Council held a duly-noticed Public Hearing on proposed resolution on August 14, 2017.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY OF FOREST GROVE AS FOLLOWS:

Section 1. The City Council hereby adopts the DHC Planning study, dated September 28, 2016, and the methodology included therein to calculate Park System Development Charges (attached as Exhibit A).

Section 2. As of January, 1 2018, the Parks System Development Charges will be as follows:

Amended

<u>Residential Use</u>	<u>Amount of Charge</u>
Single-family Dwelling Unit	\$6,010
Duplex	\$6,010 per dwelling unit
Multi-family Dwelling	\$6,010 per dwelling unit
Manufactured dwelling	\$6,010 per dwelling unit

Section 3. Dedication in Lieu of Charge. Parties who apply for several building permits simultaneously or the developer may be afforded the option of dedicating land or facilities to the City of Forest Grove in lieu of the system development charge or any portion thereof. The City Manager or designee shall determine whether the land may be dedicated in lieu of the charge and what value shall be placed on the property for the purpose of offsetting the amount of the charge.

Section 4. The above rate shall be effective January 1, 2018.

Section 5. Resolution No. 2006-39 is hereby repealed upon the effective implementation date of the forgoing rate.

Section 6. This resolution is effective immediately upon its enactment by the City Council.

PRESENTED AND PASSED this 14th day of August, 2017.

Anna D. Ruggles, City Recorder

APPROVED by the Mayor this 14th day of August, 2017.

Peter B. Truax, Mayor



Home Builders Association
of Metropolitan Portland

August 14, 2017

The Hon. Peter B. Truax, Mayor
1924 Council Street,
P.O. Box 326
Forest Grove, Oregon
97116-0326

Subject: Setting Park System Development Charges

Dear Mayor Truax and Councilors:

The HBA of Metro Portland appreciates the opportunity to comment on the proposed increase to Forest Grove's Park System Development Charges (SDCs).

The HBA recognizes SDCs as a means to pay for necessary infrastructure upgrades to accommodate increased demand on public facilities. We appreciate the needs of the community to have suitable infrastructure to further the quality of life for its residents and ensure support for development as it presents itself. We must also be cognizant of the impacts, both individually and cumulative, of SDCs and other associated fees on housing affordability. As a region, we face serious challenges with respect to this issue and must ensure that any policy and fee-based proposals are viewed through this lens.

In light of this, the HBA asks Forest Grove City Council to implement a phased in approach to minimize the impact to affordability and our members. In many cases, prospective home buyers enter into an agreement with the home builder to buy a house before it is built. More often than not, especially for first time home buyers, this means financing their home purchase through a lender. Any unforeseen increase in the cost of the home can seriously affect the financial arrangement for the homebuyer, and they may have to make up the difference out of pocket. Builders and developers also make investments into projects many years ahead of the sale of a home whether under contract with a buyer or with the intent to put it on the market. Increases to the cost of the home above and beyond the initial planned costs will contribute either to the loss of profit to the home builder or an increased price to the home buyer. In these cases, thousands of dollars are significant. Either outcome will have a negative impact to the new home market in Forest Grove. The phasing in of the total SDC increase will ease this impact to the overall cost to the home buyer and home builder, and in turn the Forest Grove new home market.

The HBA values its long-standing partnership to support the economic and community development goals of Forest Grove, while ensuring residents have access to a wide range of housing options that meet varying needs and income levels.

Respectfully,

James Adkins
Government Relations Coordinator
Home Builders Association of Metro Portland

Home Builders Association of Metro Portland
15555 SW Bangy Rd., Ste. 301
Lake Oswego, OR97035
503-684-1880 • Fax 503-684-0588



VentureProperties
I N C O R P O R A T E D

Creating
Tomorrow's
Communities
Today

August 14, 2017

Honorable Peter B. Truax, Mayor
City of Forest Grove
1924 Council Street
Forest Grove, OR 97116

Re: Parks System Development Charge

Dear Mayor Truax and Council:

I am writing on behalf of Stone Bridge Homes NW, LLC and our land development company, Venture Properties, Inc. We have maintained a continuous and successful home building and development presence in Forest Grove for over ten years. We are currently selling new homes in our multi-phase Pacific Crossing and Silverstone neighborhoods. While we recognize the need for System Development Charge (SDC) fees as a means for municipalities to help pay for parks and other public services, at the same time, any cost increase we experience eventually results in either a higher price to the home buyer or a lower profit margin to the builder. Either situation can have adverse implications for the City of Forest Grove, and should be approached cautiously and methodically. Consider:

- The current proposed increases to the Forest Grove Parks SDC rate from \$3,000 to \$6,010 per dwelling would give Forest Grove a Parks SDC fee that is \$1,200 or more higher than the closest three neighboring communities of North Plains, Hillsboro and Cornelius (with rates of \$4,725, \$4,647 and \$4,471 respectively). Our concern is that Forest Grove, as one of the few locations in the region with market-rate new homes for a large segment of the home-buying market, would risk losing this affordability advantage.
- As a developer and home builder with current local projects underway, we have placed our investment dollars based on forecasts of home sales at a budgeted market price and expectation of return. The SDC increases being proposed will necessarily result in a higher-priced home. A more than \$3,000 increase to the price a home in a relatively small market can be expected to slow the pace of our sales, risking our ability to meet commitments to investors and lenders, as well as to future home buyers in your community.

Forest Grove is an important market for our companies, and we look forward to many more years of building new neighborhoods and homes here as the community grows. To balance parks development and moderation in housing price increases, we request that you approve a minimum SDC increase and implement the fees over at least the next three years.

Respectfully,

Kelly Ritz, President
Venture Properties, Inc.