

## IMPACT STATEMENT

**Legislation title:** Adopt the Transportation System Development Charge Update 2017 rate study; establish an updated rate schedule; and amend Code, effective January 1, 2018 (Ordinance; amend Code Chapter 17.15)

**Contact name:** Anne Hill  
**Contact phone:** 503-823-7239  
**Presenter name:** Christine Leon

### **Purpose of proposed legislation and background information:**

The purpose of the Transportation System Development Charge Update is to establish an updated methodology, project list and transportation system development charges (TSDCs) for the City of Portland, Oregon. In 1989, the State of Oregon adopted the Oregon Systems Development Act (Oregon Revised Statutes 223.297 - 223.314) to “provide a uniform framework for the imposition of system development charges by local governments.”

The City of Portland’s (City’s) original TSDC program became effective in 1997 and the program was updated in 2007. In the past 10 years, the City has assessed fees for transportation facilities totaling approximately \$75 million. The current program, adopted in 2007, is based on a ten-year list of TSDC-eligible transportation improvements. That list of projects is coming to an end, so the project list and TSDC rates are being updated in 2017.

### **Financial and budgetary impacts:**

The updated TSDC methodology developed for the City of Portland is based on an improvement fee only structure, as provided under Oregon law. As such, the TSDCs are designed to obtain the costs of planned capital improvements that expand capacity in the transportation system (across all modes of travel) for future users associated with new development.

In demonstrating that the need for increased capacity is required to serve future users, the methodology establishes the base level of service as the current system facility value per person trip. Existing system facilities were acquired and developed to meet the needs of existing system users; a proportionate level of future investment per person trip is needed to maintain the current level of service. Any additional capacity investments up to this base level of service cost per trip, are therefore needed to equitably recover capacity costs from future system users.

These reductions serve to reduce the TSDC fee per person trip since the TSDC projects can be funded from a variety of sources.

With Portland expected to grow in the next 10 years, improvements to the transportation system are necessary to provide travel options to accommodate growth while meeting Vision Zero, Climate Action, and City Comprehensive Plan goals; however, the overall cost of living in Portland continues to be a concern. Portlanders should have the best

transportation system possible. Based on input from stakeholders, Portland Bureau of Transportation directors support TSDC rates based on funding 50 percent of the eligible TSDC project costs. This will result in approximately \$177 million to \$295 million in revenue over the next 10 years.

**Public Outreach:**

The TSDCs contained in this rate study were developed with involvement by residents and businesses in Portland. The project had **three outreach phases** beginning in June, 2016. Outreach activities were tailored to give various stakeholder groups an opportunity to provide input on the TSDC elements that were of most interest to them.

Throughout the project, the team met with the PBOT Bureau and Budget Advisory Committee (BBAC), who represent a broad range of neighborhood, business, and modal interests. The committee discussed the methodology, draft project list and rates, provided input into the public outreach process, and promoted the online open house with the public. Updates were provided to the BBAC throughout the process. PBOT developed the draft methodology, project list, and rate recommendation based on technical considerations and public input.

**First Phase—Methodology.** The project team sought input on technical issues related to the methodology update. Outreach included two workshops with traffic engineers in July and September 2016 to discuss the person trip methodology; discussion with the BBAC and stakeholder groups. PBOT incorporated this input into developing a draft methodology that was presented to City Council on December 14, 2016 by Resolution No. 37526. Council authorized PBOT to utilize a “person trip” methodology to better reflect the multi-modal characteristics of Portland in the TSDC update.

**Second Phase-- TSDC project list.** The project team drafted a TSDC project list using the Transportation System Plan (TSP). They engaged the public at-large and stakeholder groups in review of the TSDC project list. This phase included making over two dozen presentations to neighborhood associations, transportation groups, developers and real estate groups, and business organizations. Meetings included providing general information about the TSDC update process and soliciting input on the draft project list, methodology, and impact of rates. Groups provided follow-up letters and emails with specific project and update recommendations. This phase included development and use of an illustrated overview video that explained TSDCs in an easy-to-understand way.

An online open house was conducted from January-April 2017. It included general information about the TSDC update process, an interactive map and table of the draft TSDC project list, and a series of questions to gather input about the draft project list. Nearly 1,300 members of the public visited the online open house, and 254 submitted comments. Notices of the online open house were emailed to the project interested parties list, public.gov delivery list, and PBOT list of subscribers. Additionally, PBOT ran

an advertising campaign using Facebook that reached 33,600 people, 700 of which clicked the online open house link.

PBOT synthesized all input from the online open house, community briefings and meetings, and other comments related to the draft TSDC project list. Various stakeholders provided comments on the project list. Many residents indicated high levels of support for bike/ped and transit projects, and projects in underserved areas of Portland. Business and freight representatives expressed concern that the projects on the list did not do enough to alleviate congestion and supported more auto- and freight-related improvements. PBOT synthesized all input from the online open house, community briefings and meetings, and other comments related to the draft TSDC project list. Projects that had a high level of support were included in the final TSDC project list. PBOT also added a number of projects suggested by the public, and in particular a number of projects suggested by the freight community. After review by planning staff regarding consistency with the TSP, PBOT also added a number of projects suggested during public review.

**Third Phase--TSDC rate.** This phase focused on providing information about rate scenario options and discussing aspects related to the draft TSDC rate through a second round of meetings with stakeholders. The project team also convened a Rate Setting Workshop with developers, neighborhood, and business interests. The Rate Setting Workshop included discussion on different rate options, adjustments, and the impacts to funding the TSDC project list. Input from this round of outreach was used to refine PBOT's recommendation on the draft TSDC rate.

Stakeholders made a number of comments on the proposed TSDC rates. They considered tradeoffs between the rates charged to new development and the amount of the project list that could be funded with TSDC revenues. While some wanted to keep the rates as low as possible, others suggested funding 100% of the project list with TSDCs. In general, there was support for rates that would fund approximately 50% of the project list. PBOT considered this input in making its rate recommendation to City Council.

The Bureau Budget Advisory Committee, Pedestrian Advisory Committee, Bicycle Advisory Committee, Freight Advisory Committee and the Development Review Advisory Committee have been invited to testify in support of the Transportation System Development Charge update.

**Budgetary Impact Worksheet**

**Does this action change appropriations?**

**YES:** Please complete the information below.

**NO:** Skip this section

<b>Fund</b>	<b>Fund Center</b>	<b>Commitment Item</b>	<b>Functional Area</b>	<b>Funded Program</b>	<b>Grant</b>	<b>Sponsored Program</b>	<b>Amount</b>

# PBOT

PORTLAND BUREAU OF TRANSPORTATION

1120 SW Fifth Avenue, Suite 800 Portland, OR 97204 503.823.5185

Fax 503.823.7576 TTY 503.823.6868 [www.portlandoregon.gov/transportation](http://www.portlandoregon.gov/transportation)

Dan Saltzman Commissioner Leah Treat Director

188619

9-12-2017

Amendment

Adopted

9/13/17

## Memorandum

To: Karla Moore-Love  
Clerk to City Council

From: Richard Eisenhauer  
TSDC Program Manager

RE: Amendment to Council item 1006, September 13, 2017

Propose amendment to TSDC Rate Schedule to modify the Unit of Measure from "sq ft/GFA" to "student" for the "University / College / Jr College" Land Use Category. The proposed modification will result in a new rate as shown within the rate schedule.

In addition, this amendment will correct an error in the foot note numbering.

Replace Table 4-3 as shown as page 37 in exhibit A, as well as the proposed TSDC Rate Schedule included as Exhibit B with the attached.



*The Portland Bureau of Transportation fully complies with Title VI of the Civil Rights Act of 1964, the ADA Title II, and related statutes and regulations in all programs and activities. For accommodations, complaints and information, call (503) 823-5185, City TTY (503) 823-6868, or use Oregon Relay Service: 711.*

**Table 4-3: TSDC Rate Schedule**

Land Use Categories	Land Use Code (1)	Unit of Measure	PM Peak Vehicle Trips/ Unit	Future AVO	Vehicle Mode Share	PM Peak Total Person Trips/Unit (Est)	New Trip %	PM Peak new person trips/ unit	TSDC Rate
Cost per PM Peak Hour Person Trip									\$8,347
<b>Residential</b>									
Single Family (1,200 square feet or more)	210	dwelling	1.0	1.17	0.95	1.23	100%	1.23	\$10,280
Single Family (1,199 square feet or less)	50% of 210	dwelling	0.5	1.17	0.95	0.62	100%	0.62	\$5,140
Multiple Family	220	dwelling	*	*	*	0.60	100%	0.60	\$5,008
Senior Housing/Assisted Living/Nursing Home	251	dwelling/ bed	0.27	1.13	0.95	0.32	100%	0.32	\$2,681
<b>Commercial – Services</b>									
Bank	911	sq ft/GFA	12.13	1.13	1.00	13.71	65%	8.91	\$74.37
Day Care	520	sq ft/GFA	1.21	1.13	0.95	1.44	100%	1.44	\$12.01
Hotel/Motel	310	room	0.6	1.31	0.95	0.82	100%	0.82	\$6,851
Service Station / Gasoline Sales (2)	946	VFP	13.86	1.13	0.95	16.49	44%	7.25	\$60,548
Movie Theater/Event Hall	444	sq ft/GFA	3.04	1.13	0.95	3.62	85%	3.07	\$25.66
Carwash	947	wash stall	5.54	1.13	0.95	6.59	65%	4.28	\$35,753
Health Club / Racquet Club	492	sq ft/GFA	3.53	1.13	0.95	4.20	90%	3.78	\$31.54
<b>Commercial – Institutional</b>									
School, K-12	(3)	sq ft/GFA	1.09	1.13	0.95	1.30	85%	1.10	\$9.20
University / College/ Jr College	(4)	Student	0.145	1.13	0.95	0.17	90%	0.16	\$1,296
Church	560	sq ft/GFA	0.55	1.13	0.95	0.65	95%	0.62	\$5.19
Hospital	610	sq ft/GFA	0.93	1.13	0.95	1.11	85%	0.94	\$7.85
Park	411	acre	3.5	1.13	0.95	4.16	85%	3.54	\$29,537
<b>Commercial – Restaurant</b>									
Restaurant (Standalone)	931	sq ft/GFA	7.49	1.59	1.00	11.91	56%	6.67	\$55.67
Quick Service Restaurant (Drive-Through)	934	sq ft/GFA	32.65	1.29	0.96	43.70	50%	21.85	\$182.40
<b>Commercial – Retail</b>									
Shopping/Retail	(5)	sq ft/GFA	3.21	1.20	0.97	3.95	58%	2.29	\$19.14
Convenience Market (6)	851	sq ft/GFA	*	*	*	43.90	49%	21.51	\$179.55
Free Standing Retail Store/Supermarket	815	sq ft/GFA	4.98	1.32	0.95	6.92	83%	5.74	\$47.94
Car Sales - New / Used	841	sq ft/GFA	2.62	1.20	0.95	3.31	80%	2.65	\$22.10
<b>Commercial – Office</b>									
Administrative Office	710	sq ft/GFA	*	*	*	1.40	90%	1.26	\$10.52
Medical Office / Clinic	720	sq ft/GFA	3.57	1.37	0.95	5.15	75%	3.86	\$32.23
<b>Industrial</b>									
Light Industry / Manufacturing	130	sq ft/GFA	0.85	1.37	0.95	1.23	90%	1.10	\$9.21
Warehousing / Storage	150	sq ft/GFA	0.32	1.30	0.95	0.44	90%	0.39	\$3.29
Self-Storage	151	sq ft/GFA	0.26	1.37	0.95	0.37	95%	0.36	\$2.97
* Based on Observed Person Trip Data (Survey sites in Portland, California, and Washington, D.C.)									
(1) Land Use Code - Reference 'Trip Generation', 9th Edition, Institute of Transportation Engineers, 2012									
(2) With or Without Minimart (not to exceed 1,500 SF) and/or Carwash (Fuel is Primary Use)									
(3) School, K-12: Average of ITE categories 520 and 530									
(4) University / College/ Jr College: Average of ITE categories 540 and 550									
(5) Shopping/Retail: Blend of ITE Categories 820 and 826									
(6) If gasoline sales included on-site, use Service Station/Gasoline Sales SDC rate.									

## Exhibit B

## TSDC Rate Schedule Based on 50% of the Eligible Project List Cost

Land Use Categories	Land Use Code (1)	Unit of Measure	PM Peak Vehicle Trips/Unit	Future AVO	Vehicle Mode Share	PM Peak Total Person Trips/Unit (Est)	New Trip %	PM Peak new person trips/unit	TSDC Rate
Cost per PM Peak Hour Person Trip									\$4,174
<b>Residential</b>									
Single Family (1,200 square feet or more)	210	dwelling	1.0	1.17	0.95	1.23	100%	1.23	\$5,140
Single Family (1,199 square feet or less)	50% of 210	dwelling	0.5	1.17	0.95	0.62	100%	0.62	\$2,570
Multiple Family	220	dwelling	*	*	*	0.60	100%	0.60	\$2,504
Senior Housing/Assisted Living/Nursing Home	251	dwelling/ bed	0.27	1.13	0.95	0.32	100%	0.32	\$1,341
<b>Commercial – Services</b>									
Bank	911	sq ft/GFA	12.13	1.13	1.00	13.71	65%	8.91	\$37.19
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Hotel/Motel	310	room	0.6	1.31	0.95	0.82	100%	0.82	\$3,426
Service Station / Gasoline Sales (2)	946	VFP	13.86	1.13	0.95	16.49	44%	7.25	\$30,274
Movie Theater/Event Hall	444	sq ft/GFA	3.04	1.13	0.95	3.62	85%	3.07	\$12.83
Carwash	947	wash stall	5.54	1.13	0.95	6.59	65%	4.28	\$17,877
Health Club / Racquet Club	492	sq ft/GFA	3.53	1.13	0.95	4.20	90%	3.78	\$15.77
<b>Commercial – Institutional</b>									
School, K-12	(3)	sq ft/GFA	1.09	1.13	0.95	1.30	85%	1.10	\$4.60
University / College/ Jr College	(4)	Student	0.145	1.13	0.95	0.17	90%	0.16	\$648
Church	560	sq ft/GFA	0.55	1.13	0.95	0.65	95%	0.62	\$2.60
Hospital	610	sq ft/GFA	0.93	1.13	0.95	1.11	85%	0.94	\$3.93
Park	411	acre	3.5	1.13	0.95	4.16	85%	3.54	\$14,769
<b>Commercial – Restaurant</b>									
Restaurant (Standalone)	931	sq ft/GFA	7.49	1.59	1.00	11.91	56%	6.67	\$27.84
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<b>Industrial</b>									
Light Industry / Manufacturing	130	sq ft/GFA	0.85	1.37	0.95	1.23	90%	1.10	\$4.61
Warehousing / Storage	150	sq ft/GFA	0.32	1.30	0.95	0.44	90%	0.39	\$1.65
Self-Storage	151	sq ft/GFA	0.26	1.37	0.95	0.37	95%	0.36	\$1.49
* Based on Observed Person Trip Data (Survey sites in Portland, California, and Washington, D.C.)									
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(6) If gasoline sales included on-site, use Service Station/Gasoline Sales SDC rate.									



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July 13, 2017

Mayor Wheeler and Council,

As you know, the Planning and Sustainability Commission was deeply involved in the development of the new Transportation System Plan (TSP), adopted in 2016 with the new 2035 Comprehensive Plan. The TSP identified needed transportation system investments to help us become the kind of city we want to be. These investments will help us reduce reliance on fossil fuels, and maintain mobility by expanding transportation choices, including expanding transit, improving bike networks, addressing pedestrian safety, and improving freight reliability. The TSP included a financial plan, outlining the ways that the City could make these important infrastructure investments. An update to the Transportation System Development Charges (TSDCs) is one of the mechanisms identified to fund projects identified in the TSP. Accordingly, the PSC urges you to adopt the updated TSDCs.

Although the PSC does not have a formal role in recommending the City's fee structures and financial strategies, we are deeply interested in ensuring the TSP is implemented. We would like to thank PBOT staff for briefing us on the TSDC project, and discussing the details with us. During that discussion, commissioners identified several issues we believe the Council should discuss.

**Geographic Equity.** The TSP project list was carefully balanced to ensure that investments are being made across the City. In particular, the new TSP identified significant investments in East Portland to address longstanding gaps in transportation services. We believe the Council should ask PBOT to regularly report TSDC spending by geography. Although the TSP project list is well balanced, there is considerable latitude as to how PBOT will choose to sequence identified investments. We also know that the revenues will not be sufficient to build all of the identified projects. We want to be sure that East Portland projects remain a high priority, and do not get set aside in favor of potentially more visible Central City projects.

**Data and Impact on Housing.** The PSC discussed the proposed residential fees at length, and urged PBOT to consider how they could be more fine-tuned to avoid disincentives to build more affordable compact housing. Building on PBOT's decision to focus on person trips rather than VMT, we recommend that the fee structure for homes and apartments have several tiers, using data relating home size to average household size. This would more accurately scale residential SDCs to demands on our transportation system by the number of residents living in them (since people use



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our transportation system, not homes), and would be closer to the way retail and office TSDCs are handled, based on square footage. We would like to see a commitment to further refining the methodology for residential units both from this round on the way to Council and to improve future methodology to make this more accurate next time around. It is important that PBOT continue to collect data on the relationship between trip generation and different land uses and development types. Fees that are based on transportation impacts are only as good as the data underlying the fee calculation. Many transportation SDCs are based on decades old traffic engineering studies, done in other states. These studies were traditionally very vehicle-centric, and ignored other modes. We urge Council to push PBOT to continue to refine the data underlying the fees, particularly to better understand how denser mixed use development impact travel behavior, and the use of other modes. We support how the new methodology is centered on "person trips" rather than vehicles.

**Rail transit.** There are a number of large rail transit investments contemplated in the TSP, including the SW Corridor, an eventual connection to Vancouver, and several additional streetcar lines. Although these are important investments, needed to support the region's land use and transportation goals, we urge Council to avoid cannibalizing pedestrian and bike safety projects to fund these potentially large transit investments. We therefore support the SDC contribution caps toward these kind of capital intensive projects, to ensure we don't end up spending the entire allowance on one thing. We also strongly believe that any large rail transit investment should be accompanied by a housing strategy. We appreciate that Council has asked for such a strategy with the SW Corridor, and we urge a similar approach with any future streetcar investment. If the streetcar system is expanded, it should be done in the context of an equitable housing strategy to ensure a cross section of Portlanders can benefit from the investment.

**Future considerations.** The design of the SDC programs is critical on the ability to meet Comprehensive Plan goals. Working with staff on this project has brought to light that there is a role for the PSC to hold hearings to review system development charges for all bureaus. This will help to ensure Comprehensive Plan goals are being evaluated as we structure SDCs and to review holistically their full policy impacts.

Thank you for considering our input.

Sincerely,



Katherine Schultz  
Chair

