

**ORDINANCE NO. 187150 As Amended**

Accept Park System Development Charge Methodology Update Report for implementation, and amend the applicable sections of City Code (Ordinance; amend Code Chapter 17.13)

The City of Portland ordains:

Section 1. The Council finds:

1. Ordinance No. 172614, passed by the Council on August 19, 1998 authorized establishment of a Parks and Recreation System Development Charge (SDC) and created a new City Code Chapter 17.13.
2. In October 1998 the City established a Parks SDC program. City Code required that the program be updated every two years to ensure that program goals were being met. An update was implemented on July 1, 2005 pursuant to Ordinance No. 179008, as amended. The required update reviewed the Parks SDC Program to determine that sufficient money will be available to fund capacity-increasing facilities identified by the Parks SDC-CIP; to determine whether the adopted and indexed SDC rate has kept pace with inflation; to determine whether the Parks SDC-CIP should be modified; and to ensure that SDC receipts will not over-fund such facilities.
3. Ordinance No 175774, passed by the Council on July 12, 2001 adopted The Parks 2020 Vision. This report highlighted significant challenges confronting the City in regards to shoring up our ailing park facilities, eliminating inequity in underserved neighborhoods, and providing a stable source of funding to address not just our existing shortfalls, but to also meet the needs created by new development. The Park SDC is the most significant revenue opportunity available to Parks to address growth. It is imperative that this opportunity is maximized to recover reasonable costs from new development.
4. Ordinance No. 181669, passed by the Council on March 12, 2008 updated Parks and Recreation System Development Charge (SDC), increased the calculated Park SDC recovery rate to 75%, established a Non-Residential Park SDC fee, and implemented a two tiered SDC fee structure consisting of the Central City and the non-Central City areas, and created a new City Code Chapter 17.13.
5. City Code Section 17.13.130 requires that the Park System Development Charge be reviewed no later than every five years.

6. In 2011, the City had a dispute with Lewis & Clark College respecting whether the College's development of its new dormitory facility was subject to the Parks SDC. Lewis & Clark sought a writ of review to challenge the Code Hearings Officers' decision upholding the imposition of the SDC. The City and the College resolved that litigation, under the authority of PCC 3.10.070, through a settlement agreement, under which the College agreed to pay the full amount of the SDC, and the City agreed that, if the new or revised methodology resulted in a rate that would have resulted in a lower assessment for the dormitory project, the City would apply the new rate retroactively, and would refund any overpayment.
7. Pursuant to City Code Section 17.13.130, in September of 2012 Parks requested proposals for Professional, Technical and Expert (PTE) services to update the Park SDC Methodology and, through competitive evaluation, selected and awarded a contract to Henderson, Young & Company on November 15, 2012 to provide consulting services to update the Park SDC Methodology and Park SDC fee, to evaluate occupancy rates based on the size of residential development, and to evaluate the City's approach to charging Park SDCs to campus housing.
8. On December 13, 2012 with the purpose of complying with City Code Section 17.13.130, Portland Parks and Recreation (Parks) convened a Task Force representing the Home Builders Association of Metropolitan Portland, League of Women Voters, Portland Development Commission, Portland Business Alliance, Portland Parks Board, College Coalition, Development Review Advisory Committee, a Developer-at-Large, and several community members at large.
9. The Task Force, consultant team and staff met on seven occasions to evaluate the current Park SDC Program; review and discuss the impact of projected population and employment growth on existing park service levels; compare costs of land acquisition and park development throughout the City; identify and address key issues of concern, including SDCs based on the size of dwelling units, and whether Park SDCs should be charged to new campus housing development; suggest and evaluate potential program changes; and discuss and debate the desired level of Park SDC recovery related to population and employment growth impact on the park system.
10. During the third meeting the Task Force expressed concerns that the level of service methodology based on acres of park per 1,000 population would require the City to acquire an unrealistic number of acres of park land. The consultant described an alternative approach used in some other cities that is based on the dollar amount per capita of the current value of park land and improvements. The consultant and staff developed the alternative approach over a period of nearly a year, and presented it to the Task Force.

11. The Task Force received and discussed at subsequent meetings the alternative approach, the *Park System Development Charge Methodology Update Report*, (“Park SDC Report”) (“Exhibit A”), and the other issues listed in the preceding paragraph of this ordinance. The Task Force supported the alternative methodology, including changing the level of service to the dollar amount per capita of the current value of park land and improvements, charging residential development based on the size of the dwelling units, and exempting new campus housing on college and university campuses.
12. The Metro population and employment data for the City of Portland projects population growth of about 99,000 by the year 2035 with employment growth of about 53,000 during the same period. The Park SDC Report calculates the Park SDC rates for new residential and non-residential development that will recover 88% of the cost of the impact of the growth of population and employment in Portland.
13. Portland Parks and Recreation requests adoption of the updated Portland Parks & Recreation Park System Development Charges Methodology Update Report, (Exhibit A) dated April 15, 2015 to be implemented July 1, 2016. Per City Code Chapter 17.13.040, this adopted methodology will set Park SDC Rates on new residential and commercial development and is based on calculated service levels, population growth projections, cost of land and development, average occupancy rates, and administrative and compliance costs.
14. The Non-Residential Park SDC fee shall be assessed only on new commercial development and/or expansion in floor area. No Park SDC fees will be assessed for tenant improvements or changes of use that do not result in an expansion of floor area.
15. The adopted Park SDC will be implemented at the following rates for residential dwelling units:

<u>Size of Residential Dwelling Unit</u>	<u>Central City Rate per Dwelling Unit</u>	<u>Non-Central City Rate per Dwelling Unit</u>
<u>All Types: Less than 700 sq. ft.</u>	<u>\$ 4,648</u>	<u>\$ 5,772</u>
<u>All Types: 700 to 1,199 sq. ft.</u>	<u>6,953</u>	<u>8,634</u>
<u>All Types: 1,200 to 1,699 sq. ft.</u>	<u>8,359</u>	<u>10,381</u>
<u>All Types: 1,700 to 2,199 sq. ft.</u>	<u>9,491</u>	<u>11,787</u>
<u>All Types: 2,200 sq. ft. or more</u>	<u>10,507</u>	<u>13,049</u>

16. The adopted Park SDC will be implemented at the following rates for non-residential development:

Occupancy Type			Rates Per Square Foot of New Construction <sup>3</sup>	
General Occupancy Category <sup>1</sup>	Additional uses in Category <sup>1</sup>	Occupancy Group Codes <sup>2</sup>	Central City	Non-Central City
Hospital	Convalescent Hospital, Institutional Day Care	I-1, I-2, I-4	\$2.52	\$1.93
Office	Bank	B	\$2.37	\$1.83
Retail	Restaurant, Nightclub	A-2, M	\$2.03	\$1.44
Industrial	School, Assembly, Motel/Hotel	A-1, A-3, A-4, E, F-1, F-2, H-1, H-2, H-3, H-4, H-5, R-1	\$1.19	\$0.91
Warehouse	Storage, Parking Garage, Mausoleum	S-1, S-2, S-3, U	\$0.26	\$0.20

1. Occupancy category to be verified by Bureau of Development Services during the permitting process.
2. Per occupancy code groups in Oregon Structural Specialty Code.
3. Multiple categories may be assessed in mixed use projects. Each use types will be assessed individually and totaled together to provide the aggregate Park SDC fee for that development.

17. The proposed increase in Park SDC at an 88% recovery rate is estimated to provide \$552 million potential total revenue for park acquisition and development over the 20-year life of the program. The other 12% of program costs will be paid by \$71 million from non-Park SDC sources such as grants, sponsorships, urban renewal funding, and transfers from other agencies, as described in the Park SDC Report. The projected revenue from these 2 sources result in funding 100% of the growth need.
18. Portland Parks and Recreation requests modification of City Code Chapter 17.13 to accommodate establishment and implementation of a Park SDC based on the dollar amount per capita of the current value of park land and improvements for residential and non-residential development as set forth in "Exhibit B", Modification to City Code, Chapter 17.

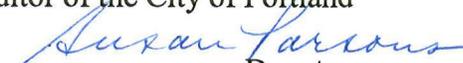
19. After proper notice, this Ordinance was first read by title at a public hearing of the City on April 15, 2015 wherein public testimony was presented and followed by a second reading on May 27, 2015.
20. It is in the best interest of the people of the City of Portland to adopt this Ordinance.

NOW, THEREFORE, the Council directs:

- a. The City of Portland adopt the updated Portland Parks & Recreation *System Development Charge Methodology Update Report* dated April 15, 2015 establishing both a residential and non-residential Park SDC beginning July 1, 2016; and
- b. The City of Portland to adopt the Park System Development Charge Capital Improvements Plan (Park SDC-CIP) in APPENDIX A of EXHIBIT A;
- c. Amendment of Portland City Code Chapter 17.13 as shown in Exhibit B, effective July 1, 2016; and
- d. Portland Parks and Recreation shall issue a refund to Lewis & Clark College, from the Parks System Development Charge Fund, the amount of \$439,173.00, in accordance with the terms of the Settlement Agreement.

Passed by the Council: MAY 27 2015  
Commissioner Fritz  
Prepared by: Riley Whitcomb

**Mary Hull Caballero**  
Auditor of the City of Portland

By   
Deputy

