

PARKS SYSTEM DEVELOPMENT CHARGE

IF YOU WISH TO SPEAK TO CITY COUNCIL, PRINT YOUR NAME, ADDRESS, AND EMAIL.

NAME (print)	ADDRESS AND ZIP CODE	Email
✓ Jim Labbe	Audubon Soc. of PDX 5151 NW Cornell Rd	jlabbe@urbanfauna.org
✓ Lin Harmon-Walker	Coalition for a Livable Future	LinMHarmon@gmail.com
✓ Joyce Ley	Wilkes Community Group 4016511 NE Fargo Circle, PHd 97230	quiltjoys@gmail.com
✓ Stephanie Haas	7519 N Burlington Ave. (PASTAE @ St-Johns Portland, OR 97203 Racquet Center)	program@pastande.org
✓ TERRY PARKER	P.O. Box 13503 97213	parker12012@gmail.com
✓ B. Sallinger	Audubon Soc. PDX	bsallinger@audubon.org
✓ NANCY SPANOVICH	PO Box 597 West Linn OR 97068	nancy@olmstedlegacy.com
✓ Eli Spevak	4757 NE Gongy St - Portland, OR 97218	eli@aracnet.com
✓ Kevin Cavanaugh	511 NE 24th Ave 97232	kevin@guerrilladev.com
✓ Arlene Kimura	EPAP on record	arlene.kimura@gmail.com
✓ DJ Heffernan	2525 NE Halsey St. Portland 97232	djheff1@gmail.com

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NAME (print)	ADDRESS AND ZIP CODE	Email
✓ Bill Farling	2649 S.W. GEORGEA W Pk.	WLFarling@gmail.com
✓ Alan Hipolito	6899 NE Columbia 97218	alan@verdc.org
✓ Mike Howk	PO Box 6903 PDX 97228-6903	MikeHowk@urbangreenspaces.org
✓ Moe Farhoud	661 S.E 162nd AVE Portland OR 97233	moeFarhoud@hotmail.com
✓ Peter Fry	2153 SW Main #105 Portland, OR 97205	Peter@finleyfry.com
✓ Kelly Ross	6745 SW Hampton, Suite 101 Portland, OR 97223	kelly@westernadvocates.com
✓ Justin Wood	1834 SW 58TH Ave #102 Portland, OR 97221	Justin@fishconstruction.com
✓ Dave Nielsen	15555 SW Boxy Road #301 Lake Oswego, OR	DaveN@libapdx.org
✓ Mike Alexander	10 N Russell St. Portland OR	malexander@ulpdx.org
✓ Marion Haynes	200 SW Market	mhaynes@portlandalliance.com
✓ Julie Vignand	1517 SW College St Pdx 97201	julie@thevisetkinder.com

PARKS SYSTEM DEVELOPMENT CHARGE

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NAME (print)	ADDRESS AND ZIP CODE	Email
Jas Larson	welcome home coalition	jas@welcomehomecoalition.org
✓ David Sweet	4759 NE Gang St 97218	callyguy@gmail.com
Vernica Bernier	627 NW 18th Ave Portland, Oregon 97209	nursemales7@gmail.com



Home Builders Association
of Metropolitan Portland

April 15, 2015

Portland City Council
City of Portland
1221 SW 4th Avenue, Rm. 140
Portland, OR 97204

Re: Parks SDC Methodology

Mayor Hales and Honorable Commissioners:

My name is Dave Nielsen. I'm the CEO for the Home Builders Association of Metro Portland. Our industry and membership are active in building infill and redevelopment housing in the City. We care about the quality and affordability of the City's housing, neighborhoods, communities and park systems. And we've built, remodeled and improved hundreds of beds of capacity at several transitional homeless shelter providers in Portland and throughout the region. With those credentials, I ask for your careful attention and consideration.

The Parks SDC Methodology Update Report before you is filled with so many faults, fallacies, and illegalities, I've never seen anything this poorly done in my 13 years reviewing reports from across the region.

It isn't fair and equitable.

It adds hundreds of millions of dollars in vaporous park improvement fees on the backs of new homeowners.

It contradicts itself, as well as the Parks 20/20 Plan.

It creates a parks slush fund with no actual plan in place for how it will add capacity.

It violates key portions of State SDC statutes, including:

- ORS 223.309(1) "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. "
- ORS 223.304 "(2) Improvement fees 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."

There are 14 pages devoted to a new methodology that another respected consultant's review called a "sea change in the way park system benefits are calculated" and that "fails to meet the intent of ORS 223.304(2)(a)(B). Yet, there is only ¾ of one page devoted to a table called a "SDC Capital Improvements Plan" that shows no list of capital improvements, no estimated costs, and no timing or percentages eligible to be funded. In fact, nothing in this "Improvements Plan" meets required SDC statute at all.

This is so evident that you are also being asked to approve new code language that acknowledges you are no longer complying with ORS requirements. Specifically, you are being asked to strike out language from City Code 17.13.010(E) that states your plan must include "specifically, the list of the projects, identified" and from 17.13.020(U) that defines the Capital improvement as one "that identifies all the major parks and recreation system and facilities capacity increasing improvements projected" to be funded with Parks and Rec SDC revenues (your recommended strikeout language in quotes).

It gets worse.

There are only two options for calculating a Parks SDC. A reimbursement fee can be based on the value of unused capacity or the cost of existing facilities (ORS 223.304(1)(D)). But the methodology report states there is no reimbursement fee involved.

The report states that the total calculations are based solely on the second option, called an improvement fee. Improvement fees are clearly required to be calculated on "the projected cost of the capital improvements identified in the plan and list adopted pursuant to ORS 223.309 (ORS 223.304(2)(a)(A)." However, as already stated, there is no statutorily required capital improvement plan included in the Methodology Update before you.

So, rather than choosing Door #1 or Door #2, the report decides to make up a new Door #3. It creates a new methodology that assigns a hypothetical value to existing assets. Not only is this new methodology not allowed by Statute, it makes no sense. It inflates existing "values" to astronomical, imaginary limits by including assets that were largely acquired at very little cost to the City, or that typically are funded through non-SDC sources, or by grossly inflating land values.

For example, the report says "there is no unused reserve capacity value [in the current parks system] that can be used to serve future population growth." Therefore, it assumes no one else can find a trail or quiet spot in over 5,000 acres of Forest Park's open space and thus calculates having to hypothetically repurchase Forest Park II – for \$700,000,000. Not only is it ridiculous, it's not fair and equitable to charge new homeowners and families an inflated value for a park that existing residents got for pennies on the dollar. And, just a reminder, there is no "new" Forest Park identified in the capital plan. There is, in fact, no capital plan at all.

It also drastically changes how SDCs are calculated, going from a simple level of service per capita to a new calculation involving hypothetical head-spinning phrases like “annual weighted hours of availability per non-residential employed adult during the winter while on meals/breaks.” It’s a complex formula that is long on pages and short on sense. It’s rationale is that there is no more land available to purchase for parks, but it then calculates a replacement value for all existing parks as if they could be magically created somewhere in the City.

The Parks Methodology also says “there is no existing deficiency” in the current Parks and Rec system and suggests an even higher share of all supposed new costs be borne by developers (translate - new homeowners/families) as “their fair share.” That directly contradicts the Parks 20/20 Plan which says that “too many of our buildings, ball fields and natural areas are overused”, and “virtually every sector of the city has at least some deficiency.” So which is it?

It also changes methodology so much, that someone who remodels their house and bumps out their kitchen by 50 sq. ft, or less, could trigger a \$3,000 or higher Parks SDC for supposed “increased impact” on the parks system. It would charge up to 50% more (\$3,000-\$5,000 in higher rates) to new homes in underdeveloped neighborhoods in the east and southeast. It would add \$10,000 - \$15,000 in debt onto a high percentage of new homeowners. And it’s supposed huge nod to affordability? It would give a token \$74 savings on a \$5,500 fee to a small percentage of very small apartments – probably the folks who need a good parks system the most.

Just like housing has to be built more efficiently given our region’s limited land supply, Parks need to be done keeping affordability and reality in mind. The Parks 20/20 Plan had a goal to develop 100 new ball fields in the City. The Parks Department realized that wasn’t feasible or practical, so it got creative and instead partnered with schools to use underutilized ball fields. This was at a fraction of the cost of trying to buy land and develop new ball fields. It was efficient, kept costs down, and opened up great park assets for the public. It’s what you’re telling industry to do, but it’s not what you’re now being asked to practice.

This entire method needs to be scrapped. It has no basis in reality. It unfairly charges astronomical fees to future homeowners and renters. It doesn’t identify any actual park improvements or additions. It ignores existing capacity. It unfairly calculates costs onto new homes, remodels and businesses. All it does do is create a very large, illegal slush fund and a very large, illegal blank check.

Respectfully,



David Nielsen
Chief Executive Officer

Peter Finley Fry AICP Ph.D.**(503) 703-8033**

April 15, 2015

Mayor Charlie Hales
Commissioner Nick Fish
Commissioner Amanda Fritz
Commissioner Steve Novick
Commissioner Dan Saltzman
Portland City Council
City Hall
1221 SW 4th
Portland, OR 97204

RE: Park System Development Charges (SDC)

My client renovates and owns apartments in the Gateway/Rockway area.

We operate almost 1,000 units. 20-30% of the units are rented to "Second Chance Housing". These units are rented to those who have been convicted/evicted and need a positive environment to stabilize and move toward more productive lives. We have attached numerous letters and testimonials from neighborhoods, public officials and members of the criminal justice system who attest to the importance of the housing and the effective management of Stark Fir to avoid adverse impacts on the surrounding neighborhood.

We buy aging apartment buildings, renovate them, and take two and one bedroom apartments and convert them into studio and one bedroom apartments. These smaller units provide an important type of housing for both singles and extended families who want their own bedroom and kitchen and desire proximity to relatives and friends.

The renovation adds a new kitchen for each subdivided unit. No new bedrooms are provided and the number of residents does not change.

The calculation of the Park SDC is based on the creation of a kitchen (i.e. dwelling unit) and is blind to the fact that no new bedrooms are created. The calculation methodology, in our case, is in conflict with the purpose of the SDC as it assumes an increase in density when none has taken place.

The added cost of the SDC is a burden to the project and drives up rents in conflict with our desire to make these apartments accessible and affordable. This is not fair or consistent with the purpose of a SDC.

We request that the City Council fix this methodical problem.

Sincerely,



Peter Finley Fry

attachments



January 25, 2012

Stark Firs Management, Inc
16124 SE Alder St Apt 1A
Portland, OR 97233

Dear Friends,

I hope you are enjoying the start of a great 2013. Your 2012 giving made a big difference for our neighbors in need. The \$500 you contributed in the last year enabled SnowCap to feed all the hungry that crossed our doorstep. We are trying to keep this number down to 8,000 people per month, but several months exceeded 11,000 people. This number includes the families that shop in our food pantry, the children that receive backpacks full of weekend food, the seniors and disabled whose boxes are delivered and the many folks who receive boxes from our mobile food pantry. All in all we distributed 1,483,793 lbs of food in 2012. Your gifts made this bit of food security possible for the many unemployed, underemployed and just plain low wage workers who can't stretch paychecks to feed all the hungry in the house.

May you enjoy all the blessings of a good life as you extend yourself to provide the basics to others. I know that you will join with us in praying that things are better in 2013.

Please let us know if you see errors in this record. You can email danni@snowcap.org or leave a message at 503.674.8785 ext. 19. We will make corrections and send a new letter ASAP.

Sincerely,

Judy Alley
Executive Director

Donation Deliveries
1788 SE Pine St.

Client Services
Behind 17805 SE Stark

Phone: 503.674.8785
Fax: 503.674.5355

www.snowcap.org
judy@snowcap.org

Box 160, Fairview, OR 97024 - 0160

Richard Gravening
15220 S.E. Stark #18
Portland OR 97233

To Chase Bank:

My name is Richard Gravening and I live in one of the buildings that Moe Farhoud owns. I came to Moe after doing a 10 year sentence in prison. Not only did Moe find me a place to live but he also found me employment. I am currently managing the gas station where I work and am making a decent living.

If it weren't for Moe giving me a chance to stand on my feet, I would most likely be in the same boat as most other felons, struggling to survive. Most residential landlords and employers are not as understanding.

Moe Farhoud is doing the community a good service by believing that people can do good with encouragement and hard work. I would like to see Stark Firs Management continue to provide this kind of business to others who have been down on their luck.

Thank you

Richard Gravening

A handwritten signature in cursive script that reads "Richard Gravening". The signature is written in black ink and is positioned to the right of the typed name "Richard Gravening".

Western Regional Lead Training Center

1950 S.E. 176th. Ave. Portland, OR, 97233-4739 503.761.2800

In Recognition That

Moe Farhoud

16124 SE Alder St. Portland, OR. 97233

Has Successfully fulfilled the requirements for

Renovator Initial - English

8 training hours Per 40 CFR Part 745.225

Certificate Number

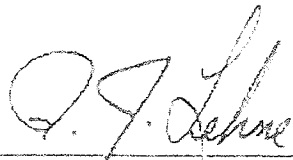
R-I-8882-10-0465

Date of Exam

04/15/2010

Expiration Date

04/15/2015



Patrick J. Lehne
Program Manager



With \$14 million in financing, we helped transform the 99,000-square-foot landmark into 72 units of affordable and mixed-income housing. Approximately 70% of the housing will be reserved for lower-income residents.

Stark Firs Management – Portland, OR
Since 2005, we have provided \$8.5 million in funding to Stark Firs Management and financed 205 affordable housing units in the East Portland/Rockwood area. Stark Firs has been recognized by the local police department, the Department of Veteran's Affairs (VA), Rosewood Initiative Group and the Central City Concern Community Engagement Program for providing clean, safe, quality housing.

Housing Development Fund – Stamford, CT
As part of its participation in the Neighborhood Stabilization Program in Connecticut, we invested \$200,000 in the Housing Development Fund (HDF) to help it buy and rehabilitate abandoned properties in Bridgeport. With our help, HDF acquired and made necessary improvements to eight properties, the last of which was renovated and sold in July 2011. All of these homes were sold to homebuyers who earned less than 120% of the local median income.

COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION GRANTS

As much as we do on our own, we are able to bring even more capital to underserved markets by partnering with community development financial institutions (CDFIs).

But over the last several years, CDFIs and other nonprofits have struggled to secure financing. So we stepped up our participation. In 2011 alone, we donated \$20 million to CDFIs that support affordable housing and economic development in low- and moderate-income communities, providing much-needed financing for affordable housing preservation and creation across the country. Some of our 2011 grants included:

Enterprise Community Partners. Enterprise is leveraging the \$5 million in Chase funding to deliver \$50 million in capital to preserve 3,500 affordable housing units in Atlanta, Denver, Los Angeles and Seattle neighborhoods, and rural towns and cities across the state of Washington.

IFF and Access Living. With the help of a \$4 million grant from Chase, IFF and Access Living, a nationally recognized disability rights advocate, have developed Home First Illinois to provide accessible homes that — because they will carry very little debt — will remain permanently affordable to very low-income, disabled persons.

New Jersey Community Capital. Chase's \$4 million donation to New Jersey Community Capital will allow the community to implement a number of programs and initiatives aimed at creating affordable housing and stabilizing at-risk New Jersey communities.

“With the partnership of Chase, Stark Firs Management is making a positive impact in this community. Together, we are seeing lives transformed simply by having a safe place to live and a supportive environment in which to make a new beginning.”

*Moe Farhoud,
Owner & President,
Stark Firs
Management*

Residential Inspection, Police, Landlords, and Tenants in Partnership for Healthy Communities

Moe Farhoud

has completed the City of Portland's eight hour

Landlord Training Program

*Keeping illegal activity out of rental property and
promoting safe and livable residential neighborhoods throughout the city*

Sponsored by:

The Office of Planning and Development Review



Charlie Hales

Charlie Hales

Commissioner of Public Safety

March 16, 2001

Date

Margaret Mahoney

Margaret Mahoney

*Director of the Office of Planning
and Development Review*

**Oregon Department of Human Services
Multnomah County Environmental Health**

Awards this Practical Professional Training Certificate of Attendance to



MOE FARHOUD



For
3.5 Technical Hours in

POOL AND SPA OPERATIONS AND MAINTENANCE

Given at Multnomah County Environmental Health Office June 27, 2006

A handwritten signature in cursive script, appearing to read "Kerry Rupp-Etling", is written over a horizontal line.

Kerry Rupp – Etling
Conference Coordinator

U.S. Department of Labor

Certificate of Appreciation

Presented to

Mohammed Farhoud

*This Certificate of Appreciation is in recognition of your personal and significant contribution to the National Occupational Information Network (O*NET) Data Collection Program, our Nation's primary source of occupational information.*



Emily Stover DeRocco
EMILY STOVER DE ROCCO
Assistant Secretary
Employment and Training Administration

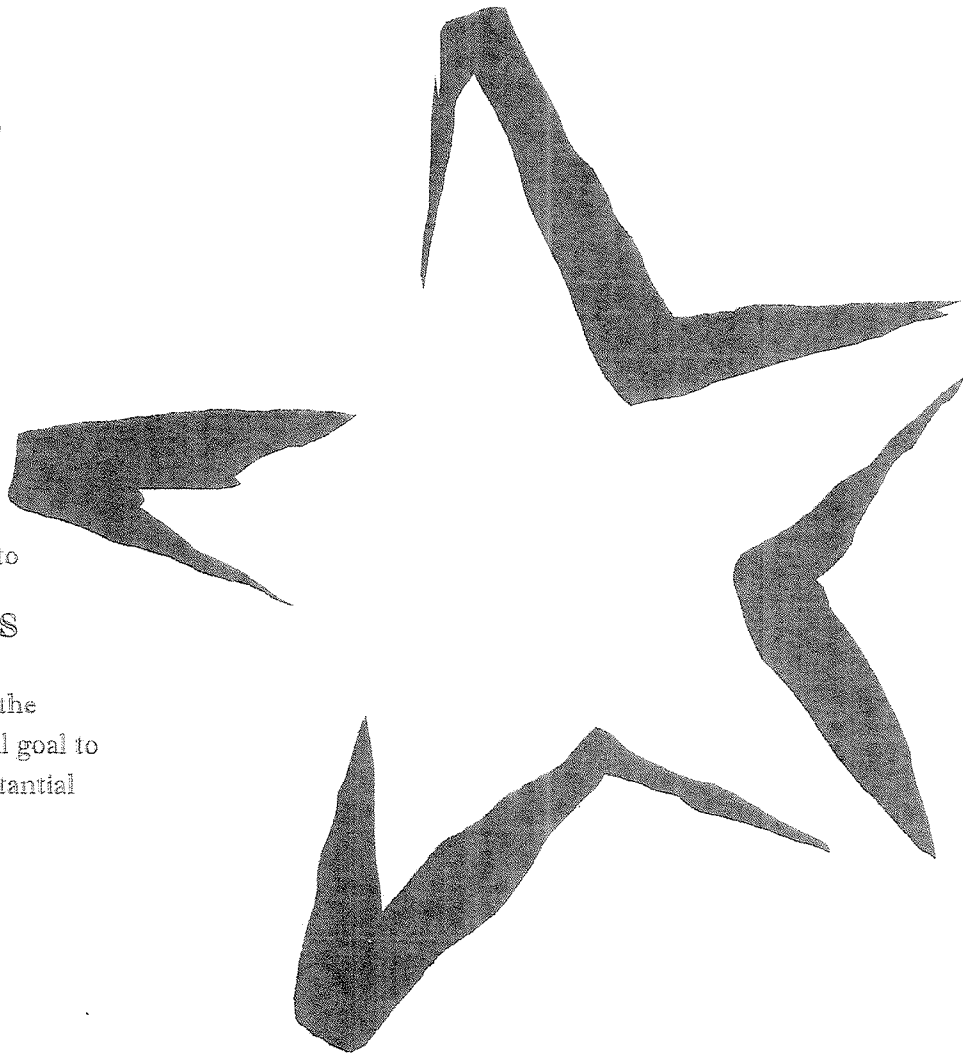
o*net[®]

Certificate of Appreciation

This certificate is awarded to

Moe Faroud & Norine Ross

In appreciation of your tireless efforts to assist the Department of Veterans Affairs achieve the national goal to end Homelessness by housing veterans with substantial challenges



Serving America's Heroes

Department of Veterans Affairs
VA Medical Center, Portland, OR
1601 E. Fourth Plain Blvd., Bldg 18
Vancouver, WA 98661

SuSan Brisby, LMSW
HUD / VASH Case Manager

Phone: (503) 220-8262 ext. 34026
Cell: (971) 207-7062
Fax: (360) 737-1424
E-mail: SuSan.Brisby2@va.gov

V3DOM/CRS
P.O. Box 1035
Portland, OR 97207

This Card Was Proudly Made By A Veteran With A Disability

Eileen Devine

Portland VA Community Reintegration Program Manager

4-13-10

Date



Jill Powell
 ACCESS Case Manager
 503-280-4723
jpowell@tprojects.org

February 10, 2012

To whom it may concern:

I am writing in this letter in regards to the Stark Firs Property Management Company. I have been working with both Notine and Stephanie there since June of 2011, when I first contacted them on a recommendation from a co-worker that they were good to work with for people who had difficult housing histories. As a housing case manager for people who usually have some sort of barriers to housing, it was good to hear that there were property managers out there who were willing to give folks a second chance. In my time working with them since, I have referred several people to their agency, and because of their willingness to work with both us and them a good number of previously homeless people with very few options for housing have been able to be housed.

In my time working with the folks at Stark Firs I have found them to be professional, compassionate and very easy to work with. By providing folks with a second chance up front they offer something that is unique and often difficult to find in the world of housing and property management companies. Their "low barrier" approach is something that is very much needed and appreciated, we need more properties such as theirs so as to be able to offer more people options for housing. I recommend them highly and hope to continue working with them. Thank you for your time and consideration.

Sincerely,

Jill Powell,
 Access Case Manager, Transition projects
 503-280-4723 Direct
 503-280-4700 Main
 503-280-4730 Fax
 665 NW Hoyt
 Portland, Oregon 97209
jpowell@tprojects.org
www.tprojects.org

16124 S.E. Alder St. #2B

Portland, Oregon 97233

February 8, 2012

To Whom It May Concern;

I, John F. Davis, am writing this letter on behalf of Stark Firs Management LLC and the owner and staff of Alder Royal Apartments where I reside. I am very happy living here at the Alder Royal Apartments thank to the understanding and them giving me a second chance to establish rental history. They have given me a second chance where no one else would accept me does to my criminal past. It is very nice to have a place and people like these around to help out people like me.

He has been a get asset to the community providing a place like this to help out people like me. He just won't allow everyone on his properties but if he feels that you are worth the help then he will help you out in any way he can to help you get back on your feet.

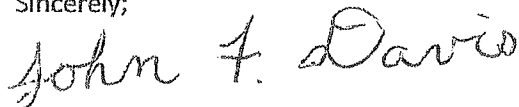
He works very hard to keep all his properties clean of any problem people and If any problems should arise he will work with you till the problems are taken care of in the most appropriate and timely manner.

His maintenance staff is very well knowledge in their work and get the work orders done in a timely and appropriate manner and leave no messes when they come in and leave when the work is done. They work with the residents to schedule a time to do the work. They also give plenty of notice if they need to enter your apartment to check for problems that could affect you and your neighbors.

Overall I am very happy that I have been given a second chance and I am very proud and happy that it is here at the Alder Royal Apartments and with Stark Firs Management LLC. I feel that the more properties that have the more people the will be able to help like me and that would be a very good thing for the community.

Thank you for your time.

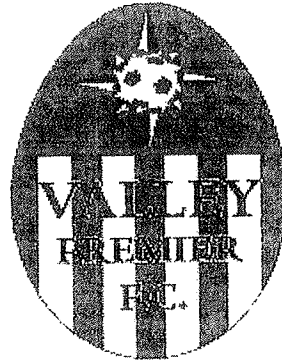
Sincerely;



John F. Davis

Resident

Alder Royal Apartments



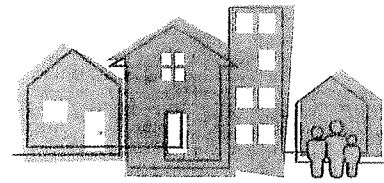
I am writing to you today on behalf of Moe Farhoud. I first met Moe 5 years ago when our son's began playing soccer together and they attended the same school. Even after moving his children to a different educational program, he continued to be a regular supporter of the Valley Premier, FC Soccer program. Through the years my relationship with the soccer league has grown from parent, to photographer, to board member (from Registrar to Vice President and currently President for the second year. Moe's son and my own have been playing together for the last 5 years and his own involvement has also grown. As we have watched this team grow older and closer the parents and supporters have also become closer. Moe's assistance, both financial and supportive has grown also. He has facilitated the growth of our team and league by providing funds to help with scholarships and also by motivating parents to have their children play more during the year by funding partial season fees so the cost goes down drastically for all parents involved. This helps the players in so many ways, from staying active to continuing to have the bond that being around each other on a weekly basis creates. Moe has also involved more of his family members in our club to help support us. We feel that this is always wonderful as one of the aspects of our club that we try to promote is the feeling of "being a part of a big soccer family".

I consider Moe Farhoud to be a large and wonderful part of the Damascus area and staunch supporter of our soccer club. He has demonstrated a generosity to help children be active and have fun that no other parent has shown us.

Thank you,

Stefanie Craft
VPFC Board President
stefanierc@yahoo.com

partnerships to transform neighborhoods
 Second Stories PO Box 66884 Portland, OR 97290



SECOND STORIES

Year End Giving Statement

Second Stories
 PO Box 66884
 Portland, OR 97290
 503.516.5881 Tax ID: 30-0574195
 info@secondstories.org

Stark Firs Management
moefarhoud@hotmail.com
rhonny@starkfirs.com

Donation information:

7/3/12	Check #1700	\$500.00
9/26/12	Check #1133	\$250.00
11/7/12	Check #1145	\$250.00
Total		\$1,000.00

Thanks so much for supporting Second Stories with your generous donation. We really appreciate your investment in us as we respond to the need of impoverished communities. By helping us to train churches and individuals in Christian Community Development, we together transform neighborhoods with a holistic gospel. That is invaluable!

We are growing! This year we have extended our work from Portland and the Northwest to Uganda in Partnership with Lahash International. This has seen amazingly positive results thus far as we have engaged with churches, community members and vulnerable children. Thank you for your part in this expansion of our gospel and development oriented work.

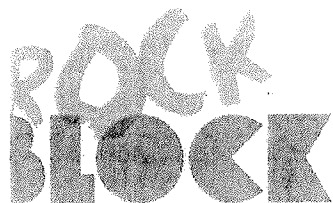
Please keep this receipt for your records.

We appreciate your generosity and support.

Best regards,

Clark Blakeman

Executive Director
 Second Stories



Stark Firs Management
661 SE 162nd Avenue
Portland, OR 97233

May 2, 2014

Dear Moe,

Thank you for your generous donation in support of Rock the Block. Your gift plays an important role in helping to make this event a success. On behalf of the families of Rockwood – thank you!

Rockwood is a vibrant, family oriented community full of diversity, strength, and possibility. In spite of this, Rockwood experiences some significant challenges. The community is faced with high rates of poverty and crime as well as a significant lack of resources.

At Pathfinders, our mission is to break the cycle of criminality. We accomplish our mission through prevention and intervention programming with a focus on high risk individuals, families, and children. Our vision for change is that clients who emerge from our programs and services are living crime-free lives and prospering as accountable citizens in their communities. Rock the Block is a great tool in helping us work towards accomplishing these goals. We could not do this important work without support from a committed community, so again we say, thank you!

If you have any comments or would like to get more information about Pathfinders of Oregon and our programming, please contact our office at (503) 892-5396 or visit our website at: pathfindersoforegon.org.

Sincerely,
Brooke Crews
Project Manager

OUTSTANDING COMMUNITY PARTNER

*In recognition of Stark Firs Management
and their continued partnership with Central City Concern's HRR program.*

Presented to

Stark Firs Management

In Recognition of Outstanding Commitment and Service to

 **Central City Concern Community Engagement Program/Housing Rapid Response
Service Coordination Team**

Signature 

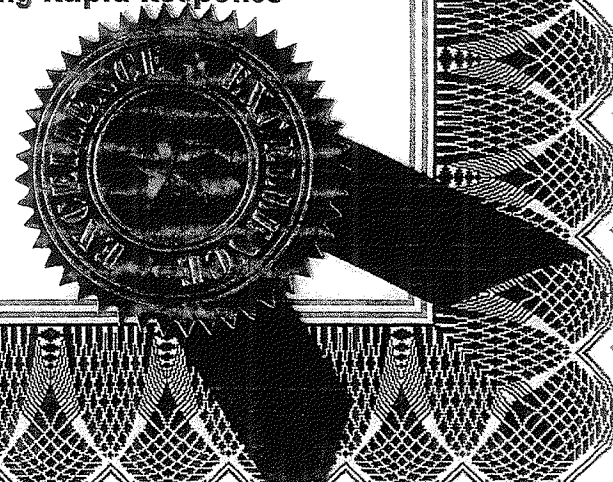
June 25, 2010

Date

Signature

June 25, 2010

Date



February 9, 2012

Dear Ms.

We are writing this letter to show our strong support for t . presently being submitted by Moe Farhoud and his staff at Stark Firs Management. Lutheran Community Services (Refugee Reception and Placement Program has been working with Mr. Farhoud for several years with our housing needs. We resettled many refugees arrived from different countries and our agency have a hard time renting due to not enough credit history and background information. Thus, Stark Fir Property Management always waives the screening fee for our refugee clients. He understands that our client is new to this country and they have no background history to check.

Furthermore, Mr. Farhoud always goes out of his way to assist us by providing affordable, quality, safe housing for our client needs. He also understands the financial stress and the challenges that many of new arrivals face. In some occasion, when we explain about the client financial situation, he was very sympathetic and waived the penalties, cleaning fee for breaking the lease and deposit was refunded fully to the tenant. Mr. Farhoud is more focus in establishing a safe, clean, affordable, crime free housing amongst its residents. Mr. Farhoud and his staff are always professional and eager to help our client when requested.

Margo Sobieraj
Reception and Placement Supervisor
Lutheran Community Services Northwest



THE LUTHERAN CHURCH IN AMERICA
Lutheran Community Services

MULTICULTURAL
COMMUNITY
SERVICES OF:

Portland, OR
1100 NE Oregon Avenue
Portland, OR 97232

Phone: 503-238-0342
Fax: 503-238-0357
E-mail: info@lcs.org

Encouver, WA
10000 1st Street
Everett, WA 98203

Phone: 425-454-5624
Fax: 425-454-8515
E-mail: info@lcs.org

Seattle, WA
100 University Way NE
Seattle, WA 98105

Phone: 206-441-4356
Fax: 206-441-6211
E-mail: info@lcs.org

Everett, WA
10000 1st Street
Everett, WA 98203

Phone: 425-454-5624
Fax: 425-454-8515

Dear Ms. [REDACTED]:

We are writing this letter to show our strong support for the Loan, presently being submitted by Moe Farhoud at Stark Firs Management. Lutheran Community Services (Refugee Reception and Placement Program) has been working with Mr. Farhoud for several years with our housing needs. We have resettled over 35,000 refugees in the Portland Metro area and Washington County. Many refugees arrive from different countries and our agency has difficulty renting due to the lack of a credit history and background information.

The apartments we rent are furnished and ready for the clients ahead of their arrival. Although the clients are screened by Homeland Security, we give the apartment manager the option to screen them. Stark Firs Property Management kindly waive the screening fee for our refugees. Mr Farhoud appreciates that the clients are new to a strange country and have a very unsettled background due, unfortunately to being refugees torn from their native land.

Mr.Farhoud always goes out of his way assisting us by providing affordable, quality, and safe housing suitable for their needs.. He also understands the financial stress and the challenges that many of them face.. At times when we explain the clients financial situation, he is very sympathetic and waives the penalties and cleaning fees for breaking the Lease. He kindly returned the deposit to the client.. Mr Farhoud is focused on establishing safe, clean, affordable and crime free housing for the residents. It is an extremely positive experience when working with Mr Farhoud and his staff.

Should this loan be approved, Mr. Farhoud and his staff will continue to provide safe, affordable housing, thus, continuing to build a strong and healthy neighborhood. We would like to see Mr. Farhoud continue working with our agency and our clients to align service integration in the Community. We trust you will give serious consideration to granting the loan to Mr. Farhoud and Stark Firs Management.

Sincerely,

Hilary A. Clarke
Hilary A. Clarke
Reception, Placement & Housing

21012012



**CITY OF PORTLAND, OREGON****Bureau of Police**

Sam Adams, Mayor

Michael Reese, Chief of Police

1111 S.W. 2nd Avenue • Portland, OR 97204 • Phone: 503-823-0000 • Fax: 503-823-0342

Integrity • Compassion • Accountability • Respect • Excellence • Service

Dear Ms

This letter is to tell you about my experience working with Moe Farhoud and his staff at Stark Firs Management. Mr. Farhoud has been generous with providing meeting space and donating supplies in the ongoing effort to open a non-profit café in the 600 block of SE 162nd Avenue. This area is part of a Portland Police Bureau supported community project called the Rosewood Initiative.

I have been able to contact Mr. Farhoud or members of his management staff in order to deal with ongoing crime issues and have found them to be helpful and professional.

His company offers housing to those with low income as well as those who have had criminal histories and cannot rent elsewhere. Mr. Farhoud and his staff ensure that if their tenants abide by the rules and continue to stay out of trouble they will have a safe place to live. Mr. Farhoud and his staff will not hesitate to remove any tenants who violate rules and jeopardize the living conditions for other tenants.

I would like to see Stark Firs Management stay in business in the Rosewood area.

Sincerely,

A handwritten signature in black ink, appearing to read "Wendi Steinbronn".

Wendi Steinbronn

Sergeant Wendi Steinbronn

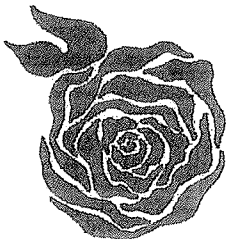
DPSST #28922

Portland Police Bureau – East Precinct

737 SE 106th Avenue Portland, Oregon 97216

(503) 823-4545

wendi.steinbronn@portlandoregon.gov



The Rosewood Initiative

Building Our Community Together

February 4, 2012

Attention:

The Rosewood Initiative would like to express our support and partnership with Stark Firs Property Management in working toward neighborhood improvement in East Portland and Gresham.

Stark Firs has been a critical partner in our work to make the Rosewood area a desirable place to live, work and play. They participate in community visioning and public safety meetings, have donated food and volunteers for multiple events, and help us with outreach about community events through their connection to neighborhood residents.

Stark Firs' properties are home to many of our community members in Rosewood and we are actively working together to provide the best possible living environment. Over the past few years, Stark Firs made significant improvements to their properties and we hope that they will be able to continue this level of commitment to property management.

Jenny Glass

Executive Director, The Rosewood Initiative

503.756.8681

Rosewood Café, 609 SE 162nd Ave, Portland, OR 97233

RosewoodInitiative.org



COMMERCIAL REAL ESTATE
DEVELOPMENT ASSOCIATION

OREGON CHAPTER

April 15, 2015

The Hon. Charlie Hales
Portland City Council
1221 SW 4th Avenue, Room 340
Portland, OR 97204

Re: Park System Development Charge Methodology Update Report

Dear Mayor Hales and Commissioners:

NAIOP, the Commercial Real Estate Development Association, is one of the leading organizations for developers, investors, owners & operators, brokers, and related professionals in office, industrial and mixed-use real estate throughout the United States, Canada, and Mexico. The Oregon Chapter's members represent a broad and diverse range of companies involved with commercial real estate activities in the Portland metropolitan area, including developers, owners, brokers, and managers, along with other professionals providing legal, finance, title, engineering, architectural, construction, and other services.

After reviewing the Park SDC Methodology Update Report before you today, we have found it seriously flawed and urge you to direct the Bureau of Parks & Recreation and the Park SDC Task Force to conduct additional work to correct the problems identified in the Daniel Heffernan Company (DHC) memorandum of April 10, 2015.

Parks Commissioner Amanda Fritz was recently quoted in *The Oregonian* (4/7/15) as saying, "New development needs to pay its way. No more, no less." We completely agree with Commissioner Fritz, but believe strongly that implementation of the proposed Methodology Update Report would result in development—especially commercial development—paying far more than its way with park SDC rates doubling within the Central City and nearly quadrupling within the Non-Central City area.

As someone who was deeply involved in the 1998 and 2004 park SDC methodology updates, and to a lesser extent in the 2008 update, I can't express strongly enough what a huge departure the current update represents in approach, assumptions, and level of detail for future improvements to the City's park system.

Officers

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Prologis

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CBRE, Inc.

Dietrich Wieland
Mackenzie

Executive Director

Kelly Ross

Significant differences between this update and previous efforts include:

- Level of service methodology – We actually agree with one of the main departure points in this update—the move from a strict acreage based level of service approach. Such a change is long overdue in a very constrained land supply environment, and recognizes the reality that Portland and most other cities within the regional urban growth boundary will find it impossible to continue historical trends of park land acquisition while also meeting targets for development densities projected by Metro. While we do support this move, the new “investment per person” presents a number of serious problems that are discussed in great detail by the DHC memorandum.
- SDC Capital Improvements Plan – Directing the Council’s attention to page 22 of the Methodology Update Report (attached), the obvious question is how can anyone consider these twelve lines of text and numbers to be a valid 20-year capital improvement plan for a parks system that strives to be one of the nation’s best. This falls far, far short of not only statutory requirements in ORS 223.309(1)*, but also the much more detailed capital improvement plans in previous methodology updates (2004 and 2008 attached).
- Current Park Deficiencies – The proposed Methodology Update Report takes the position that the current parks system is at 100% capacity, “there is no unused reserve capacity value that can be used to serve future population growth.” As the DHC memorandum notes, this definition of LOS is not supported by the City’s own long-range park system plans and internal reviews. More importantly, the proposed Methodology Update, unlike past updates, makes no mention of current deficiencies within the park system and the capital improvements plan doesn’t include any expenditures to correct such deficiencies. The 2008 methodology update, for example, included \$75.6 million in the capital improvement plan for non-SDC expenditures to correct existing deficiencies in Non-Central City local access park improvements (this amount doesn’t include an additional \$23 million for land acquisition to correct deficiencies). The 2004 methodology update included \$54.2 million in the capital improvement plan for non-SDC expenditures to correct existing deficiencies.

Does the absence of any mention of existing park deficiencies in the current capital improvement plan mean that the City is no longer planning to upgrade park facilities in areas where they are lacking?

Additional concerns that we have with the proposed methodology update are:

- Effective Date – According to the draft ordinance before you, the drastic fee increases being proposed would become effective in less than three months, on July 1st. We believe strongly that any increase should have a longer lead time and be phased in so 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. (emphasis added)

development projects currently in process to begin the permitting process won't be unnecessarily burdened by additional costs that could not have been foreseen when pro forma analyses and financing were finalized.

- Impact on Commercial Redevelopment of Non-Central Areas – There has been extensive discussion of redevelopment goals for areas along 82nd Avenue, farther east, and elsewhere. A quadrupling of park SDCs for these areas will certainly make them less competitive for siting of new commercial development.

Thank you for the opportunity to comment on the park SDC methodology update report. We hope to have the opportunity for involvement in a continuing process to further refine this crucial component in plans to ensure that the Portland parks system has capacity to accommodate future growth within the city.

Sincerely,

A handwritten signature in blue ink, appearing to read "Kelly Ross", with a long horizontal flourish extending to the right.

Kelly Ross
Executive Director

2015 SDC Capital Improvement Plan

APPENDIX B: SDC CAPITAL IMPROVEMENTS PLAN

TABLE B.1

**SDC CAPITAL IMPROVEMENTS PLAN
2015 - 2035**

Service Area	Annual	Total 2015-2035
Citywide		
Costs	\$ 17,075,569	\$ 341,511,388
Funding: Park SDCs	15,130,380	302,607,596
Funding: Other Revenue Sources	1,945,190	38,903,792
Central City Local Access		
Costs	6,697,964	133,959,288
Funding: Park SDCs	5,934,956	118,699,111
Funding: Other Revenue Sources	763,009	15,260,177
Non-Central City Local Access		
Costs	7,374,009	147,480,189
Funding: Park SDCs	6,533,988	130,679,758
Funding: Other Revenue Sources	840,022	16,800,431
Total		
Costs	31,147,543	622,950,865
Funding: Park SDCs	27,599,323	551,986,465
Funding: Other Revenue Sources	3,548,220	70,964,400

APPENDIX A

PORTLAND PARKS AND RECREATION		Estimated Project	Estimated Cost	Growth-Required	SDC-Eligible	Deficiency
SDC CAPITAL IMPROVEMENTS PLAN		Timing	(\$)	Portion (%)	Growth Share (\$)	Repair Share (\$)
A. CENTRAL CITY LOCAL ACCESS PARKS						
Timing	Facility	Project	Cost	Portion (%)	Growth Share (\$)	Repair Share (\$)
2008 - 2014	LOCAL ACCESS PARK LAND ACQUISITION CENTRAL CITY Acquire land for local access parks to serve growth needs. total acres: 4.21 Acquisition SDC acres: 4.21 Development recovery % = 58.55% Total Cost	\$16,854,000	\$0	100.00%	\$16,854,000	\$0
2015 - 2020	LOCAL ACCESS PARK LAND ACQUISITION CENTRAL CITY Acquire land for local access parks to serve growth needs. total acres: 4.21 Acquisition SDC acres: 4.21 Development recovery % = 58.55% Total Cost	\$16,854,000	\$0	100.00%	\$16,854,000	\$0
2008 - 2014	LOCAL ACCESS PARK DEVELOPMENT CENTRAL CITY Develop local access parks to serve growth needs. total acres: 5.33 Acquisition SDC acres: 5.33 Development recovery % = 50% Total Cost	\$15,982,500	\$0	100.00%	\$15,982,500	\$0
2015 - 2020	LOCAL ACCESS PARK DEVELOPMENT CENTRAL CITY Develop local access parks to serve growth needs. total acres: 5.33 Acquisition SDC acres: 5.33 Development recovery % = 50% Total Cost	\$15,982,500	\$0	100.00%	\$15,982,500	\$0
TOTAL		\$65,673,000		100.00%	\$65,673,000	\$0
Land		\$33,708,000		100.00%	\$33,708,000	\$0
Development		\$31,965,000		100.00%	\$31,965,000	\$0

APPENDIX A

PORTLAND PARKS AND RECREATION					Page 2			
SDC CAPITAL IMPROVEMENTS PLAN					2/22/08			
B. NON-CENTRAL CITY LOCAL ACCESS PARKS					Estimated Project Cost (\$)	Growth-Required Portion (%)	SDC-Eligible Growth Share (\$)	Deficiency Repair Share (\$)
Estimated Project Timing	Facility							
2008 - 2011	LOCAL ACCESS PARK LAND ACQUISITION NON-CENTRAL CITY Acquire land for local access parks to repair deficiencies and serve growth. total acres: 36.50 Acquisition \$16,425,000 SDC acres: 20.12 Development \$0 recovery % = 100% Total Cost \$16,425,000		55.12%	\$9,054,000	\$7,371,000			
2012 - 2015	LOCAL ACCESS PARK LAND ACQUISITION NON-CENTRAL CITY Acquire land for local access parks to repair deficiencies and serve growth. total acres: 36.50 Acquisition \$16,425,000 SDC acres: 20.12 Development \$0 recovery % = 100% Total Cost \$16,425,000		55.12%	\$9,054,000	\$7,371,000			
2016 - 2020	LOCAL ACCESS PARK LAND ACQUISITION NON-CENTRAL CITY Acquire land for local access parks to repair deficiencies and serve growth. total acres: 36.60 Acquisition \$16,470,000 SDC acres: 20.13 Development \$0 recovery % = 100% Total Cost \$16,470,000		55.00%	\$9,058,500	\$7,411,500			
2008 - 2011	LOCAL ACCESS PARK DEVELOPMENT NON-CENTRAL CITY Develop local access parks to repair deficiencies and serve growth. total acres: 67.89 Acquisition \$0 SDC acres: 17.51 Development \$33,946,250 recovery % = 75% Total Cost \$33,946,250		25.79%	\$8,755,000	\$25,191,250			
2012 - 2015	LOCAL ACCESS PARK DEVELOPMENT NON-CENTRAL CITY Develop local access parks to repair deficiencies and serve growth. total acres: 67.89 Acquisition \$0 SDC acres: 17.51 Development \$33,945,000 recovery % = 75% Total Cost \$33,945,000		25.79%	\$8,755,000	\$25,190,000			
2016 - 2020	LOCAL ACCESS PARK DEVELOPMENT NON-CENTRAL CITY Develop local access parks to repair deficiencies and serve growth. total acres: 67.90 Acquisition \$0 SDC acres: 17.51 Development \$33,950,000 recovery % = 75% Total Cost \$33,950,000		25.79%	\$8,755,000	\$25,195,000			
TOTAL								
Land	109.60		55.08%	\$27,166,500	\$22,153,500			
Development	203.68		25.79%	\$26,265,000	\$75,576,250			
				\$151,161,250	35.35%	\$53,431,500	\$97,729,750	

APPENDIX A

PORTLAND PARKS AND RECREATION		Page 3			
SDC CAPITAL IMPROVEMENTS PLAN		2/22/08			
C. CITY-WIDE SERVICE FACILITIES		Estimated Project Cost (\$)	Growth-Required Portion (%)	SDC-Eligible Growth Share (\$)	Deficiency Repair Share (\$)
Estimated Project Timing	Facility				
2008 - 2011	SERVICE AREA: CITY-WIDE HABITAT ACQUISITION Acquire habitat acres to serve growth and non-growth needs.				
	total acres: 331.00 Acquisition	\$26,480,000		\$18,832,576	\$7,647,424
	SDC acres: 235.00 Restoration	\$0		\$0	
	recovery % : 70% Total Cost	\$26,480,000	71.12%	\$18,832,576	\$7,647,424
2012 - 2015	SERVICE AREA: CITY-WIDE HABITAT ACQUISITION Acquire habitat acres to serve growth and non-growth needs.				
	total acres: 331.00 Acquisition	\$26,480,000		\$18,832,576	\$7,647,424
	SDC acres: 235.00 Restoration	\$0		\$0	
	recovery % : 70% Total Cost	\$26,480,000	71.12%	\$18,832,576	\$7,647,424
2016 - 2020	SERVICE AREA: CITY-WIDE HABITAT ACQUISITION Acquire habitat acres to serve growth and non-growth needs.				
	total acres: 332.63 Acquisition	\$26,610,400		\$18,925,316	\$7,685,084
	SDC acres: 237.39 Restoration	\$0		\$0	
	recovery % : 70% Total Cost	\$26,610,400	71.12%	\$18,925,316	\$7,685,084
2008 - 2020	SERVICE AREA: CITY-WIDE HABITAT RESTORATION Restore habitat acres to serve growth.				
	total acres: 100.00 Acquisition	\$0		\$0	
	SDC acres: 100.00 Restoration	\$1,064,000		\$1,064,000	\$0
	recovery % : 50% Total Cost	\$1,064,000	100.00%	\$1,064,000	\$0
2008 - 2011	SERVICE AREA: CITY-WIDE CITY-WIDE ACCESS PARK LAND Acquire land for City-Wide Access Parks such as regional parks, urban parks, botanical gardens, etc. to serve growth.				
	total acres: 42.01 Acquisition	\$16,804,000		\$16,804,000	
	SDC acres: 42.01 Development	\$0		\$0	
	recovery % : 100% Total Cost	\$16,804,000	100.00%	\$16,804,000	\$0
2012 - 2015	SERVICE AREA: CITY-WIDE CITY-WIDE ACCESS PARK LAND Acquire land for City-Wide Access Parks such as regional parks, urban parks, botanical gardens, etc. to serve growth.				
	total acres: 42.01 Acquisition	\$16,804,000		\$16,804,000	
	SDC acres: 42.01 Development	\$0		\$0	
	recovery % : 100% Total Cost	\$16,804,000	100.00%	\$16,804,000	\$0

APPENDIX A

PORTLAND PARKS AND RECREATION				Page 4			
SDC CAPITAL IMPROVEMENTS PLAN				2/22/08			
C. CITY-WIDE SERVICE FACILITIES				Estimated	Growth-	SDC-Eligible	Deficiency
Estimated	Facility	Project	Cost	Required	Growth Share (\$)	Repair Share (\$)	
Project Timing		(\$)	(\$)	Portion (%)			
2016 - 2020	SERVICE AREA: CITY-WIDE						
	CITY-WIDE ACCESS PARK LAND						
	Acquire land for City-Wide Access Parks such as regional parks, urban parks, botanical gardens, etc. to serve growth.						
	total acres: 42.01 Acquisition	\$16,804,000	\$16,804,000				
SDC acres: 42.01 Development	\$0	\$0					
recovery % : 100%	Total Cost	\$16,804,000	100.00%	\$16,804,000	\$0		
2008 - 2011	SERVICE AREA: CITY-WIDE						
	CITY-WIDE ACCESS PARK DEVELOPMENT						
	Develop City-Wide Access Parks such as regional parks, urban parks, botanical gardens, etc. to serve growth.						
	total acres: 42.82 Acquisition	\$0	\$0				
SDC acres: 42.82 Development	\$21,410,000	\$21,410,000					
recovery % : 100%	Total Cost	\$21,410,000	100.00%	\$21,410,000	\$0		
2012 - 2015	SERVICE AREA: CITY-WIDE						
	CITY-WIDE ACCESS PARK DEVELOPMENT						
	Develop City-Wide Access Parks such as regional parks, urban parks, botanical gardens, etc. to serve growth.						
	total acres: 42.82 Acquisition	\$0	\$0				
SDC acres: 42.82 Development	\$21,410,000	\$21,410,000					
recovery % : 100%	Total Cost	\$21,410,000	100.00%	\$21,410,000	\$0		
2016 - 2020	SERVICE AREA: CITY-WIDE						
	CITY-WIDE ACCESS PARK DEVELOPMENT						
	Develop City-Wide Access Parks such as regional parks, urban parks, botanical gardens, etc. to serve growth.						
	total acres: 42.82 Acquisition	\$0	\$0				
SDC acres: 42.82 Development	\$21,410,000	\$21,410,000					
recovery % : 100%	Total Cost	\$21,410,000	100.00%	\$21,410,000	\$0		
2008 - 2020	SERVICE AREA: CITY-WIDE						
	TRAILS LAND ACQUISITION						
	Acquire land for trails to serve growth.						
	total acres: 45.46 Acquisition	\$5,682,500	\$5,682,500				
SDC acres: 45.46 Development	\$0	\$0					
recovery % : 100%	Total Cost	\$5,682,500	100.00%	\$5,682,500	\$0		
2008 - 2020	SERVICE AREA: CITY-WIDE						
	TRAILS DEVELOPMENT						
	Develop trails to serve growth.						
	total acres: 45.46 Acquisition	\$0	\$0				
SDC acres: 45.46 Development	\$18,138,404	\$18,138,404					
recovery % : 100%	Total Cost	\$18,138,404	100.00%	\$18,138,404	\$0		
TOTAL			\$219,097,904	89.51%	\$196,117,972	\$22,979,932	
Land			\$135,664,900		\$112,684,968	\$22,979,932	
Development			\$83,432,404		\$83,432,404	\$0	

PORTLAND PARKS AND RECREATION		APPENDIX				
SDC CAPITAL IMPROVEMENTS PLAN (SDC-CIP)						
A. NEIGHBORHOOD PARKS						
Estimated Project Timing	Facility	Estimated Project Cost (\$)	Growth-Required Portion (%)	SDC-Eligible Growth Share (\$)	Deficiency Repair Share (\$)	Potential Funding Sources
2005 - 2020	NEIGHBORHOOD PARK LAND ACQUISITION CENTRAL CITY/NORTHWEST Acquire land for neighborhood parks to repair deficiencies and serve growth needs. total acres: 10.52 Acquisition \$4,208,000 SDC acres: 5.90 Development \$0 recovery % = 100% Total Cost \$4,208,000		56.08%	\$2,360,000	\$1,848,000	
2005 - 2020	NEIGHBORHOOD PARK LAND ACQUISITION NORTHEAST Acquire land for neighborhood parks to repair deficiencies and serve growth needs. total acres: 21.92 Acquisition \$8,768,000 SDC acres: 10.42 Development \$0 recovery % = 100% Total Cost \$8,768,000		47.54%	\$4,168,000	\$4,600,000	
2005 - 2020	NEIGHBORHOOD PARK LAND ACQUISITION SOUTHEAST Acquire land for neighborhood parks to repair deficiencies and serve growth needs. total acres: 3.09 Acquisition \$1,236,000 SDC acres: 3.09 Development \$0 recovery % = 100% Total Cost \$1,236,000		100.00%	\$1,236,000	\$0	
2005 - 2020	NEIGHBORHOOD PARK DEVELOPMENT CENTRAL CITY/NORTHWEST Develop neighborhood parks to repair deficiencies and serve growth needs. total acres: 11.75 Acquisition \$0 SDC acres: 5.9 Development \$3,172,500 recovery % = 100% Total Cost \$3,172,500		50.21%	\$1,593,000	\$1,579,500	
2005 - 2020	NEIGHBORHOOD PARK DEVELOPMENT OUTER EAST Develop neighborhood parks to serve growth needs. total acres: 26.22 Acquisition \$0 SDC acres: 10.65 Development \$7,079,400 recovery % = 100% Total Cost \$7,079,400		40.62%	\$2,875,500	\$4,203,900	
2005 - 2020	NEIGHBORHOOD PARK DEVELOPMENT NORTHEAST Develop neighborhood parks to repair deficiencies and serve growth needs. total acres: 23.81 Acquisition \$0 SDC acres: 10.42 Development \$6,428,700 recovery % = 100% Total Cost \$6,428,700		43.76%	\$2,813,400	\$3,615,300	

APPENDIX

SDC CAPITAL IMPROVEMENTS PLAN (SDC-CIP)

A. NEIGHBORHOOD PARKS		Estimated Project Cost (\$)	Growth-Required Portion (%)	SDC-Eligible Growth Share (\$)	Deficiency Repair Share (\$)	Potential Funding Sources
Estimated Project Timing	Facility					
2005 - 2020	NEIGHBORHOOD PARK DEVELOPMENT					
	SOUTHEAST					
	Develop neighborhood parks to repair deficiencies and serve growth needs.					
	total acres: 17.43 Acquisition	\$0				
	SDC acres: 9.71 Development	\$4,706,100				
	recovery % = 100% Total Cost	\$4,706,100	55.71%	\$2,621,700	\$2,084,400	
TOTAL		\$35,598,700	49.63%	\$17,667,600	\$17,931,100	
Land		\$14,212,000	54.63%	\$7,764,000	\$6,448,000	
Development		\$21,386,700	46.31%	\$9,903,600	\$11,483,100	
SERVICE AREA						
Central City/NW:		\$7,380,500	53.56%	\$3,953,000	\$3,427,500	
Ourter East:		\$7,079,400	40.62%	\$2,875,500	\$4,203,900	
North:		\$0	n/a	\$0	\$0	
Northeast:		\$15,196,700	45.94%	\$6,981,400	\$8,215,300	
Southeast:		\$5,942,100	64.92%	\$3,857,700	\$2,084,400	
Southwest:		\$0	n/a	\$0	\$0	

PORTLAND PARKS AND RECREATION
SDC CAPITAL IMPROVEMENTS PLAN (SDC-CIP)

APPENDIX

B. COMMUNITY PARKS

Estimated Project Timing	Facility	Estimated Project Cost (\$)	Growth-Required Portion (%)	SDC-Eligible Growth Share (\$)	Deficiency Repair Share (\$)	Potential Funding Sources
2005 - 2020	<p>COMMUNITY PARK LAND ACQUISITION CENTRAL CITY/NORTHWEST</p> <p>Acquire land for 1 to 2 community parks to repair deficiencies and serve growth.</p> <p>total acres: 59.20 Acquisition \$11,840,000 SDC acres: 14.46 Development \$0 recovery % = 100% Total Cost \$11,840,000</p>		24.43%	\$2,892,000	\$8,948,000	
2005 - 2020	<p>COMMUNITY PARK LAND ACQUISITION OUTER EAST</p> <p>Acquire land for 5 to 6 community parks to repair deficiencies and serve growth.</p> <p>total acres: 99.24 Acquisition \$19,848,000 SDC acres: 26.08 Development \$0 recovery % = 100% Total Cost \$19,848,000</p>		26.28%	\$5,216,000	\$14,632,000	
2005 - 2020	<p>COMMUNITY PARK LAND ACQUISITION NORTHEAST</p> <p>Acquire land for 1 community park to serve growth.</p> <p>total acres: 0.93 Acquisition \$186,000 SDC acres: 0.93 Development \$0 recovery % = 100% Total Cost \$186,000</p>		100.00%	\$186,000	\$0	
2005 - 2020	<p>COMMUNITY PARK LAND ACQUISITION SOUTHEAST</p> <p>Acquire land for 1 community park to serve growth.</p> <p>total acres: 13.55 Acquisition \$2,710,000 SDC acres: 13.55 Development \$0 recovery % = 100% Total Cost \$2,710,000</p>		100.00%	\$2,710,000	\$0	
2005 - 2020	<p>COMMUNITY PARK DEVELOPMENT CENTRAL CITY/NORTHWEST</p> <p>Develop 1 to 2 community parks to repair deficiencies and serve growth.</p> <p>total acres: 23.68 Acquisition \$0 SDC acres: 5.78 Development \$14,800,000 recovery % = 40% Total Cost \$14,800,000</p>		24.41%	\$3,612,500	\$11,187,500	

PORTLAND PARKS AND RECREATION		APPENDIX				page 4
SDC CAPITAL IMPROVEMENTS PLAN (SDC-CIP)						
B. COMMUNITY PARKS						
Estimated Project Timing	Facility	Estimated Project Cost (\$)	Growth-Required Portion (%)	SDC-Eligible Growth Share (\$)	Deficiency Repair Share (\$)	Potential Funding Sources
2005 - 2020	<p>COMMUNITY PARK DEVELOPMENT OUTER EAST</p> <p>Develop 5 to 6 community parks to repair deficiencies and serve growth.</p> <p>total acres: 60.17 Acquisition \$0</p> <p>SDC acres: 10.43 Development \$37,606,250</p> <p>recovery % = 40% Total Cost \$37,606,250</p>		17.33%	\$6,518,750	\$31,087,500	
2005 - 2020	<p>COMMUNITY PARK DEVELOPMENT NORTHEAST</p> <p>Develop 1 to 2 community parks to repair deficiencies and serve growth.</p> <p>total acres: 10.36 Acquisition \$0</p> <p>SDC acres: 10.22 Development \$6,475,000</p> <p>recovery % = 40% Total Cost \$6,475,000</p>		98.65%	\$6,387,500	\$87,500	
2005 - 2020	<p>COMMUNITY PARK DEVELOPMENT SOUTHEAST</p> <p>Develop additional community park acres to serve growth.</p> <p>total acres: 5.42 Acquisition \$0</p> <p>SDC acres: 5.42 Development \$3,387,500</p> <p>recovery % = 40% Total Cost \$3,387,500</p>		100.00%	\$3,387,500	\$0	
TOTAL		\$96,852,750	31.91%	\$30,910,250	\$65,942,500	
Land		\$34,584,000	31.82%	\$11,004,000	\$23,580,000	
Development		\$62,268,750	31.97%	\$19,906,250	\$42,362,500	
SERVICE AREA						
Central City/NW:		\$26,640,000	24.42%	\$6,504,500	\$20,135,500	
Ourter East:		\$57,454,250	20.42%	\$11,734,750	\$45,719,500	
Northeast:		\$6,661,000	98.69%	\$6,573,500	\$87,500	
Southeast:		\$6,097,500	100.00%	\$6,097,500	\$0	

PORTLAND PARKS AND RECREATION		APPENDIX				page 5
SDC CAPITAL IMPROVEMENTS PLAN (SDC-CIP)						
C. COMMUNITY GARDENS						
Estimated Project Timing	Facility	Estimated Project Cost (\$)	Growth-Required Portion (%)	SDC-Eligible Growth Share (\$)	Deficiency Repair Share (\$)	Potential Funding Sources
2005 - 2020	<p>COMMUNITY GARDEN LAND ACQUISITION CENTRAL CITY/NORTHWEST</p> <p>Acquire land for community gardens to repair deficiencies and serve growth.</p> <p>total acres: 0.86 Acquisition \$129,000 SDC acres: 0.15 Development \$0 recovery % = 100% Total Cost \$129,000</p>	\$129,000	17.44%	\$22,500	\$106,500	
2005 - 2020	<p>COMMUNITY GARDEN LAND ACQUISITION OUTER EAST</p> <p>Acquire land for community gardens to repair deficiencies and serve growth.</p> <p>total acres: 1.84 Acquisition \$276,000 SDC acres: 0.27 Development \$0 recovery % = 100% Total Cost \$276,000</p>	\$276,000	14.67%	\$40,500	\$235,500	
2005 - 2020	<p>COMMUNITY GARDEN LAND ACQUISITION NORTHEAST</p> <p>Acquire land for community gardens to serve growth.</p> <p>total acres: 0.16 Acquisition \$24,000 SDC acres: 0.16 Development \$0 recovery % = 100% Total Cost \$24,000</p>	\$24,000	100.00%	\$24,000	\$0	
2005 - 2020	<p>COMMUNITY GARDEN LAND ACQUISITION SOUTHWEST</p> <p>Acquire land for community gardens to repair deficiencies and serve growth.</p> <p>total acres: 0.42 Acquisition \$63,000 SDC acres: 0.10 Development \$0 recovery % = 100% Total Cost \$63,000</p>	\$63,000	23.81%	\$15,000	\$48,000	
TOTAL		\$492,000	20.73%	\$102,000	\$390,000	
SERVICE AREA						
Central City/NW:		\$129,000	17.44%	\$22,500	\$106,500	
Ourter East:		\$276,000	14.67%	\$40,500	\$235,500	
Northeast:		\$24,000	100.00%	\$24,000	\$0	
Southwest:		\$63,000	23.81%	\$15,000	\$48,000	

APPENDIX

PORTLAND PARKS AND RECREATION							page 6	
SDC CAPITAL IMPROVEMENTS PLAN (SDC-CIP)								
D. CITY-WIDE SERVICE FACILITIES				Estimated Project Cost (\$)	Growth-Required Portion (%)	SDC-Eligible Growth Share (\$)	Deficiency Repair Share (\$)	Potential Funding Sources
Estimated Project Timing	Facility							
2005 - 2020	SERVICE AREA: CITY-WIDE HABITAT ACQUISITION Acquire habitat acres to serve growth.							
	total acres: 310.00	Acquisition	\$17,050,000		\$17,050,000			
	SDC acres: 310.00	Restoration	\$0		\$0			
	recovery % : 50%	Total Cost	\$17,050,000	100.00%	\$17,050,000	\$0		
2005 - 2020	SERVICE AREA: CITY-WIDE HABITAT RESTORATION Restore habitat acres to serve growth.							
	total acres: 100.00	Acquisition	\$0		\$0			
	SDC acres: 100.00	Restoration	\$1,000,000		\$1,000,000			
	recovery % : 50%	Total Cost	\$1,000,000	100.00%	\$1,000,000	\$0		
2005 - 2020	SERVICE AREA: CITY-WIDE URBAN PARKS Acquire and develop urban parks to serve growth.							
	total acres: 2.12	Acquisition	\$3,816,000		\$3,816,000			
	SDC acres: 2.12	Development	\$5,300,000		\$5,300,000			
	recovery % : 50%	Total Cost	\$9,116,000	100.00%	\$9,116,000	\$0		
2005 - 2020	SERVICE AREA: CITY-WIDE REGIONAL PARKS Acquire and develop urban parks to serve growth.							
	total acres: 39.14	Acquisition	\$8,806,500		\$8,806,500			
	SDC acres: 39.14	Development	\$24,462,500		\$24,462,500			
	recovery % : 20%	Total Cost	\$33,269,000	100.00%	\$33,269,000	\$0		
2005 - 2020	SERVICE AREA: CITY-WIDE BOTANICAL GARDENS Acquire and develop botanical gardens to serve growth.							
	total acres: 7.79	Acquisition	\$779,000		\$779,000			
	SDC acres: 7.79	Development	\$233,700		\$233,700			
	recovery % : 20%	Total Cost	\$1,012,700	100.00%	\$1,012,700	\$0		
2005 - 2020	SERVICE AREA: CITY-WIDE TRAILS Acquire and develop trails to serve growth.							
	total acres: 32.46	Acquisition	\$3,246,000		\$3,246,000			
	SDC acres: 32.46	Development	\$12,172,500		\$12,172,500			
	recovery % : 100%	Total Cost	\$15,418,500	100.00%	\$15,418,500	\$0		
TOTAL			\$76,866,200	100.00%	\$76,866,200	\$0		
Land			\$33,697,500		\$33,697,500	\$0		
Development			\$43,168,700		\$43,168,700	\$0		

MEMORANDUM

Daniel Heffernan Company
2525 NE Halsey Street
Portland, OR 97232

DATE: April 10, 2015
TO: Kelly Ross, Exec. Director
NAIOP
FROM: DJ Heffernan, DHC
SUBJECT: City of Portland SDC Methodology Review

Background

The City of Portland's Parks & Recreation Department (City Parks) is proposing to update its systems development charge (SDC) methodology and fees for the Portland Park System. The *Oregon Chapter of NAIOP: the Commercial Real Estate Development Association*, in conjunction with the *Commercial Association of Brokers* and the *Building Owners and Managers Association of Oregon*, asked DHC to prepare an analysis of the draft park SDC methodology for its conformance with ORS 223.297, et seq, and with generally accepted practices for calculating park SDC fees in Oregon. This memorandum summarizes the conclusions and concerns.

Analysis Overview

The analysis was conducted relying on readily available Park System information on the City of Portland web-site, and information provided by Parks Bureau staff.¹ Our focus was limited to the specific requirements of ORS 223.297 and whether or not the proposed methodology meets the rate-setting requirements in the statute. We did not independently verify any of the data presented in City Park's draft methodology or other city documents. We also did not question or review any city documents for compliance with administrative and monitoring requirements in ORS 223.302, such as its SDC credit program, notifications lists, budget and accounting procedures, administrative appeal procedures, etc. Other parties have raised a number of concerns about the draft methodology and we tried to limit our review to issues not already raised. In several instances, however, we offer additional comments on issues raised by others.

Conclusions and Concerns

We find the proposed methodology flawed in several respects. At its core, the draft methodology fails to meet the tests for an SDC fee. The methodology does not meet

¹ Documents reviewed include the Portland Parks 2020 Vision Plan, 2009 Assessment of the 2020 Vision Plan, the 2012 Strategic Plan, the proposed methodology, and 2006 Memo re: Non-residential Parks Impact Allocation, Don Gainer and Associates

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essential requirements to qualify as a SDC fee under ORS 223.297,² 223.304(2)³ and 223.309(1).⁴ As written, the proposal constitutes a tax on development rather than a fee. In essence it uses a balance-sheet derived revenue target as the basis for the capital improvement need. The revenue target was not prepared consistent with legal requirements that the fee be based on an analysis of project-specific capital improvement needs that are set forth in a master plan. The methodology does not meet well-defined tests that ensure the fee is necessary to sustain existing levels of service for the benefit of new growth. It significantly overestimates the cost and value of the park system's land base, underestimates contributions to the park system from outside sources, and capitalizes the land and improvement value of park assets that always have been self-supported.

In short, the City should start over. It should keep its existing Parks SDC rate structure, which by statute cannot be challenged, and initiate a process to update Park SDC fees following the statutory requirements in ORS 223.297. Other Portland SDC programs are grounded, at their core, in system master plans that establish levels of service and that spell out the capital investments necessary to sustain service levels. P-DOT's SDC program is derived from the Transportation System Plan. The Water Bureau and Bureau of Environmental Services SDC programs likewise are based on master plans that analyze capital improvement needs to sustain well defined levels of service. Parks needs to adhere to this same framework.

City Parks needs to start the process of setting SDC fees by developing a master plan. The SDC fee basis then needs to be developed from the list of improvement projects that are eligible for SDC funding. Metro published a good primer for SDC fee

² 223.297 Policy. The purpose of ORS 223.297 to 223.314 is to provide a uniform framework for the imposition of system development charges by local governments, to provide equitable funding for orderly growth and development in Oregon's communities and to establish that the charges may be used only for capital improvements.

³ 223.304(2) - Improvement fees 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.

⁴ 223.309 - (1) 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. (emphasis added)

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programs in 2007 that may be helpful. See:

http://www.oregonmetro.gov/sites/default/files/sdc_report.pdf

Specific problems with the proposed methodology are outlined below.

1. Flawed Level of Service Analysis - The methodology is not based on a level of service (LOS) analysis per ORS 223.309(1) [ibid]. The LOS was not based on an analysis of the service levels associated with various asset classes that make up the park system and makes no reference to “a capital improvement plan, public facility plan, master plan, or comparable plan” that typically is used to document existing level of service and to forecast future service demands and related capital improvement needs. The methodology is crafted in a way that asserts itself as the master plan for determining the system’s current LOS and as the basis for the capital program. This approach does not meet the intent of the statute.
2. Capital Improvement Cost Basis – There are a number of problems with the approach used to estimate the future cost of system improvements. The methodology does not meet the requirement in ORS 223.309(1), that the charge be based on a capital improvement plan (CIP) project list. The methodology asserts the city will need to invest the same per capita “value” in the park system that the current system provides. This is an adequate mechanism to set a revenue target for a “capital fund”, but it does not meet the project driven aggregate-cost basis for establishing an SDC fee proscribed by the statute.
3. Current Value of Park Assets - The methodology asserts that the cost of system improvements that are needed to maintain the existing level of service is equal to the per capita value of the current park system. Several factors are used to establish that value based on estimates for replacement cost for existing land and improvements. This does not meet the intent in ORS 223.309(1) as a basis for establishing the cost basis for needed improvements. The approach used is more commonly followed to establish the historic cost basis for calculating a reimbursement fee.

This concern notwithstanding, the basis for determining the value of the park system’s land base ignores its actual cost. For example, the methodology assigns a value of ~\$327 million for the acreage in Forest Park; that land was largely acquired for next to nothing through foreclosures related to tax delinquency. Other public and private contributions underwrote the acquisition and development of other significant park assets, including Waterfront Park, the Eastside Esplanade, the Springwater Trail, and Washington Park. These contributions are not factored into the analysis. City Park’s impressive history developing partnerships and collaborative funding for park assets should be accounted for in estimating the future cost of park land. The proposed approach uses a “balance sheet” valuation as the basis for setting the fee. This is inconsistent with ORS 223.309(1).

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4. Contributions from Other Sources – For reasons outlined in item #3 above, we believe the assumptions in Table 3.9 – Revenue from Other Sources under represent the contributions that the city is likely to receive from outside sources. The approach ignores the significant contributions to the park system that have come from outside sources. As a corollary example, imagine the increase in the SDC fees for sanitary sewer if that SDC methodology were to capitalize the replacement value for the entire Columbia Boulevard Treatment Plan, much of which was financed with federal EPA grants. The sanitary sewer SDC methodology rightly includes the cost to expand the capacity of clarifiers and treatment systems but it does not capitalize the land beneath the plant nor declare out of hand that the treatment plant and the entire conveyance system perfectly balances all existing demand and has no capacity to meet future demand. That in effect is the approach taken by City Parks.

5. Specialty Use Facilities – The methodology calculates replacement costs for an array of special purpose facilities that typically are not financed using SDC funds. These include the city’s award-winning public golf courses, which were acquired and developed with user fees. Also included are marine parks and boat launching facilities, stadiums, and other special use venues. These elements of the park system have access to special grants and public-private partnerships; they generate significant operating revenue that provide alternative financing options that are not available to help finance a typical neighborhood or community park. These special use facilities should be treated as enterprise assets and removed from the SDC program altogether.

6. Lack of Documentation for Replacement Costs – Table A3 in the methodology lists costs for constructing various types of park improvement but it does not indicate the source of this information. The City should not act on the proposed methodology until it makes these sources available for public review.

7. Lack of Support for Demand and Benefits Claimed - The proposed methodology represents a sea change in the way park system benefits are calculated and are used to allocate costs to system users. The change shifts future capital costs from residential uses to non-residential uses. The methodology asserts that by being present in the city at various times of the day people have access to city parks and this proximity alone benefits various classes of city residents and non-residents in a measurable way. There is, however, no supporting evidence to back up the benefits that are attributed to the classes of park users. The framework for “measuring” system benefit is based on a series of time-based suppositions (see Section 3.C in tables 3.3 and 3.4) that are intended to serve as a proxy for the direct and indirect benefits that accrue to park system users. Asserting this benefit schema without any data to back up the claim fails to meet the intent of ORS 223.304(2)(a)(B), which calls for an analysis of demands placed on the system by system users.

8. Central City Need – The methodology calculates park needs using Metro population and employment growth forecasts and then by calling for replicating the

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current level of park investment on a per-capita basis. The table below shows, however, that growth impacts and park system needs in the Central City are very different from elsewhere, largely because of the large increase in residential population there compared to other parts of the city.

Portland Population and Employment Growth Forecast

	<i>Population Growth</i>	<i>Percent Increase</i>	<i>Employment Growth</i>	<i>Percent Increase</i>
Central City	33,340	84.0%	20,460	14%
Non-Central City	65,910	11.8%	32,820	12.8%
City Wide	99450	16.7%	53,280	13.3%

Source: Portland Parks SDC Methodology, Table 3.1

There is no better demonstration than this table of the need to prepare a system master plan that uses a differentiated planning and project development framework for Portland's park system. The proposed methodology makes no distinction in needs or the type system improvements in the Central City from the rest of the city. This is further demonstration that the proposed methodology is not based on a project-based planning and development program but rather is an exercise designed to generate as much revenue as possible without regard for where or how it will be used. This "tail wagging the dog" approach does not meet the intent of the statute.

9. City Parks' SDC Methodology and Current Conventions – The League of Oregon Cities most recent survey of SDC rates and methodologies across the state reveals that Portland is in rare company applying an SDC to non-residential uses. Less than a third of cities that responded to the survey assess a non-residential park SDC fee. Many of those that do include discounts in their rate for costs related to neighborhood parks and natural areas. We also found the descriptions for many non-residential fee methodologies would not meet ORS 223.297 ratemaking requirements. We also could find no references to other cities that use the time-based access methodology that Portland proposes to use to allocate costs to non-residential uses. This approach has been abandoned by several cities that formerly used it. See

http://www.orcities.org/Portals/17/Premium/SDC_Survey_Report_2013.pdf

Supplemental Observations and Questions

Level of Service (LOS) Analysis

The methodology states on page 4 that the LOS standard is the per capita value of investment in parkland and improvements. On page 9, the methodology asserts that the existing level of service per person is the service level being provided by the

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existing park system. *“There is no existing unused capacity nor is there any existing deficiency”*

This definition of LOS is not supported by the City’s own long-range park system plans and internal reviews. The 2020 Vision Plan and the 2009 Progress Report for the Parks 2020 Vision Plan cite the need to establish and refine levels of service by asset class. The 2009 assessment noted that the city had not made sufficient progress building athletic fields, building accessible community centers for all neighborhoods, nor providing parks within ½ mile walk of all city residents. This assessment implies the system has asset deficiencies for certain asset classes. The continuing importance of these goals was recently reinforced in Appendix B of the 2012 Strategic Plan, which highlights how the Strategic Plan is consistent with the 2020 Vision by acknowledging the need to establish levels of service for each asset class, and for lowering the system-wide risk for certain assets’ failure to deliver established levels of service. These higher-order city park system plans recognize both the geographic disparities in levels of park service and the significant variances in acceptable service delivery for different types of park assets.

The most obvious disparity in this regard is Forest Park, whose 5000+ acres of open space and wildlife habitat, and hundreds of miles of trails, and local neighborhood park improvements provide an extraordinary level of service not only for its nearby residents but also to the region. It is an asset that is virtually unrivaled in any major metropolitan city in the United States. There is no mention in the 2020 Vision of the need to acquire another Forest Park in order to serve Portland’s future residents. It may need some hardening of heavily used trails and further enhancements to pocket parks to meet local neighborhood park needs; but Forest Park, by any reasonable standard, has ample capacity to serve additional city residents.

Other asset classes that have capacity to serve additional residents include regional trails (e.g. Springwater Corridor, the Esplanade, etc.), Portland’s Public Golf courses, where use has been declining, and the city’s other nature parks. The blanket statement that the park system has no unused capacity or unmet needs is simply not true. The City’s own long-range park plans contradict this assertion. There are system asset classes that have capacity to serve additional growth and for these assets, the city should collect a reimbursement fee, not an improvement fee.

The fact that the city has failed to implement the 2020 Vision Plan’s call to establish specific level of service standards for the various classes of park assets, or to develop area specific capital improvement programs, which should be used as the base for the SDC fee program, does not absolve the city from the required tests for designing and collecting park SDCs. The fact that the current methodology, which also has flaws in the way SDC fees are calculated, has not been overturned may only be true because the methodology was not challenged for pragmatic reasons, or because the statute limits challenges to 60-days after adoption. This is hardly a basis for not

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meeting the intent of the statute, which is to base the fee on a master plan, not to develop the master plan based on the fee.

Lack of Evidence for Access-based Benefit Analysis

There is insufficient evidence to back the assertion that access to parks at certain hours of the day translates into measurable benefits for various classes of system users. The benefit distribution asserted in Table 3.3 (page 7) is an interesting schema but based on the research we conducted, which included reading the consultant's report from which this table was gleaned, it is not backed by any empirical observation.

In virtually every other SDC methodology that we've encountered, there is a direct empirically measured relation between system use and the calculation of system benefits. For the water system the benefit measure is the amount of water consumed by meter size. That consumptive distribution is then used to allocate the cost of improvements for water treatment, storage, and distribution to serve growth. Metered water use in winter months and sampled nutrient loads are used in sanitary sewer SDCs to allocate the cost to serve demand that new development will impose on the sanitary sewer system. The amount of new impervious surface area and runoff association with a "system design storm" provides the basis for allocating the cost to build stormwater conveyance and treatment facilities. Monitored traffic generation and flow patterns along with design standards for amenities that are not capacity constrained are used to allocate costs for future transportation improvements.

The assertion that time in the city provides a reliable basis for estimating system benefits and for allocating costs to future development is especially bothersome when there are no data to support the hourly utilization factors for the various user groups. There also are no data to support the seasonal adjustments used to compute the weighted average hours for the various classes of users. The assertions for how differing classes of park users benefit from and impose demands on the system is a fabrication that is not based on any empirical observation of actual use or adopted capacity standards for different classes of park assets.

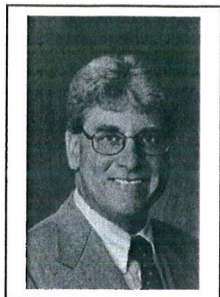
It is difficult to imagine, for example, that park use surveys would align with the proxy-benefit claim in the methodology that resident and non-resident employed persons benefit equally from the park system before and after work hours. This may be true for passive use of near-by parks during the lunch hour, but non-residents are unlikely to take a lunch hour yoga class at a community center, or lap swim, or enroll in a program for which they must pay a non-resident fee.

City Park's proposal to use guesswork about amount of time per day that people can use parks is not a reasonable or rational basis for allocating costs to future system users when there are other empirically based measures available. The city has records for visitors to its community centers and survey information for visitors to

MEMORANDUM

city parks. An analysis of these data would provide a more reliable and defensible approach for allocating costs between residential and non-residential development.

DANIEL HEFFERNAN COMPANY



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EDUCATION:

Willamette University Graduate
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MEMBER:

American Planning Association
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Pacific NW Rugby Referees Society,
Past Chairman

Conferences/ Publications:

Financing Industrial Land
Infrastructure OR/WA APA
Conference, 2011

A Tale of Three Districts
OAPA Mobile Workshop
Spring Conference, 2010

Hillsboro's Transportation Utility
Fee Program, APWA, 2009

Mr. Heffernan has more than thirty years of professional experience advising clients on infrastructure planning and finance, permitting, and environmental analysis. His consulting clients include cities, counties, state and federal government agencies, and private interests. His expertise includes utility rates and fee analysis, capital budgeting, land development planning and permitting, economic development, and environmental analysis. He received the Distinguished Service Award from the Mid Willamette Valley Council of Governments and twice has received the Professional Achievement in Planning Award from the American Planning Association Oregon Chapter.

Selected Experience

City of Forest Grove Park System Development Fee, 2014

– Working on behalf of MIG Consultants, Inc to help the city update its Park System Master Plan and to develop a funding strategy for the capital improvement program. The work includes analyzing the current SDC methodology, and rate structure for residential developments.

Bend Metro Park and Recreation District SDC and Capital Improvement Programs, 2005, 2010, 2011

– Updated the District's System Development Charge methodology to meet state law and prepared subsequent updates to the fee in light of cost and capital program changes. Managed development of a capital improvement planning process that identified the District's capacity to issue bonds for non-SDC funded capital projects. Also prepared administrative procedures for indexing SDC fees and procedures for appealing fee calculations.



City of Oakridge Park System Master Plan, 2010 – Developed the city’s first park system master plan and financing program. The project included involvement by the University of Oregon Landscape Architecture Design Studio, which resulted in teams of students preparing concept plans for improving the city’s park properties and trails. The plan determined that grants, private donations, and local bond measures provided more reliable funding for system development. The project was funded through a planning grant from Oregon State Parks.

City of Hillsboro Park System Development Charge Fee Methodology, 2010 – Managed a consulting team that updated Hillsboro’s Park System Capital Improvement Program and SDC fee program. The project raised park SDC fees and amended City codes to meet state regulations. Meetings with business and development stakeholders were used to outline the need for the update and secure their support.

City of Vernonia Master Capital Plan, 2013 – Developed a six-year capital budget for Vernonia’s parks, water, sewer, roads, drainage, and special projects. The analysis used operating pro-forma analysis and established capital resources to define the level of available funding for capital projects. This gave decision makers programming targets for each system.

I-84 Interchange Area Management Plan and Supplemental Transportation SDC, The Dalles, OR, 2010 – Developed an innovative supplemental impact fee program to preserve transportation capacity near an interchange for a large industrial redevelopment area. The solution included a trip allocation and exchange program with variable pricing for non-industrial uses.

South Newberg Infrastructure Financing and Development Strategy, 2010 - Prepared an analysis of alternative financing for vital

transportation and utility infrastructure to serve a regional industrial development area. Strategies included urban renewal, late-comer fees, LIDs, and transfer of development rights in addition to traditional SDC fees to pay for infrastructure and protecting sensitive resource areas.

City of Hillsboro Transportation Utility Fee (TUF), 2009 – Manage the consulting team that developed and implemented a transportation utility fee. The utility revenue is financing deferred maintenance and safety improvements. The team analyzed revenue requirements and cost recovery options, developed the utility rate structure, billing processes, and appeal procedures. The project included extensive work with a stakeholder advisory committee.

Atfality Recreation District Feasibility Analysis, 2004 – Analyzed program and governance solutions for a proposed recreation district serving residents of Tigard, Tualatin, Sherwood and unincorporated urban areas. The team worked extensively with local staff and elected officials to identify service gaps, estimate the cost of service delivery, and develop an innovative governance structure for the district. The team also prepared findings to support the proposed property tax rate and wrote ballot measure titles and supporting materials for elections in two counties.

Capital Improvement Planning – Prepared integrated capital facility improvement plans for cities in Oregon and Washington. Developed an innovative method for coordinating plans with the annual budget process and integrating it with master plan updates.

Utility Rate Studies and Impact Fees – Prepared cost of service and recovery rate studies for water, sewer, storm water and transportation utilities. Prepared development impact fee methodologies related to water,

sewer, storm water, parks, transportation and school facilities.

April 15, 2015

Parks Commissioner Fritz's Office
1221 SW 4th Ave., Room 220
Portland, OR 97204

Re: Proposed Scaling of System Development Charges for Portland Parks

Commissioner Amanda Fritz,

Congratulations and thank you for bringing to Council a fair and improved formula by which System Development Charges (SDCs) will be levied to support Portland's amazing parks system.

We support your proposal to scale Park SDCs based on home size. We also strongly encourage Council to adopt a staff amendment to add a 5th (smaller) category for homes under 700 square feet. Collectively, these changes will correct the irrational current situation in which builders pay the same Park SDCs for homes under 1,000 square feet as they do for homes over 2,250 square, despite the fact that the under-1,000 square foot homes have, on average, half as many people living in them.

We support the scaling of Park SDCs based on home size for two primary reasons:

- (1) **Legal nexus.** Park SDC methodologies must relate fees on new development to the specific impacts such development is expected to have on the City's parks and recreation needs. It's simple: Bigger homes have more people living in them than smaller ones; and demands on our park system scale with the number of people who live here. As noted in a Metro's 2007 report on *Promoting Vibrant Communities with System Development Charges*, "As with dwelling type, dwelling size is a potential indicator of the number of occupants, and therefore an important factor in park and other SDC assessments." Nearly a decade later, the Parks Bureau, using data gathered by Portland State University's Population Research Center, has devised a fair and appropriate approach for calculating Park SDCs that heeds this relationship between home size, number of occupants, and associated demands on our parks system.
- (2) **Good public policy.** When SDCs don't scale based on home size, they become a fixed cost of development. This creates a financial incentive for builders to construct larger, more expensive, homes. Scaled SDCs incent builders to create homes at a wide range of sizes, including the small and more affordable homes we so desperately need. As demographic shifts yield smaller households, incomes fail to keep up with escalating housing costs, and the lifecycle carbon benefits of smaller homes become ever clearer, we should be seeking ways (such as this proposal) to *remove* unnatural incentives to build big homes, not *perpetuate* them.

Over the next couple years, there should be opportunities to scale SDCs based on home size to better capture per-resident impacts on our city's transportation, sewer, and water systems. When those times arrive, we'll encourage other city Bureaus to follow Parks' lead. But first, let's update Park SDCs as you've proposed.

Thank you for your work on this much needed and long-awaited SDC methodology update.

Sincerely,



Eli Spevak
Orange Splot LLC



Kevin Cavenaugh
Guerrilla Development

Suzanne Zuniga Architect, LLC
Eric Cress
Nels Gabbert
James Ray Arnold, JRA Green Building
Ethan Beck, Ethan Beck Homes
Gabe Genauer, President, Groundswell
Development, Inc.
Stephen Aiguier, Owner, Green Hammer
Derin Williams, ShelterWise
Stephen Williams, Rainbow Valley Design
and Construction
Rob Bennett, EcoDistricts
Mark Lakeman, communitecture
Schuyler Smith, Principal, Polyphon
Architecture & Design
Dylan Lamar, Architect, Green Hammer
Jill Cropp, Studio Cropp Architecture
Kristy Lakin, Woodstock Commons LLC
Lina Menard, Niche Consulting LLC
Dave Spitzer, Architect
David Kennedy, Architect
Michelle Jeresek, Ivon Street Studio
Ted Labbe

Brad Hippert, Home Loan Advisor, Equity
Atlas
Heather McGarry, Mortgage Advisor,
Green Mortgage NW
David Burdick, Earth Harmony Habitats
Amanda Morgan
Steve Gutmann
Doug Klotz
Marsha Hanchrow
Rebecca Hamilton
Rich Grimes, Construction Manager,
Solterra Systems
Dorothy Payton
James Thompson
Richard Brown AIA
Jean von Bargaen Root, Architect
Becky Luening
Mark Wheeler, Roots Realty
David Todd, Real Estate Broker
Pierre Lazarus
David Sweet
John and Renee Manson, Beaumont-
Wilshire residents

TERRY PARKER
P.O. BOX 13503
PORTLAND, OREGON 97213-0503

Subject: Testimony to the Portland City Council related to single family home system development charges April 15, 2015.

The concept of calculating the amount of system development fees being related to the square footage of a new house is on the right track. However, it should be taken a couple of steps beyond what is being proposed. When a single family home torn down and replaced by a new larger house - a one for one replacement - system development charges need to be assessed on the additional square footage of the new house.

As I have previously testified before this council; "when my neighborhood - Rose City Park - was platted over 100 years ago, the developers clearly envisioned a residential village in a park geared to the working class".

New houses that replace older homes all too frequently are almost two and one half times the size and price of the home being replaced, and they extend to the edges of the lot lines eliminating the unsurpassed backyard park for parents that want to keep tabs on a small child. This out of scale development places the basic fabric of older single family home neighborhoods at risk. Due in part to the rapid ~~decline and~~ REMOVAL AND demolition of older starter homes, the working class - often called the 99 percent - is systematically being priced out of the housing market.

System development charges that will be utilized to help pay for parks is a fitting venue to add incentives for promoting affordability and maintaining the park like ribbons of green that backyards and front yards provide.

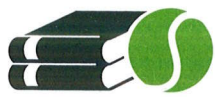
The percentage of the property or lot not taken up by the footprint of a new house needs to be calculated as part of the system development charges being assessed. Bonus reductions can be given for a proportionally greater amount of open space including larger all around setbacks and yards. Penalties need to be assessed for lot line to lot line development and footprints that proportionally cover a larger amount of the square footage on the property. This needs to apply to any size house including new skinny houses that are wedged in on small lots.

In addition to the cooling affect on the atmosphere, without the green park like amenities and ambiance that surround our living quarters, the living environment is compromised and housing for everybody becomes less affordable. We need to keep neighborhoods like mine working class affordable while still maintaining the long standing values and intended vision of a residential village in a park.

Establishing system development charges that have a dual role can not only help pay for parks, but also help protect the character and quality of life in all single family home neighborhoods.

Respectfully submitted,

Terry Parker
 Northeast Portland



April 15, 2015

To The City of Portland:

Good Afternoon. My name is Stephanie Haas, and I am here on behalf of my non-profit organization, Portland After-School Tennis & Education, which serves at-risk youth from low-income families in North Portland. We support public parks and community centers because we know that children and families we serve have restricted access to private tennis clubs and exercise facilities. Our organization benefits from St. Johns Park and Community Center every day during the summer for fitness activities and also runs a soccer league out of the neighborhood park. Without these Parks and Recreation resources within walking distance in St. Johns, the youth and families we serve would be at a greater risk of health concerns, caused by sedentary behavior and lack of fresh air because they would not have a free, safe space to exercise.

Portland After-School Tennis & Education offers financially accessible tennis lessons and educational programming to low-income youth and families. The families we serve are learning to play tennis and connect with the Portland community through sports. However, there are no usable tennis courts within three miles of the St. Johns, so it is a challenge to find safe, usable outdoor facilities to enjoy tennis as a family. We hope that Parks SDC will help support an upgrade in outdoor tennis facilities in North Portland.

In the last few years, new growth and developments in North Portland have drastically increased. Our neighborhood is increasing in population—a population that uses public parks for pleasure and exercise—and much of that population increase is due to new, multi-family residential buildings, fitting more people into smaller spaces. We support the Parks SDC Methodology Update because it better accounts for the wide range in square footage of single family and multi-family residences. It will result in a more consistence and accurate application of the charges.

The proposed methodology is more sustainable and fits better with expected future growth in North Portland and the limits of our city's boundaries. Growth in the city, especially North Portland, results in park and open spaces becoming more valuable. Citizens of St. Johns and members of the Portland After-School Tennis & Education program continue to hope for better park facilities and services. This update will allow Parks SDCs to be used to improve community centers, tennis courts, and other park facilities, which cannot be done under the current methodology. We believe that new development should pay for its share of costs.

I speak on behalf of the hundreds of people that we serve at Portland After-School Tennis & Education in St. Johns neighborhood. We benefit from the wonderful park facilities in St. Johns, but hope to see improvements to tennis courts and park services.

Sincerely,
Stephanie Haas
Associate Director, Portland After-School Tennis & Education

April 15, 2015

Portland City Council:

Mayor Hales
Commissioner Fish
Commissioner Fritz
Commissioner Novick
Commissioner Saltzman

Build it and they will come. There are many citizens in our city who want to be involved in developing a local park. Their visions of future experiences ~~they~~ might anticipate with their families and friends in a new park can fuel energy and enthusiasm. Unfortunately, this eagerness is too often thwarted when there is no master plan in place for the designated property. We have learned that there must be a master plan, for it establishes what community members desire in their parks (and more). Without the master plan in place, any progress toward a property becoming a park is minimal at best.

The PP&R System Development Charges (SDC), made at the time of development, contribute funds for park improvements and master planning of properties designated to be parks. Purchasing land for the explicit intent of establishing a future park demonstrates foresight. However, when such land lacks access for public use, the public is not being served. This is like building ships to be safe while in harbor, but we all know that this is not why ships are built.

My request to this Portland City Council is that your decision will be to continue using System Development Charges with no reductions. The investment of these SDCs into city parks can offer, in return, a healthier and happier citizenry--a result that we could say is "priceless." We must not forget that children should have experiences in nature while they are young. If not, we can only expect them to grow into adults who hold little value for preserving our natural and wild places for everyone to enjoy and utilize.

Our Portland Parks and Recreation system recently won a national award recognizing outstanding qualities throughout the PP&R system. The City of Portland should be unwilling to commit to anything less. Please continue the SDCs with no reduction. This action can ensure improvements of the City's parks and properties designated to become parks. Thank you for your consideration of my request.

Respectfully submitted,



Joyce Ley
16511 NE Fargo Circle
Portland, OR 97230-5515



April 13, 2015

Dear Mayor and City Council

We are writing on behalf of Audubon Society of Portland and our 15,000 members in the Portland Metropolitan Region to urge your support, with the two caveats listed below, for the proposed Parks System Development Charge Methodology and to implement and update the applicable city codes accordingly.

Background:

Access to parks and nature is a public good and an integral part of our urban infrastructure. In Portland good access is a strong and widely shared community value. It is also community value integral to the mission of Audubon Society of Portland. Like many Portlanders, we believe access should be shared equitably among the current generation and across generations for the variety of public values urban parks and nature provide and support. Urban parks and nature support a variety of indicators of individual and community health; they contribute to economic prosperity and civic vibrancy; and they provide for environmental quality including air, water and healthy, diverse populations of native wildlife.

Many of the park inequities that we face today are a direct result of the fact that historically, Park SDC's were absent or set far below the actual costs of developing new parks to service growth. This deficiency was partially remedied in 2007, the last time Park SDCs were updated and cost recovery increased from 22% to 75%. The results of this increase have been remarkable. Between 2008-2014, (since the last update) the Park SDC program raised over \$50.5 million in funding for parks, trails, and natural areas. Funding has helped buy a long list parks, natural areas, and trail corridors, expanding the proximity and the quality of access in Portland. Over the last 7 years the Park SDC program has been critical to several popular park acquisitions and openings including the segments of the Springwater Corridor, Columbia Slough, North Portland and South Waterfront Greenway trails; the program helped acquire Clatsop Butte Natural Area, Colwood Golf Course, Riverview Natural Area and Gateway Green. The Park SDC program also helped acquire and develop numerous neighborhood park sites in East and NE Portland that has improved access in the system where it is needed most.

Still challenges remain. Many neighborhoods still lack access to parks and natural areas and as currently configured, Park SDCs still do not require full cost recovery. As Portland grows and new Portlanders move to our City to share in the benefits of our interconnected system of parks, trails, and natural areas, it is critical that we make investments in that system in proportion to that

growth. New growth and development should pay for the system that helps drive that growth, with appropriate and targeted allowances for new residences ability to pay and the affordability of our community. It is also critical that we tie investment in parks to growth in **both** employment and housing.

We urge the Council to adopt the proposal Park SDC update, but we would like to highlight a few specific issues and concerns for the record:

- 1) **Audubon strongly supports increasing cost recovery from 75% to 88% of the costs associated with new growth.** Many of our current deficiencies in park access are the direct result of the fact that historically Park SDCs only accounted for a small portion of the park needs generated by new growth. It is critical that current SDCs not further add to the existing deficiencies. Moving SDCs to 88% cost recovery will help ensure that Portland has the fund necessary to build and maintain our park system to service new demand while it concurrently seeks other funding mechanisms to address historic inequities.
- 2) **New Per Capita Investment Calculation:** Audubon hesitantly supports the new per capita investment calculation methodology which shifts the focus of Park SDCs from an acreage based methodology to a methodology based on the per capita value of park land and improvements. This change in methodology was made in recognition of the fact that the acreage based approach would require PP&R to acquire an “unrealistic” number of acres for new parks relative to the existing land supply in Portland. The per capita approach will allow the city greater flexibility to make capital improvements on existing undeveloped or under-developed parkland to expand service. This is particularly important for Northeast and East Portland where higher percentages of parkland is undeveloped or under-developed. It will be critical for Portland Parks to continue to buy land especially for natural areas, neighborhood parks in deficient areas, and trail alignments essential to increasing system connectivity. But we also recognize that Portland is a land-locked city with a limited land supply. It make sense that we should allow for making capital investments that improve existing parkland whether by developing new parks or investing in some types of environmental restoration.

At the same time, believe that it is critical that the city apply this same logic to how it approaches other land uses, including industrial land supply. The city currently applies a rigid acreage based approach to industrial land supply as evidenced by the draft Economic Opportunities Analysis and Comprehensive Plan currently before the Portland Planning and Sustainability Commission. This methodology has resulted in a situation in which industrial land is given priority over other uses and policies which support to conversion of open space to industrial use. In the same manner that the proposed SDC methodology recognizes that a landlocked city cannot continue to rely on a rigid acreage based approach to finding parkland, so too must it recognize that it cannot continue to rely on a rigid acreage based approach to finding industrial lands or other land use types that may run a deficit in the future. We view the adoption of this methodology as a watershed moment in which the city is formally recognizing that is no longer has available vacant acres to meet its growth objectives—it is essential that this acknowledgment inform all land use decisions, not be limited exclusively to parkland.

- 3) **Revised Commercial & Employment Park SDC:** The new Park SDC better accounts for commercial and employment growth. More and more people move to Portland, vacation in Portland, and choose to work and open businesses in Portland because of our parks, trails and natural areas system. Business and commercial development benefit from that system but also impact the system; therefore new business and commercial development should help pay for the system in proportion to their impact.
- 4) **New Scaled Residential Housing Park SDC:** The new proposed Park SDC for residential housing will scale to the square-footage of development, thereby removing the penalty to developers of small and more affordable dwelling units. This is good public policy. Audubon Society of Portland also continues to exemption for affordable housing projects serving household below 65% of MHI.
- 5) **Exemption for Campus Housing and Rebate for Lewis and Clark College:** The one area of the methodology that we believe merits further scrutiny is the decision to no longer apply SDCs to campus housing. Prior methodologies did in fact include campus housing and we believe that this application was fully appropriate as college students do make extensive use of Portland park resources. Portland previously defended this methodology in court and we do not see a clear or compelling rational for abandoning this specific SDC in the current update. We are further troubled by the fact that under the terms of a settlement with Lewis and Clark College, the City is now obliged to refund \$439,173.00 to Lewis and Clark for past SDCs that were assessed. This is akin to agreeing to refund past tax assessments if the tax code is updated. The substantial amount of money that the city is obliged to refund speaks to the significant economic loss that will be incurred based on both past and future SDCs if the campus housing SDC is discontinued. We believe that colleges should pay their fair share to support the infrastructure on which their students depend.

Over the next 20 years, the proposed updated Park SDC program could infuse up to \$500 million into our parks, trails and natural areas as the City of Portland continues to grow and develop. Audubon Society of Portland urges the City Council to fully adopt the proposed program without reducing the fee and thus the cost recovery associated with new growth. Portlanders are often wary of growth for growth sake. A fully implemented park SDC program with full growth-related cost recovery is one vital tool to ensuring new growth creates and sustains one of the things that makes Portland special: its exceptional system of park, trails and natural areas.

Sincerely



Bob Sallinger
Conservation Director



Jim Labbe
Urban Conservationist



The League of Women Voters of Portland 187150
310 SW 4th Avenue, Suite 520, Portland, OR 97204
(503) 228-1675 • info@lwvpdx.org • www.lwvpdx.org

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April 14, 2015

Dear Mayor Hales, Commissioners Fish, Fritz, Novick, and Saltzman:

RE: Parks System Development Charge Methodology Update Report

As a member of the Parks SDC Task Force and Action Chair of the League of Women Voters of Portland, I appreciate the opportunity to comment on behalf of the League on the SDC Methodology Update Report. We support the new methodology and rates. With the able assistance of the project's expert consultant, Mr. Randy Young, and Parks Bureau SDC Manager Riley Whitcomb, the task force carefully considered several complex issues including quantifying the level of service, occupancy rates in single family and multi-family housing units, and SDC fees for college dorms.

The League's involvement in this issue dates back to 2000 when we challenged a city decision to grant a Parks SDC credit to a Pearl District developer. League representatives have served on all three task forces since the Parks SDC program was created. Our organization supports quality infrastructure and public facilities designed to meet the needs of residents and businesses, as well as a fair distribution of tax burdens and government investment. The process the task force used for this update helped develop a more realistic way to assure that the parks will serve the needs of future residents, while equitably distributing the SDC burden on new development.

Early in this update process, task force members questioned whether the current level of service methodology based on acres of parkland per 1,000 residents was still useful given the growing scarcity of undeveloped land in Portland. Mr. Young explored other approaches to quantifying the level of service and presented the task force with the methodology now under consideration. It places a dollar value per capita on existing parks in order to project what the cost will be to maintain that level of service as development occurs and the population grows. Task force members agreed that this is a more suitable approach.

The task force also discussed whether the current practice of using one rate for each type of housing—single family or multi-family—accurately reflects occupancy rates and thus the capacity needed to serve the city's residents. Mr. Young consulted with PSU's Population Research Center and provided the task

“To promote political responsibility through informed and active participation in government.”

force with census data and analysis on the occupancy rates of various types and sizes of housing units. The task force discussed the disadvantages of using the number of bedrooms as a yardstick. Unit size based on square footage, regardless of whether the unit is single family or in a multi-family development, is supported by the available data and better reflects occupancy rates.

Although the recommended methodology will no longer be based on acreage, we urge the Parks Bureau to continue to acquire new parkland. As densities increase over time, it is essential that we preserve vital natural areas and provide the open spaces Portland residents need to experience nature, play, and exercise.

The task force discussed at great length SDC fees for college dorms. Although we did not resolve the issue, the League recommends including the topic in the next scheduled update. The city should take into account the parks capacity needed for the students living in campus dorms and establish an appropriate rate.

Again, the League appreciated participating in the task force. We support the new methodology and rates. They are based on sound analysis that the task force thoroughly discussed and considered. Approving this update and the new rates will help ensure that Portland can maintain its current level of parks services as densities increase and our population grows.

Sincerely,



Debbie Aiona
League of Women Voters of Portland
Action Committee Chair

TESTIMONY BY JIM KUFFNER, UNIVERSITY OF PORTLAND (4/15/15)
Asst. VP for Community Relations & Special Projects
5000 N. Willamette Blvd.
Portland, OR 97203-5798

- Jim Kuffner, University of Portland, and member of the College Coalition. One of our members, Denny Stoecklin, VP for Finance at Concordia University, sat on the Task Force that reviewed these changes to the Parks SDC program.
- I am here to testify on only one element of the SDC update as it relates to college campuses.
- On-campus housing has historically been exempt from the Parks SDC. In the 2008 update this exemption was eliminated without discussion. Instead, by later interpretation, on-campus housing was simply lumped into SRO housing and therefore subject to the SDC, where it had not been subject to the SDC before 2008.
- We very much appreciate the Parks Bureau and the Task Force engaging in a productive and thorough conversation over the last 2 years about why on-campus housing should again be excluded from the Parks SDC and we appreciate the Task Force's and Park's recommendation for such an exclusion that is now reflected in the update before you.
- Colleges are unique. We are approved through a discretionary review process that requires, in the case of a conditional use master plan, that we include all of our uses within our boundary. The approval process also requires that we demonstrate that we are not lessening the overall character of the area by introducing college uses into nearby single family and multi-family neighborhoods. The same is true with the Institutional MP process.
- These criteria heavily encourage, if not really require, that we build student housing on campus. There is a significant policy issue at stake. The City wants to encourage on-campus housing in order to protect the livability of nearby neighborhoods. This on-campus housing keeps students on campus, reducing noise, vehicle trips and other potential conflicts in the neighborhood.
- Further, the kids who are living on campus have very easy access to recreational facilities and park like settings on these campuses. Take the University of Portland campus for example. We have play fields, open space, indoor and outdoor sports venues, trails and the like. Our students play on campus, choosing easy and fast access to their own "campus park" over a car trip to a City park.

- A Parks SDC for on-campus housing would discourage the very on-campus housing that the City is trying to encourage through its own conditional use process. And the colleges, unlike other uses, provide ample open space for those on campus student residents as well as open space for community members to enjoy, whether it is walking a trail through our campus, throwing a Frisbee or walking their dog. In fact, almost every night of the week, community soccer clubs use our fields instead of the fields at local parks.
- For all of these reasons, the Task Force recommended excluding on campus housing from the Parks SDC and we urge you to adopt the ordinance language before you that carries that exclusion.
- An important clarification. You will note that this exclusion only applies to on-campus housing. If a college builds housing off campus - alone or in a joint venture with a private party - that off campus housing would pay its Parks SDC.
- Thank you for allowing me to share these comments.

Moore-Love, Karla

From: Rob Sadowsky <rob@btaoregon.org>
Sent: Wednesday, April 15, 2015 10:54 AM
To: Moore-Love, Karla
Cc: Larson, Carl; Kransky, Gerik
Subject: Parks SDC letter
Attachments: Parks SDC - BTA support.pdf

Attached is our letter to Portland City Council. Thank you.

--

Rob Sadowsky | Executive Director
tel: 503-226-0676 x14 | fax: 503-226-0498
follow me on twitter.com/rsadowsky

Bicycle Transportation Alliance | btaoregon.org
618 NW Glisan Street, Suite 401
Portland, OR 97209

Calling all **HEROES** *May 28!*

btaoregon.org/25years



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April 15, 2015

Portland City Council
 Attn: Karla Love-Moore, Council Clerk
 1221 SW Fourth Avenue, Room 130
 Portland, OR 97204
 Re: Item 386, Parks System Development Charge Methodology

Dear Mayor Hales and Commissioners,

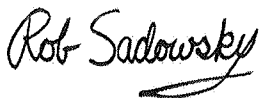
The Bicycle Transportation Alliance (BTA) creates healthy, sustainable communities by making bicycling safe, convenient, and accessible. We would like to express our support for the Parks System Development Charge (SDC) and urge you to accept the Methodology Update Report before you today.

Parks SDCs are key funding sources for multi-use trails. The Marine Drive Trail, the Springwater Trail, and the South Waterfront Greenway have all benefitted from Parks SDC funding. Trails like these are a top priority for the Bicycle Transportation Alliance because they are the lowest-stress, safest, and most family-friendly parts of our bikeway network. They have been shown to be particularly beneficial in promoting physical activity among women and people in lower-income areas.

Trails emerged as top priorities during the public input sessions that helped form our Blueprint for World Class Bicycling. The North Portland Greenway, for instance, would create a waterfront trail from downtown Portland to Swan Island to St. Johns to Kelly Point Park. It would not only create recreational opportunities and improved access to jobs but also a regional destination. Without funding from Park SDCs, though, bold trails like the North Portland Greenway will be even more difficult to build.

We envision a Portland in which a network of off-street trails like the North Portland Greenway link our neighborhoods and provide families and friends with safe, direct access to school, work, and play. We urge you to support the Parks System Development Charge so that this vision can be realized.

Sincerely,



Rob Sadowsky
 Executive Director



**Staff**

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ResourcesLynn Youngbar, Organizational
Development Consultant

Mayor Charlie Hales
City Commissioners
City Hall
1220 SW Fourth Avenue
Portland, OR 97204

April 15, 2015

Dear Mayor Hales and Commissioners,

I am writing to offer our strong support for adoption of the recommendations in the parks SDC update. I participated in two previous SDC advisory committees and was involved in SDC discussions and recommendations via my two terms as a Portland Parks board member. To date SDCs have not fully accounted for increased park, trail, and natural area needs in the city. I am pleased the SDC update addresses that problem by increasing the amount to 88%.

While I understand the rationale for establishing a per capita approach to address the fact that it may not be possible to acquire as much acreage as would be needed to meet the city's needs, I strongly agree with the Audubon Society of Portland's assertion that the city must address this issue across the board, including our industrial land shortfall.

How ironic that the SDC program would adopt a methodology that would shift from acres per capita while efforts to address industrial land shortfall include rezoning open space that would convert golf courses to industrial uses. This illustrates the urgency with which the city's bureaus double down on their efforts to seek multiple benefits by combining efforts on stormwater management, using city-owned properties, greenstreet and ecoroof programs. Additional acreage might be made available through creative inter-bureau and intergovernmental agreements. Just as BES and PBOT have entered into a compact to work more closely to integrate their missions so too should PP&R and the Water Bureau work with BES and PBOT to seek more collaborative efforts to address acreage shortfalls with parks, trails, and natural areas

All of that said, the city should continue to aggressively acquire as much additional acreage needed to serve our citizens and protect our natural landscapes. Finally, I support the new scaled residential housing provision and SDC exemption for affordable housing projects.

Respectfully,

Mike Houck

Parsons, Susan

From: Brett Thompson <Executivedirector@portlandyouthsoccer.com>
Sent: Wednesday, April 15, 2015 10:43 AM
To: Council Clerk – Testimony
Subject: Written Testimony Ror the Parks System Development Charge methodology update

Importance: High

Dear Commissioner Fritz,

I am writing on behalf of Portland Youth Soccer Association in support of the new Parks System Development Charge methodology. Portland Youth Soccer Association represents over 11,000 members throughout all regions of the City. Youth soccer continues to grow and the need for more fields, and better quality fields is a must to support the growth of the game.

PYSA supported our member club, Portland City United in developing Buckman Field. Buckman Field was an unused City park until the facility was renovated in April 2011. This project would not have been possible without SDC Funds. This support gave PCU the necessary financing to help push them over the top on the construction costs. The Kern's Neighborhood is now enjoying one of the finest athletic facilities in the Northwest. This facility supports high schools sports, youth sports, and adult sports and is a hub for fitness activity.

PYSA also supported the development of three additional synthetic turf fields and lights at Delta Park, completed in December 2014. This facility would also not have be possible without the use of SDC funds. This new facility has already shown its value with new events coming to the Portland area, and additional use for our community members due to the synthetic surface and lights.

PYSA plans to continue to promote and support future growth in fields throughout the City of Portland. Many fields are unsafe and need attention. The ability to invest SDC funds into these parks will make a big impact on the programming and safety for our user groups.

Thank you for your vision as we look to the future and the growth of our community and the needs of our citizens.

Sincerely,

Brett Thompson

Brett Thompson
Executive Director

Portland Youth Soccer Association
4840 SW Western Ave. #700
Beaverton, OR 97005
Office: 503-646-6683



Parsons, Susan

From: David Porter <dporter@leachgarden.org>
Sent: Wednesday, April 15, 2015 9:42 AM
To: Hales, Charlie; Commissioner Fritz; Saltzman, Dan; Commissioner Fish; Novick, Steve
Cc: Council Clerk – Testimony; Linda Morrow; Gay Greger
Subject: Leach Botanical Garden Comments- Proposed 2015 SDC Formula Amendments
Attachments: Ltr to Council-Support of SDC formula 4-14-15.docx

Good afternoon Mayor Hales and Commissioners:

I am writing on behalf of Leach Garden Friends to express our strong support for the proposed formula revision for calculation of SDCs. The impending development at Leach Botanical Garden is an example of SDCs in action. Our statement is attached.

Sincerely,

David Porter
Executive Director
6704 SE 122nd Ave.
Portland, OR 97236
503.823.1673
www.leachgarden.org





April 14, 2015

Dear Mayor Hales and City Council:

On behalf of the board of directors, our members and volunteers, Leach Garden Friends writes in support of the proposed new formula for calculating SDC charges on construction in the City. Portland is known for legendary parks and parklike facilities such as the Rose Test Garden, Crystal Springs and Hoyt Arboretum. Portlanders take pride in pointing to the early decision to commission the visionary Olmsted plan for parks in our city. The truth, however, is that the city's growth in population and geography has strained our capacity to extend the vision of a robust and legendary park system to all parts of the community.

The SDC system has provided a rational tool for generating revenue to support land acquisition and capital improvements for parks, trails and greenspaces that serve the many people newly resident in areas of the city where zoning for higher residential density has made the need even more keen. Until 2007, SDCs were calculated at such a low rate that the funds for accessible parks and greenspaces and other infrastructure essential to healthy communities were outpaced by that growth.

After 2007, the last increase in the rate for park SDCs made possible over \$ 50 million dollars in investment in important park acquisitions and improvements. The recovery of the economy in more recent years has accelerated that impact. Investments across the landscape, from the Columbia Slough to South Waterfront to Clatsop Butte, have provided for greater future access. In East Portland where the rate of population growth has been fastest, the City has been able to make improvements that contribute to economic prosperity and civic vibrancy, as well as enhancing environmental quality including air, water and healthy, diverse populations of native wildlife.

At Leach Botanical Garden, impending development of new visitor facilities such as restrooms and parking, new displays of botanical specimens from the Leach collection, accessible pathways and a greater capacity for community activities and educational programs are being funded in part with Park SDCs. The Upper Garden project will be the first major upgrade at the Garden in its thirty years of serving the public. One additional impact from this investment is that it triggers the generation of other dollars in turn. More than a million dollars from other public and private sources is already identified to support the garden improvements. The Garden is the only public facility of its kind east of I-205 and serves the one quarter of Portland's residents who live in the dense, nearby neighborhoods.

In a critique of the SDC program conducted by Development Planning & Financing Group, Inc, botanical gardens are identified as park/greenspace which do not meet the usual criteria for SDC funding. To quote, "Typically park fees only include those elements which most households will utilize and thus derive a benefit." At Leach Botanical Garden, however, data collection from audiences at activities ranging from Children's Nature Fair to our summer day camps to Honeybee Hikes and lecture series demonstrates clearly that the vast majority of garden visitors are Portlanders with particular focus on

the east side of the Willamette River. Botanical gardens do attract visitors from afar as well, but the vibrancy of the garden comes from its use by people who feel ownership and care for it.

As Portland grows and new Portlanders move to our City to share in the benefits of our interconnected system of parks, trails, and natural areas, it is critical that we make investments in that system in proportion to that growth. The proposed formula for collecting SDCs associated with development is an essential tool in that effort. Leach Garden Friends urges you to adopt it.

Respectfully,

A handwritten signature in black ink, appearing to read "David Porter". The signature is fluid and cursive, with a large initial "D" and "P".

David Porter,
Executive Director

Parsons, Susan

From: Joyce Ley <quiltjoys@gmail.com>
Sent: Wednesday, April 15, 2015 10:47 AM
To: Council Clerk – Testimony
Cc: Joyce Ley
Subject: Public testimony before City Council regarding System Development Charges --4/15/2015
Attachments: 2015 Testimony for continuation of SDC program.doc

My testimony that is planned for address to the Portland City Council today (4/15/2015) is attached to this message.

I will present seven (7) copies early this afternoon prior to 2:00.

Thank you for your assistance in this process.

Cordially,
Joyce Ley

--

No great artist ever sees things as they really are. If s/he did, s/he would cease to be an artist.

-- Oscar Wilde

April 15, 2015

Portland City Council:

Mayor Hales

Commissioner Fish

Commissioner Fritz

Commissioner Novick

Commissioner Saltzman

Build it and they will come. There are many citizens in our city who want to be involved in developing a local park. Their visions of future experiences they might anticipate with their families and friends in a new park can fuel energy and enthusiasm. Unfortunately, this eagerness is too often thwarted when there is no master plan in place for the designated property. We have learned that there must be a master plan, for it establishes what community members desire in their parks (and more). Without the master plan in place, any progress toward a property becoming a park is minimal at best.

The PP&R System Development Charges (SDC), made at the time of development, contribute funds for park improvements and master planning of properties designated to be parks. Purchasing land for the explicit intent of establishing a future park demonstrates foresight. However, when such land lacks access for public use, the public is not being served. This is like building ships to be safe while in harbor, but we all know that this is not why ships are built.

My request to this Portland City Council is that your decision will be to continue using System Development Charges with no reductions. The investment of these SDCs into city parks can offer, in return, a healthier and happier citizenry--a result that we could say is "priceless." We must not forget that children should have experiences in nature while they are young. If not, we can only expect them to grow into adults who hold little value for preserving our natural and wild places for everyone to enjoy and utilize.

Our Portland Parks and Recreation system recently won a national award recognizing outstanding qualities throughout the PP&R system. The City of Portland should be unwilling to commit to anything less. Please continue the SDCs with no reduction. This action can ensure improvements of the City's parks and properties designated to become parks. Thank you for your consideration of my request.

Respectfully submitted,

Joyce Ley
16511 NE Fargo Circle
Portland, OR 97230-5515

Parsons, Susan

From: Council Clerk – Testimony
Sent: Tuesday, April 14, 2015 4:58 PM
To: 'nancy@olmstedlegacy.com'; Whitcomb, Riley; Commissioner Fish; Fritz, Amanda; Hales, Charlie; Novick, Steve; Saltzman, Dan; Wadsworth, Jasmine; Wiggins, Rachael
Subject: RE: CITY COUNCIL TESTIMONY for SDC DISCUSSION

Thank you, Nancy. No further action needed from you. I am forwarding your testimony to Council and will place it in the record.

Susan Parsons
Assistant Council Clerk

From: Olmsted [mailto:nancy@olmstedlegacy.com]
Sent: Tuesday, April 14, 2015 3:55 PM
To: Council Clerk – Testimony
Subject: CITY COUNCIL TESTIMONY for SDC DISCUSSION

Attached is the testimony for tomorrow's meeting scheduled for 2PM "time certain"
Please let me know if this is sufficient to be included in the council's packets or
if I should plan to bring 7 copies with me to be included in the record.

Nancy Olmsted
Olmsted Legacy
503 701-9987
simplify by designing with Nature

OLMSTED LEGACY PUBLIC TESTIMONY - PORTLAND CITY COUNCIL - April 15, 2015

Hello, my name is Nancy Olmsted Spanovich I currently reside in Tualatin, and our office is in Portland, Oregon housed at Concordia University. As a scientist my company Olmsted Legacy continues the work of my relative Frederick Law Olmsted who as the creator of Central Park in New York City and considered the father of Landscape Architecture, saw parks as a social justice instrument. Olmsted has a lasting legacy because he knew how to: design, lobby for land and funding, and guide the construction of what has come to be some of our key parks in the United States today and he understood the importance of parks to the human psyche. Our firm works to promote Olmsted's design principles within urban park planning and by way of full disclosure, we have no current PSAs or contracts with City of Portland. From 2000 through 2010, I was appointed to Clark County Washington's Clean Water Commission, a body whose purpose is to recommend the structure of fees to support stormwater infrastructure in the County. This experience allows me to empathize with you regarding the complexities of this SDC update and amendment for the City of Portland's future and I understand the consequences of making an impulsive or political decision.

In my role as a director of Educating for Peace, the Wholistic Peace Institute a 15 year non-profit organization that works to cultivate a culture of peace within our Oregon schools, I have developed a heart for social justice, promoting universal human rights and equitable solutions for our public areas and services within civil society. Parks provide a services that support the community's direct social and psychological needs and allow for the mixing of classes of society who would not otherwise mix¹.

Through these life work experiences, I have observed the repetitive peaks and troughs in revenue stream for protection and enhancement of natural areas, parks and open space. There is often limited funds or set asides for capital facilities, but no operations and maintenance funds. Consequently or resulting from fragmenting of existing undeveloped parcels by linear utilities or new pavement, those parcels soon become an "eyesore" that our sense of civic pride makes it easy for us to dismiss and say "pave it, it's just a weed patch, cover it with rock or bark" and the opportunity for use of that land as a pocket park or low impact development stormwater feature is lost. We need a way to pay for those patches, parcels or chunks of green to be seen as a valuable component of the Fabric of our City and to utilize them within the context of sound urban design.

Also, through these life work experiences, I have taken numerous run down weed patches and turned them into healthy riparian habitat, parks or contemplative gardens, or interpretive centers for teaching about all manner of things like groundwater, water management, geothermal energy, sustainable

design, way-making, sensitive species, carbon or water quality credit trading and ecosystem services protection. This type of SDC where there is an initial reserve of funds and planning for the parks in every development, elevates this as one of the public services for our urban landscape, it has the potential to increase the resale value for the property owner, it enhances visibility and acceptance of the architectural design, it provides amenities that are available to all social levels thereby being inclusive and equitable rather than promoting classicism and snobbery.

I am here today in support of the Parks SDC Update proposal because this type of proposal elevates Parks as an integral part of our urban fabric and gives everyone from developers to even the smallest homeowner the opportunity to invest in creating a rich tapestry of built environment with healthy, green infrastructure or parks that are managed equitably, sustainably and as if there is a life force to the resource of natural and open space areas. In this awesome City we live and work in, the outdoor natural area within the urban setting is as important to our residents as the interior space and utilities. And as Mark Tercek CEO of the Nature Conservancy states “Investing in Nature creates fortune” and this can be on a singular parcel level or at a regional park with all the amenities. We are given the gift of clean air, clean water, soft living plants as a carpet beneath our feet and long horizons and views of hilltops or buttes, ribbons of waterways, rivers or creeks along our urban developed areas. This gift should be treasured and our City has already demonstrated numerous ways this can be done in the many button parks and regional parks that have been planned and conserved that were identified by John Charles and Frederick Law Olmsted in the early 1900’s. The SDC Update proposal and amendment is adaptable and carefully structured to, over time, create a cushion where the City can afford to become innovative with the services of parks and improve those types of facilities that the population needs without having to pursue the fits and starts and delays of a major bond measure or some other funding source.

Advantages from this type of assessment method is it fits better with expected future growth and the City’s Urban growth boundary – as the City grows, the green areas become more precious and automatically provide additional services to the neighborhoods and our world class city. Look at Central Park or Prospect Park in Brooklyn, N.Y. These once large expanses of land are now singular gems in the landscape, yet the services they provide continue to expand. There is no end to the value of a green and rocky natural area within the massive grey or shiny glassy silver of development; a play area or picnic place within walking distance from one’s apartment or work place is like a poetry. Portland stands the test in being a trendsetter for livable City’s with rapidly growing populations. Only by employing carefully crafted, thoughtful strategies to equitably and consistently fund the infrastructure for our citizenry and our visitors alike to enjoy, can we be ahead of the curve and provide the myriad of services for now and into the future. Please support the Parks SDC proposal and Amendment that is before you.

¹ Some additional design principles that were used in most of the Olmsted Parks many of which have been constructed from the Master Plans prepared by Olmsted Brothers for both Portland and Seattle are summarized herein taken from book by a scholar of Olmsted's work Charles Beveridge, editor of the six volume set Frederick Law Olmsted Papers and include:

- Scenery - design that give a sense of movement through a series of spaces large and small that constantly open up to new views using the indefinite boundaries and the play of light and shadow
- Suitability - respect for the local site and its natural scenery, vegetation and topography
- Style - the use of different techniques with specific purposes: "pastoral" for soothing, "picturesque" for a sense of richness and bounteousness of nature and for a sense of mystery
- Subordination - the relegation of all elements, features and objects to the overall design, the landscape was to be the most important feature not the buildings or other design elements of the parks
- Separation - division of areas designed in different styles; separation of movement to ensure safety; separation of conflicting or incompatible issues, active and passive
- Sanitation - sites were designed for adequate drainage and engineering not just surface arrangement designs were meant to promote physical and mental health of the users
- Service - design serves the community's direct social and psychological needs.

Nancy Olmsted Spanovich, Olmsted Legacy

Nancy Olmsted Spanovich is the founder of Olmsted Legacy, a consulting firm that focuses on water and alternative energy projects. Nancy's career spans three decades and includes positions such as environmental scientist and manager for foremost engineering firms, president of Natural Resource Planning Services Inc., and office manager for CH2M Hill IDC in Honolulu, HI. Nancy is committed to promoting development within a context sensitive and sustainable manner that provides energy savings and uses natural ecosystems as integral infrastructure elements. She is highly regarded for her expertise and has been an invited guest speaker for many conferences including the EcoDistricts Summit in fall of 2012. Nancy obtained a Bachelor of Science degree in biology, chemistry, and stress physiology from Western Washington University and a Master of Science degree from the University of California, Berkeley. She has continued her science, legal and regulatory education with courses in water law; wetland, soils and water science; wind and solar energy impacts and regulations; and the National Environmental Policy Act, the Endangered Species Act, and the Clean Water Act. Strongly committed to altruistic endeavors, she is a director of the Wholistic Peace Institute, Educating for Peace an organization whose mission is to stop the killing and to cultivate a culture of peace starting with sharing the wisdom of the Nobel Peace Laureates with our Oregon middles and high schools, trades and business, governing bodies and universities.

Email: nancy@olmstedlegacy.com

Phone: 503-701-9987

Parsons, Susan

From: Justin Wood <justinw@hbapdx.org>
Sent: Tuesday, April 14, 2015 4:14 PM
To: Council Clerk – Testimony
Subject: HBA Testimony on Parks SDC
Attachments: HBA Parks SDC Review.pdf

Attached please see testimony that has been submitted to the Council and Mayor directly and submit into the record for the hearing tomorrow. I will be testifying in person as well.

Justin Wood

Associate Director of Government & Builder Relations
Home Builders Association of Metro Portland
t 503.684.1880 | c 503.997.7966 | f 503.684.0588 | hbapdx.org

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Home Builders Association
of Metropolitan Portland

To: Portland Commissioner Amanda Fritz
From: Justin Wood, Associate Director of Government Relations
Re: Portland Parks SDC Methodology
Date: March 26, 2015

Having served as a member of the Portland Parks SDC Update Taskforce as a representative of the HBA of Metro Portland, I would like to share with you some of our significant concerns regarding the proposal coming before the City Council in April. During the over yearlong task force meetings, members reached a general perception that the philosophy behind the new methodology could prove to be a better system than the current one. However, upon receiving the actual proposed fees and methodology near the end of our process, the general consensus from the wide cross section of members was that the proposed fee increase was unjustifiable and would place an inequitable burden on residential and commercial development. We were told by staff to "let the policy makers adjust the numbers if needed". This memo and the supporting documentation is intended to provide you with the required information to direct staff to revisit the methodology and the calculations contained within.

Issue # 1 - Methodology Questions

Upon completion of our task force, it became apparent to the Home Builders Association that an independent 3rd party expert was needed to review the SDC methodology presented. Attached to this memo, please find a report prepared by DPFPG, a nationally recognized expert on infrastructure financing, calling into question seven specific items of concern which we ask be addressed prior to moving forward with the City Council hearing regarding the Parks SDC. These concerns focus largely on the costs used to develop the basis for the value of the parks system as well as deficiencies in addressing the shortfall of current facilities and land needs for the future. These flaws lead to an inflated parks system value, which drastically changes the number upon which state law requires reimbursement SDC's to be based.

Issue # 2 – Scaling of SDC's

In addition to the methodology questions addressed above and in the attached report, the other big issue our task force was asked to address was one of potentially scaling the Parks SDC to the square footage of a home. To date, no jurisdictions in Oregon have tried to base Parks SDC off of a square footage of a home. One main reason for this is that SDC's must be directly related to the impact a new home has on the park system; to use any other basis for the calculation of an SDC can convert it from a fee to a tax. Just as with Transportation or Water SDC's, the impact felt on these systems by new development is a direct correlation to the basis of the fee. The inherent logic that a 2,300 sq foot home has more impact on a park than a 1,400 sq ft home or a 900 square foot condo is extremely flawed. In fact, we would submit that this

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approach reverses the actual relationship between the size of the home and the lot on which it is built and the use of city parks. A homeowner on a 5,000 sq ft lot in SE Portland already has a place to let out their pet or for their kids to play in their own private yard. The owner of a small condo in the Pearl, on the other hand, has no other option but to use the park for recreation. In other words, if house and lot size is to be used to calculate the fee – which, again, we don't believe is appropriate – we believe that the relationship is the exact opposite of what the proposed methodology would require, in that smaller homes and smaller lots should in fact pay a larger fee for parks, since they would be using the parks more than those living on larger properties.

While we concede that it's permissible to assume that residents from all sizes of homes will ultimately use the parks, we do not agree that a larger home places more demand on a park and demand is the sole basis upon which a city can base a SDC. While some may feel that it is appropriate for larger homes to simply "pay more of their share", that philosophical position is irrelevant to the amount of an SDC; If the city chooses to move forward with this option for calculating SDC's, it will most likely find itself in the position of defending the legality of this option and demonstrating how it is not a tax.

Issue # 3 – Affordability

You recently stated in a Willamette Week interview that it was not the intention of the new SDC methodology to raise new revenue and that the new fees would not make homes less affordable. We disagree, and we would call your attention to the spreadsheet below which outlines the realistic development options within the given zones. You will see that only the smallest of units in the Central City will see a minimal decrease. All other types of development will see large increases. Even the smallest of units outside of the Central City will see a 20% increase above what they currently pay. This increased fee will hurt affordability across the board.

<u>Central City</u>	<u>Current</u>	<u>Proposed</u>	<u>Increase / (Decrease)</u>
MF (less than 1,000 sq ft)	\$ 5,528.00	\$ 5,454.00	-1%
MF (1,000 - 1,499 sq ft)	\$ 5,528.00	\$ 7,649.00	38%
MF (1,500 - 2,249 sq ft)	\$ 5,528.00	\$ 9,071.00	64%
MF (2,250 + sq ft)	\$ 5,528.00	\$ 10,617.00	92%
<u>Non Central City</u>	<u>Current</u>	<u>Proposed</u>	
MF (less than 1,000 sq ft)	\$ 5,632.00	\$ 6,773.00	20%
SF (1,000 - 1,499 sq ft)	\$ 8,582.00	\$ 9,499.00	11%
SF (1,500 - 2,249 sq ft)	\$ 8,582.00	\$ 11,265.00	31%
SF (2,250 + sq ft)	\$ 8,582.00	\$ 13,185.00	54%

Given the information contained within this memo and the attached report, the Home Builders Association respectfully requests that you direct Parks Bureau Staff to go back and address the issues presented and for City Council to review the impacts to affordability that an across the board increase of the SDC will have.

Parsons, Susan

From: Parsons, Susan
Sent: Tuesday, April 14, 2015 4:35 PM
To: Whitcomb, Riley; Commissioner Fish; Fritz, Amanda; Hales, Charlie; Novick, Steve; Saltzman, Dan; Wadsworth, Jasmine; Wiggins, Rachael
Subject: FW: SDC's - testimony Item #386

From: Diane Mattox [<mailto:scottanddianemattox@gmail.com>]
Sent: Saturday, April 11, 2015 8:43 AM
To: Howard, Patti
Subject: SDC's

I received a letter from Amanda Fritz asking for support for this issue. We recently moved to Portland after 36 years in the country in the Boring area, so I am, again, new to city life and this process.

There is a proposed park being planned in our new neighborhood, and I totally support this prospect. When I first moved to Portland in 1974, I was impressed that there were so many parks here and they were putting in more. So for the process to continue even now is really impressive.

And, yes, of course, those who benefit have the responsibility to help make it happen. And it's the responsibility and privilege of those who have more to support these amenities for those who are unable to. It just makes for a better world altogether, doesn't it?

I ask that the Council support and adopt the 2015 methodology update that you are proposing.

Diane Mattox

Parsons, Susan

From: Parsons, Susan
Sent: Tuesday, April 14, 2015 4:40 PM
To: Whitcomb, Riley; Commissioner Fish; Fritz, Amanda; Hales, Charlie; Novick, Steve; Saltzman, Dan; Wadsworth, Jasmine; Wiggins, Rachael
Subject: FW: Parks System Development Charge (SDC) program

From: Mary Kinnick [<mailto:mary.kinnick@gmail.com>]
Sent: Monday, April 13, 2015 10:21 AM
To: Howard, Patti
Subject: Fwd: Parks System Development Charge (SDC) program

FYI

Begin forwarded message:

From: Mary Kinnick <mary.kinnick@gmail.com>
Subject: Parks System Development Charge (SDC) program
Date: April 13, 2015 10:15:16 AM PDT
To: mayorcharliehales@portlandoregon.gov, novick@portlandoregon.gov,
 Commissioner Fish <nick@portlandoregon.gov>, Dan@portlandoregon.gov
Cc: Commissioner Fritz <Amanda@portlandoregon.gov>

April 13, 2015

Dear Commissioners,

Here are some thoughts since I will be unable to attend the April 15, 2015 Council meeting where testimony regarding the Parks SDC program will be presented. My service on the Southeast Portland Parks Committee and as co-chair of the Friends of Mt. Tabor Park Board have provided me with an understanding of the current SDC fee collection and allocation situation. I live in the southeast area of the city which continues to experience extraordinary growth (drive along SE Division and/or SE 50th between Division and Hawthorne for examples). We need to find a way to increase funding to Parks that is associated with this growth. We need more community gardens, more greenspace, more places for kids to recreate together and more. Such increased support is essential to ensure the quality of life that we've come to expect in Portland.

Commissioner Fritz's Parks SDC program proposal will go a long way to better meet the challenge of accommodating growth. I want to be in a City that continues to place a high value on its parks and recreation programs. I've witnessed the woeful decrease over a number of years (until just recently) in funding for Parks and Recreation. Maintenance needs and associated costs with current properties and facilities are huge. Thankfully, the recently passed bond measure will provide some needed support to meet some of these needs. But...Parks is not currently financially positioned to respond to projected residential and commercial growth. This much change.

I urge your support of this Parks SDC program. And, I appreciate Commissioner Fritz's bold

leadership in bringing this proposal forward to City Council.

187150

Sincerely,

Mary Kinnick
5857 SE Yamhill St.
Portland, OR 97215
m.kinnick@comcast.net
503-287-6959

Parsons, Susan

From: Parsons, Susan
Sent: Tuesday, April 14, 2015 4:41 PM
To: Whitcomb, Riley; Commissioner Fish; Fritz, Amanda; Hales, Charlie; Novick, Steve; Saltzman, Dan; Wadsworth, Jasmine; Wiggins, Rachael
Subject: FW: Parks SDC Proposal
Attachments: COP-Parks Methodology Review-04102015 (2).pdf

From: Howard, Patti
Sent: Tuesday, April 14, 2015 4:39 PM
To: Parsons, Susan
Subject: FW: Parks SDC Proposal

FYI

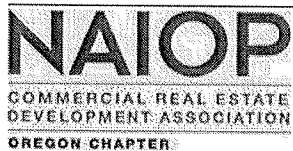
From: Kelly Ross [<mailto:kelly@westernadvocates.com>]
Sent: Monday, April 13, 2015 9:49 AM
To: Commissioner Fritz
Cc: Howard, Patti
Subject: Parks SDC Proposal

Commissioner Fritz, please find attached a review of the proposed park SDC increase that was commissioned by NAIOP, the Commercial Association of Brokers, and the Building Owners & Managers Association of Oregon.

My apologies for the lateness of this report, but we didn't become aware of the proposed SDC increase until mid-March. We plan to provide testimony at the Wednesday Council hearing, and would be happy to discuss this issue with you before or after the hearing.

Let me know if you have questions,

Kelly Ross



Kelly Ross, Executive Director
6745 SW Hampton, Suite 101
Portland OR 97223
(503) 223-1766
(503) 380-1316 Mobile

MEMORANDUM

Daniel Heffernan Company
2525 NE Halsey Street
Portland, OR 97232

DATE: April 10, 2015
TO: Kelly Ross, Exec. Director
NAIOP
FROM: DJ Heffernan, DHC
SUBJECT: City of Portland SDC Methodology Review

Background

The City of Portland's Parks & Recreation Department (City Parks) is proposing to update its systems development charge (SDC) methodology and fees for the Portland Park System. The *Oregon Chapter of NAIOP: the Commercial Real Estate Development Association*, in conjunction with the *Commercial Association of Brokers* and the *Building Owners and Managers Association of Oregon*, asked DHC to prepare an analysis of the draft park SDC methodology for its conformance with ORS 223.297, et seq, and with generally accepted practices for calculating park SDC fees in Oregon. This memorandum summarizes the conclusions and concerns.

Analysis Overview

The analysis was conducted relying on readily available Park System information on the City of Portland web-site, and information provided by Parks Bureau staff.¹ Our focus was limited to the specific requirements of ORS 223.297 and whether or not the proposed methodology meets the rate-setting requirements in the statute. We did not independently verify any of the data presented in City Park's draft methodology or other city documents. We also did not question or review any city documents for compliance with administrative and monitoring requirements in ORS 223.302, such as its SDC credit program, notifications lists, budget and accounting procedures, administrative appeal procedures, etc. Other parties have raised a number of concerns about the draft methodology and we tried to limit our review to issues not already raised. In several instances, however, we offer additional comments on issues raised by others.

Conclusions and Concerns

We find the proposed methodology flawed in several respects. At its core, the draft methodology fails to meet the tests for an SDC fee. The methodology does not meet

¹ Documents reviewed include the Portland Parks 2020 Vision Plan, 2009 Assessment of the 2020 Vision Plan, the 2012 Strategic Plan, the proposed methodology, and 2006 Memo re: Non-residential Parks Impact Allocation, Don Gainer and Associates

MEMORANDUM

essential requirements to qualify as a SDC fee under ORS 223.297,² 223.304(2)³ and 223.309(1).⁴ As written, the proposal constitutes a tax on development rather than a fee. In essence it uses a balance-sheet derived revenue target as the basis for the capital improvement need. The revenue target was not prepared consistent with legal requirements that the fee be based on an analysis of project-specific capital improvement needs that are set forth in a master plan. The methodology does not meet well-defined tests that ensure the fee is necessary to sustain existing levels of service for the benefit of new growth. It significantly overestimates the cost and value of the park system's land base, underestimates contributions to the park system from outside sources, and capitalizes the land and improvement value of park assets that always have been self-supported.

In short, the City should start over. It should keep its existing Parks SDC rate structure, which by statute cannot be challenged, and initiate a process to update Park SDC fees following the statutory requirements in ORS 223.297. Other Portland SDC programs are grounded, at their core, in system master plans that establish levels of service and that spell out the capital investments necessary to sustain service levels. P-DOT's SDC program is derived from the Transportation System Plan. The Water Bureau and Bureau of Environmental Services SDC programs likewise are based on master plans that analyze capital improvement needs to sustain well defined levels of service. Parks needs to adhere to this same framework.

City Parks needs to start the process of setting SDC fees by developing a master plan. The SDC fee basis then needs to be developed from the list of improvement projects that are eligible for SDC funding. Metro published a good primer for SDC fee

² 223.297 Policy. The purpose of ORS 223.297 to 223.314 is to provide a uniform framework for the imposition of system development charges by local governments, to provide equitable funding for orderly growth and development in Oregon's communities and to establish that the charges may be used only for capital improvements.

³ 223.304(2) - Improvement fees 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.

⁴ 223.309 - (1) 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. (emphasis added)

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programs in 2007 that may be helpful. See:
http://www.oregonmetro.gov/sites/default/files/sdc_report.pdf

Specific problems with the proposed methodology are outlined below.

1. Flawed Level of Service Analysis - The methodology is not based on a level of service (LOS) analysis per ORS 223.309(1) [ibid]. The LOS was not based on an analysis of the service levels associated with various asset classes that make up the park system and makes no reference to “a capital improvement plan, public facility plan, master plan, or comparable plan” that typically is used to document existing level of service and to forecast future service demands and related capital improvement needs. The methodology is crafted in a way that asserts itself as the master plan for determining the system’s current LOS and as the basis for the capital program. This approach does not meet the intent of the statute.

2. Capital Improvement Cost Basis – There are a number of problems with the approach used to estimate the future cost of system improvements. The methodology does not meet the requirement in ORS 223.309(1), that the charge be based on a capital improvement plan (CIP) project list. The methodology asserts the city will need to invest the same per capita “value” in the park system that the current system provides. This is an adequate mechanism to set a revenue target for a “capital fund”, but it does not meet the project driven aggregate-cost basis for establishing an SDC fee proscribed by the statute.

3. Current Value of Park Assets - The methodology asserts that the cost of system improvements that are needed to maintain the existing level of service is equal to the per capita value of the current park system. Several factors are used to establish that value based on estimates for replacement cost for existing land and improvements. This does not meet the intent in ORS 223.309(1) as a basis for establishing the cost basis for needed improvements. The approach used is more commonly followed to establish the historic cost basis for calculating a reimbursement fee.

This concern notwithstanding, the basis for determining the value of the park system’s land base ignores its actual cost. For example, the methodology assigns a value of ~\$327 million for the acreage in Forest Park; that land was largely acquired for next to nothing through foreclosures related to tax delinquency. Other public and private contributions underwrote the acquisition and development of other significant park assets, including Waterfront Park, the Eastside Esplanade, the Springwater Trail, and Washington Park. These contributions are not factored into the analysis. City Park’s impressive history developing partnerships and collaborative funding for park assets should be accounted for in estimating the future cost of park land. The proposed approach uses a “balance sheet” valuation as the basis for setting the fee. This is inconsistent with ORS 223.309(1).

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4. Contributions from Other Sources – For reasons outlined in item #3 above, we believe the assumptions in Table 3.9 – Revenue from Other Sources under represent the contributions that the city is likely to receive from outside sources. The approach ignores the significant contributions to the park system that have come from outside sources. As a corollary example, imagine the increase in the SDC fees for sanitary sewer if that SDC methodology were to capitalize the replacement value for the entire Columbia Boulevard Treatment Plan, much of which was financed with federal EPA grants. The sanitary sewer SDC methodology rightly includes the cost to expand the capacity of clarifiers and treatment systems but it does not capitalize the land beneath the plant nor declare out of hand that the treatment plant and the entire conveyance system perfectly balances all existing demand and has no capacity to meet future demand. That in effect is the approach taken by City Parks.

5. Specialty Use Facilities – The methodology calculates replacement costs for an array of special purpose facilities that typically are not financed using SDC funds. These include the city’s award-winning public golf courses, which were acquired and developed with user fees. Also included are marine parks and boat launching facilities, stadiums, and other special use venues. These elements of the park system have access to special grants and public-private partnerships; they generate significant operating revenue that provide alternative financing options that are not available to help finance a typical neighborhood or community park. These special use facilities should be treated as enterprise assets and removed from the SDC program altogether.

6. Lack of Documentation for Replacement Costs – Table A3 in the methodology lists costs for constructing various types of park improvement but it does not indicate the source of this information. The City should not act on the proposed methodology until it makes these sources available for public review.

7. Lack of Support for Demand and Benefits Claimed - The proposed methodology represents a sea change in the way park system benefits are calculated and are used to allocate costs to system users. The change shifts future capital costs from residential uses to non-residential uses. The methodology asserts that by being present in the city at various times of the day people have access to city parks and this proximity alone benefits various classes of city residents and non-residents in a measurable way. There is, however, no supporting evidence to back up the benefits that are attributed to the classes of park users. The framework for “measuring” system benefit is based on a series of time-based suppositions (see Section 3.C in tables 3.3 and 3.4) that are intended to serve as a proxy for the direct and indirect benefits that accrue to park system users. Asserting this benefit schema without any data to back up the claim fails to meet the intent of ORS 223.304(2)(a)(B), which calls for an analysis of demands placed on the system by system users.

8. Central City Need – The methodology calculates park needs using Metro population and employment growth forecasts and then by calling for replicating the

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current level of park investment on a per-capita basis. The table below shows, however, that growth impacts and park system needs in the Central City are very different from elsewhere, largely because of the large increase in residential population there compared to other parts of the city.

Portland Population and Employment Growth Forecast

	<i>Population Growth</i>	<i>Percent Increase</i>	<i>Employment Growth</i>	<i>Percent Increase</i>
Central City	33,340	84.0%	20,460	14%
Non-Central City	65,910	11.8%	32,820	12.8%
City Wide	99450	16.7%	53,280	13.3%

Source: Portland Parks SDC Methodology, Table 3.1

There is no better demonstration than this table of the need to prepare a system master plan that uses a differentiated planning and project development framework for Portland's park system. The proposed methodology makes no distinction in needs or the type system improvements in the Central City from the rest of the city. This is further demonstration that the proposed methodology is not based on a project-based planning and development program but rather is an exercise designed to generate as much revenue as possible without regard for where or how it will be used. This "tail wagging the dog" approach does not meet the intent of the statute.

9. City Parks' SDC Methodology and Current Conventions – The League of Oregon Cities most recent survey of SDC rates and methodologies across the state reveals that Portland is in rare company applying an SDC to non-residential uses. Less than a third of cities that responded to the survey assess a non-residential park SDC fee. Many of those that do include discounts in their rate for costs related to neighborhood parks and natural areas. We also found the descriptions for many non-residential fee methodologies would not meet ORS 223.297 ratemaking requirements. We also could find no references to other cities that use the time-based access methodology that Portland proposes to use to allocate costs to non-residential uses. This approach has been abandoned by several cities that formerly used it. See

[http://www.orcities.org/Portals/17/Premium/SDC Survey Report 2013.pdf](http://www.orcities.org/Portals/17/Premium/SDC_Survey_Report_2013.pdf)

Supplemental Observations and Questions

Level of Service (LOS) Analysis

The methodology states on page 4 that the LOS standard is the per capita value of investment in parkland and improvements. On page 9, the methodology asserts that the existing level of service per person is the service level being provided by the

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existing park system. *“There is no existing unused capacity nor is there any existing deficiency”*

This definition of LOS is not supported by the City’s own long-range park system plans and internal reviews. The 2020 Vision Plan and the 2009 Progress Report for the Parks 2020 Vision Plan cite the need to establish and refine levels of service by asset class. The 2009 assessment noted that the city had not made sufficient progress building athletic fields, building accessible community centers for all neighborhoods, nor providing parks within ½ mile walk of all city residents. This assessment implies the system has asset deficiencies for certain asset classes. The continuing importance of these goals was recently reinforced in Appendix B of the 2012 Strategic Plan, which highlights how the Strategic Plan is consistent with the 2020 Vision by acknowledging the need to establish levels of service for each asset class, and for lowering the system-wide risk for certain assets’ failure to deliver established levels of service. These higher-order city park system plans recognize both the geographic disparities in levels of park service and the significant variances in acceptable service delivery for different types of park assets.

The most obvious disparity in this regard is Forest Park, whose 5000+ acres of open space and wildlife habitat, and hundreds of miles of trails, and local neighborhood park improvements provide an extraordinary level of service not only for its nearby residents but also to the region. It is an asset that is virtually unrivaled in any major metropolitan city in the United States. There is no mention in the 2020 Vision of the need to acquire another Forest Park in order to serve Portland’s future residents. It may need some hardening of heavily used trails and further enhancements to pocket parks to meet local neighborhood park needs; but Forest Park, by any reasonable standard, has ample capacity to serve additional city residents.

Other asset classes that have capacity to serve additional residents include regional trails (e.g. Springwater Corridor, the Esplanade, etc.), Portland’s Public Golf courses, where use has been declining, and the city’s other nature parks. The blanket statement that the park system has no unused capacity or unmet needs is simply not true. The City’s own long-range park plans contradict this assertion. There are system asset classes that have capacity to serve additional growth and for these assets, the city should collect a reimbursement fee, not an improvement fee.

The fact that the city has failed to implement the 2020 Vision Plan’s call to establish specific level of service standards for the various classes of park assets, or to develop area specific capital improvement programs, which should be used as the base for the SDC fee program, does not absolve the city from the required tests for designing and collecting park SDCs. The fact that the current methodology, which also has flaws in the way SDC fees are calculated, has not been overturned may only be true because the methodology was not challenged for pragmatic reasons, or because the statute limits challenges to 60-days after adoption. This is hardly a basis for not

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meeting the intent of the statute, which is to base the fee on a master plan, not to develop the master plan based on the fee.

Lack of Evidence for Access-based Benefit Analysis

There is insufficient evidence to back the assertion that access to parks at certain hours of the day translates into measurable benefits for various classes of system users. The benefit distribution asserted in Table 3.3 (page 7) is an interesting schema but based on the research we conducted, which included reading the consultant's report from which this table was gleaned, it is not backed by any empirical observation.

In virtually every other SDC methodology that we've encountered, there is a direct empirically measured relation between system use and the calculation of system benefits. For the water system the benefit measure is the amount of water consumed by meter size. That consumptive distribution is then used to allocate the cost of improvements for water treatment, storage, and distribution to serve growth. Metered water use in winter months and sampled nutrient loads are used in sanitary sewer SDCs to allocate the cost to serve demand that new development will impose on the sanitary sewer system. The amount of new impervious surface area and runoff associated with a "system design storm" provides the basis for allocating the cost to build stormwater conveyance and treatment facilities. Monitored traffic generation and flow patterns along with design standards for amenities that are not capacity constrained are used to allocate costs for future transportation improvements.

The assertion that time in the city provides a reliable basis for estimating system benefits and for allocating costs to future development is especially bothersome when there are no data to support the hourly utilization factors for the various user groups. There also are no data to support the seasonal adjustments used to compute the weighted average hours for the various classes of users. The assertions for how differing classes of park users benefit from and impose demands on the system is a fabrication that is not based on any empirical observation of actual use or adopted capacity standards for different classes of park assets.

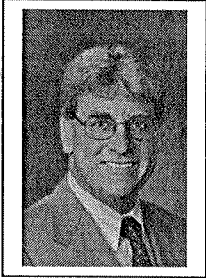
It is difficult to imagine, for example, that park use surveys would align with the proxy-benefit claim in the methodology that resident and non-resident employed persons benefit equally from the park system before and after work hours. This may be true for passive use of near-by parks during the lunch hour, but non-residents are unlikely to take a lunch hour yoga class at a community center, or lap swim, or enroll in a program for which they must pay a non-resident fee.

City Park's proposal to use guesswork about amount of time per day that people can use parks is not a reasonable or rational basis for allocating costs to future system users when there are other empirically based measures available. The city has records for visitors to its community centers and survey information for visitors to

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city parks. An analysis of these data would provide a more reliable and defensible approach for allocating costs between residential and non-residential development.

DANIEL HEFFERNAN COMPANY



Daniel "DJ" Heffernan

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EDUCATION:

Willamette University Graduate
School of Management - MBA

University of Wisconsin BS -
Geography

MEMBER:

American Planning Association
Past Oregon Chapter Treasurer

North/Northeast Portland Business
Association

Pacific NW Rugby Referees Society,
Past Chairman

Conferences/ Publications:

Financing Industrial Land
Infrastructure OR/WA APA
Conference, 2011

A Tale of Three Districts
OAPA Mobile Workshop
Spring Conference, 2010

Hillsboro's Transportation Utility
Fee Program, APWA, 2009

Mr. Heffernan has more than thirty years of professional experience advising clients on infrastructure planning and finance, permitting, and environmental analysis. His consulting clients include cities, counties, state and federal government agencies, and private interests. His expertise includes utility rates and fee analysis, capital budgeting, land development planning and permitting, economic development, and environmental analysis. He received the Distinguished Service Award from the Mid Willamette Valley Council of Governments and twice has received the Professional Achievement in Planning Award from the American Planning Association Oregon Chapter.

Selected Experience

City of Forest Grove Park System Development Fee, 2014

– Working on behalf of MIG Consultants, Inc to help the city update its Park System Master Plan and to develop a funding strategy for the capital improvement program. The work includes analyzing the current SDC methodology, and rate structure for residential developments.

Bend Metro Park and Recreation District SDC and Capital Improvement Programs, 2005, 2010, 2011

– Updated the District's System Development Charge methodology to meet state law and prepared subsequent updates to the fee in light of cost and capital program changes. Managed development of a capital improvement planning process that identified the District's capacity to issue bonds for non-SDC funded capital projects. Also prepared administrative procedures for indexing SDC fees and procedures for appealing fee calculations.



City of Oakridge Park System Master Plan, 2010 – Developed the city’s first park system master plan and financing program. The project included involvement by the University of Oregon Landscape Architecture Design Studio, which resulted in teams of students preparing concept plans for improving the city’s park properties and trails. The plan determined that grants, private donations, and local bond measures provided more reliable funding for system development. The project was funded through a planning grant from Oregon State Parks.

City of Hillsboro Park System Development Charge Fee Methodology, 2010 – Managed a consulting team that updated Hillsboro’s Park System Capital Improvement Program and SDC fee program. The project raised park SDC fees and amended City codes to meet state regulations. Meetings with business and development stakeholders were used to outline the need for the update and secure their support.

City of Vernonia Master Capital Plan, 2013 – Developed a six-year capital budget for Vernonia’s parks, water, sewer, roads, drainage, and special projects. The analysis used operating pro-forma analysis and established capital resources to define the level of available funding for capital projects. This gave decision makers programming targets for each system.

I-84 Interchange Area Management Plan and Supplemental Transportation SDC, The Dalles, OR, 2010 – Developed an innovative supplemental impact fee program to preserve transportation capacity near an interchange for a large industrial redevelopment area. The solution included a trip allocation and exchange program with variable pricing for non-industrial uses.

South Newberg Infrastructure Financing and Development Strategy, 2010 – Prepared an analysis of alternative financing for vital

transportation and utility infrastructure to serve a regional industrial development area. Strategies included urban renewal, late-comer fees, LIDs, and transfer of development rights in addition to traditional SDC fees to pay for infrastructure and protecting sensitive resource areas.

City of Hillsboro Transportation Utility Fee (TUF), 2009 – Manage the consulting team that developed and implemented a transportation utility fee. The utility revenue is financing deferred maintenance and safety improvements. The team analyzed revenue requirements and cost recovery options, developed the utility rate structure, billing processes, and appeal procedures. The project included extensive work with a stakeholder advisory committee.

Atfaluty Recreation District Feasibility Analysis, 2004 – Analyzed program and governance solutions for a proposed recreation district serving residents of Tigard, Tualatin, Sherwood and unincorporated urban areas. The team worked extensively with local staff and elected officials to identify service gaps, estimate the cost of service delivery, and develop an innovative governance structure for the district. The team also prepared findings to support the proposed property tax rate and wrote ballot measure titles and supporting materials for elections in two counties.

Capital Improvement Planning – Prepared integrated capital facility improvement plans for cities in Oregon and Washington. Developed an innovative method for coordinating plans with the annual budget process and integrating it with master plan updates.

Utility Rate Studies and Impact Fees – Prepared cost of service and recovery rate studies for water, sewer, storm water and transportation utilities. Prepared development impact fee methodologies related to water,

sewer, storm water, parks, transportation and school facilities.

Parsons, Susan

From: sjulin@comcast.net
Sent: Tuesday, April 14, 2015 11:08 AM
To: Hales, Mayor; Commissioner Fritz; Commissioner Saltzman; Commissioner Fish; Commissioner Novick; Council Clerk – Testimony; City Auditor, Mary Hull Caballero
Cc: Whitcomb, Riley; Abbaté, Mike; ryoung@hendersonyoung.com; Owens, Jim; justinw@hbapdx.org; Lofgren, Todd
Subject: Parks SDC testimony
Attachments: letter to Council 2015-04-14.doc

Dear City Council,

As a member of the Parks SDC Committee, I ask that you read and consider my attached memo of support for the improved Parks SDC methodology. In part, it responds to concerns raised by the Homebuilders Association.

I also ask that the attached memo be entered into the record of public testimony for the City Council action scheduled for tomorrow afternoon.

Thanks very much.
Jim Sjulín

James M. Sjulín
4028 SE Salmon Street
Portland, Oregon 97214-4435
503-236-8024

April 14, 2015

To: Mayor Charlie Hales
Commissioner Amanda Fritz
Commissioner Dan Saltzman
Commissioner Nick Fish
Commissioner Steve Novick

From: Jim Sjulín
Parks & Recreation SDC Task Force Member

As a citizen representative of the Parks & Recreation Systems Development Charge (SDC) Task Force, I'd like to offer my support of the proposed methodology for calculating SDC's. The proposal before you includes important improvements that I believe will allow Parks and Recreation to provide park assets to a growing population within a finite land base in a reasonable and fair manner.

First, the committee came to understand that a growing population combined with a finite land base meant that maintaining a target level of X number of acres per person is ultimately undoable. In other words, there simply isn't enough land available within the City for future parks to make that kind of equation work very far into the future. Other ways of increasing capacity of parks and recreation facilities are known and need to be recognized. The committee agreed that maintaining a level of investment in parks and recreation assets was a reasonable surrogate for acres per person. I believe that the new methodology, developed on that basis, is rational, transparent, and defensible.

Second, the committee agreed that the number of new residents and residential equivalents should remain the focus of how to apportion SDC rates. The new methodology presented to you does exactly that, again in a rational, transparent, and defensible way.

Following completion of the committee's work, the Homebuilders Association commissioned a report challenging the Parks SDC study, asserting inadequate information and other concerns. Since the Homebuilders Association was well represented on the committee, the full content of their review came as a surprise. It includes a wide array of new concerns and at a level of detail never brought up during our discussions. As a committee member, I would have welcomed hearing about these concerns earlier in the two year long process.

The Homebuilder review states that it finds the methodology unfair to single family units developed outside the city center. It claims that the size of the units is not a good

indication of the number of residents or the demand created. In this regard, what the Homebuilders review does not recognize is that over the longer term, larger new single family units do indeed have the capacity to house more people and, in fact, are frequently occupied by families that are growing or intend to grow. Of course there may be an elderly couple rattling around in a new 4,000 square foot house with two extra bedrooms for visiting grandchildren. But the next occupants could be a family of five or six. Since the SDC fee is captured only once, I believe it must be based on capacity. Because the new methodology is adaptive and designed for periodic updates with new housing data, I expect that we will find it to be quite accurate in the long term.

I also have to challenge the review's statement that "the typically single family home has front and rear yards as well as related homeowner's association community centers and parks (emphasis mine) for the use and enjoyment of the residents". In Portland, small front and rear yards are indeed typical for new single family homes, but private community centers and parks for homeowners are not. And, thank goodness, Portland has not seen a proliferation of private parks and recreational centers that by intent and design allow some Portlanders in and keep most Portlanders out.

I do think that some of the Homebuilders Association's issues can be addressed by Portland Parks & Recreation in the near term. Others may require additional long term planning or the next SDC update process. Some issues (e.g., capturing capital improvement revenues from tourists) appear to be clearly out of reach of Parks & Recreation. **Importantly, I see no need to derail the SDC update process.** I think Parks & Recreation should continue to work with the Homebuilders Association in another open process to fine tune what I believe is a rational, fair and transparent methodology.

It was my pleasure to serve on the committee.

Parsons, Susan

From: bsallinger@audubonportland.org
Sent: Monday, April 13, 2015 5:42 PM
To: Commissioner Fritz; Commissioner Saltzman; Hales, Mayor; Commissioner Fish; Commissioner Novick
Cc: Council Clerk – Testimony; bsallinger@audubonportland.org; jlabbe@urbanfauna.org
Subject: Audubon Society of Portland Comments on 2015 Park SDC update
Attachments: AudubonSocietyOfPortlandComments_2015ParkSDCUpdate.pdf

Dear Mayor Hales and City Council,

Please see the attached written testimony supporting adoption of the 2015 Park SDC update without any reduction in the fee and the cost recovery associated with new growth.

Bob Sallinger
Conservation Director
Audubon Society of Portland

Jim Labbe
Urban Conservationist
Audubon Society of Portland



April 13, 2015

Dear Mayor and City Council

We are writing on behalf of Audubon Society of Portland and our 15,000 members in the Portland Metropolitan Region to urge your support, with the two caveats listed below, for the proposed Parks System Development Charge Methodology and to implement and update the applicable city codes accordingly.

Background:

Access to parks and nature is a public good and an integral part of our urban infrastructure. In Portland good access is a strong and widely shared community value. It is also community value integral to the mission of Audubon Society of Portland. Like many Portlanders, we believe access should be shared equitably among the current generation and across generations for the variety of public values urban parks and nature provide and support. Urban parks and nature support a variety of indicators of individual and community health; they contribute to economic prosperity and civic vibrancy; and they provide for environmental quality including air, water and healthy, diverse populations of native wildlife.

Many of the park inequities that we face today are a direct result of the fact that historically, Park SDC's were absent or set far below the actual costs of developing new parks to service growth. This deficiency was partially remedied in 2007, the last time Park SDCs were updated and cost recovery increased from 22% to 75%. The results of this increase have been remarkable. Between 2008-2014, (since the last update) the Park SDC program raised over \$50.5 million in funding for parks, trails, and natural areas. Funding has helped buy a long list parks, natural areas, and trail corridors, expanding the proximity and the quality of access in Portland. Over the last 7 years the Park SDC program has been critical to several popular park acquisitions and openings including the segments of the Springwater Corridor, Columbia Slough, North Portland and South Waterfront Greenway trails; the program helped acquire Clatsop Butte Natural Area, Colwood Golf Course, Riverview Natural Area and Gateway Green. The Park SDC program also helped acquire and develop numerous neighborhood park sites in East and NE Portland that has improved access in the system where it is needed most.

Still challenges remain. Many neighborhoods still lack access to parks and natural areas and as currently configured, Park SDCs still do not require full cost recovery. As Portland grows and new Portlanders move to our City to share in the benefits of our interconnected system of parks, trails, and natural areas, it is critical that we make investments in that system in proportion to that

growth. New growth and development should pay for the system that helps drive that growth, with appropriate and targeted allowances for new residences ability to pay and the affordability of our community. It is also critical that we tie investment in parks to growth in **both** employment and housing.

We urge the Council to adopt the proposal Park SDC update, but we would like to highlight a few specific issues and concerns for the record:

- 1) **Audubon strongly supports increasing cost recovery from 75% to 88% of the costs associated with new growth.** Many of our current deficiencies in park access are the direct result of the fact that historically Park SDCs only accounted for a small portion of the park needs generated by new growth. It is critical that current SDCs not further add to the existing deficiencies. Moving SDCs to 88% cost recovery will help ensure that Portland has the fund necessary to build and maintain our park system to service new demand while it concurrently seeks other funding mechanisms to address historic inequities.
- 2) **New Per Capita Investment Calculation:** Audubon hesitantly supports the new per capita investment calculation methodology which shifts the focus of Park SDCs from an acreage based methodology to a methodology based on the per capita value of park land and improvements. This change in methodology was made in recognition of the fact that the acreage based approach would require PP&R to acquire an “unrealistic” number of acres for new parks relative to the existing land supply in Portland. The per capita approach will allow the city greater flexibility to make capital improvements on existing undeveloped or under-developed parkland to expand service. This is particularly important for Northeast and East Portland where higher percentages of parkland is undeveloped or under-developed. It will be critical for Portland Parks to continue to buy land especially for natural areas, neighborhood parks in deficient areas, and trail alignments essential to increasing system connectivity. But we also recognize that Portland is a land-locked city with a limited land supply. It make sense that we should allow for making capital investments that improve existing parkland whether by developing new parks or investing in some types of environmental restoration.

At the same time, believe that it is critical that the city apply this same logic to how it approaches other land uses, including industrial land supply. The city currently applies a rigid acreage based approach to industrial land supply as evidenced by the draft Economic Opportunities Analysis and Comprehensive Plan currently before the Portland Planning and Sustainability Commission. This methodology has resulted in a situation in which industrial land is given priority over other uses and policies which support to conversion of open space to industrial use. In the same manner that the proposed SDC methodology recognizes that a landlocked city cannot continue to rely on a rigid acreage based approach to finding parkland, so too must it recognize that it cannot continue to rely on a rigid acreage based approach to finding industrial lands or other land use types that may run a deficit in the future. We view the adoption of this methodology as a watershed moment in which the city is formally recognizing that is no longer has available vacant acres to meet its growth objectives—it is essential that this acknowledgment inform all land use decisions, not be limited exclusively to parkland.

- 3) **Revised Commercial & Employment Park SDC:** The new Park SDC better accounts for commercial and employment growth. More and more people move to Portland, vacation in Portland, and choose to work and open businesses in Portland because of our parks, trails and natural areas system. Business and commercial development benefit from that system but also impact the system; therefore new business and commercial development should help pay for the system in proportion to their impact.
- 4) **New Scaled Residential Housing Park SDC:** The new proposed Park SDC for residential housing will scale to the square-footage of development, thereby removing the penalty to developers of small and more affordable dwelling units. This is good public policy. Audubon Society of Portland also continues to exemption for affordable housing projects serving household below 65% of MHI.
- 5) **Exemption for Campus Housing and Rebate for Lewis and Clark College:** The one area of the methodology that we believe merits further scrutiny is the decision to no longer apply SDCs to campus housing. Prior methodologies did in fact include campus housing and we believe that this application was fully appropriate as college students do make extensive use of Portland park resources. Portland previously defended this methodology in court and we do not see a clear or compelling rational for abandoning this specific SDC in the current update. We are further troubled by the fact that under the terms of a settlement with Lewis and Clark College, the City is now obliged to refund \$439,173.00 to Lewis and Clark for past SDCs that were assessed. This is akin to agreeing to refund past tax assessments if the tax code is updated. The substantial amount of money that the city is obliged to refund speaks to the significant economic loss that will be incurred based on both past and future SDCs if the campus housing SDC is discontinued. We believe that colleges should pay their fair share to support the infrastructure on which their students depend.

Over the next 20 years, the proposed updated Park SDC program could infuse up to \$500 million into our parks, trails and natural areas as the City of Portland continues to grow and develop. Audubon Society of Portland urges the City Council to fully adopt the proposed program without reducing the fee and thus the cost recovery associated with new growth. Portlanders are often wary of growth for growth sake. A fully implemented park SDC program with full growth-related cost recovery is one vital tool to ensuring new growth creates and sustains one of the things that makes Portland special: its exceptional system of park, trails and natural areas.

Sincerely



Bob Sallinger
Conservation Director



Jim Labbe
Urban Conservationist

Submitted 4-9-15
by Riley Whitcomb.

Parks Commissioner Fritz's Office
1221 SW 4th Ave., Room 220
Portland, OR 97204

Re: Proposed Scaling of System Development Charges for Portland Parks

Commissioner Amanda Fritz,

Congratulations and thank you for bringing to Council a fair and improved formula by which System Development Charges (SDCs) will be levied to support Portland's amazing parks system.

As builders, community organizations, and Portland residents, we support your proposal to scale Park SDCs based on home size. We also strongly encourage Council to adopt a staff amendment to add a 5th (smaller) category for homes under 700 square feet. Collectively, these changes will correct the irrational current situation in which builders pay the same Park SDCs for homes under 1,000 square feet as they do for homes over 2,250 square, despite the fact that the under-1,000 square foot homes have, on average, half as many people living in them.

We support the scaling of Park SDCs based on home size for two primary reasons:

- (1) **Legal nexus.** Park SDC methodologies must relate fees on new development to the specific impacts such development is expected to have on the City's parks and recreation needs. It's simple: Bigger homes have more people living in them than smaller ones; and demands on our park system scale with the number of people who live here. As noted in a Metro's 2007 report on *Promoting Vibrant Communities with System Development Charges*, "As with dwelling type, dwelling size is a potential indicator of the number of occupants, and therefore an important factor in park and other SDC assessments." Nearly a decade later, the Parks Bureau, using data gathered by Portland State University's Population Research Center, has devised a fair and appropriate approach for calculating Park SDCs that heeds this relationship between home size, number of occupants, and associated demands on our parks system.
- (2) **Good public policy.** When SDCs don't scale based on home size, they become a fixed cost of development. This creates a financial incentive for builders to construct larger, more expensive, homes. Scaled SDCs incent builders to create homes at a wide range of sizes, including the small and more affordable homes we so desperately need. As demographic shifts yield smaller households, incomes fail to keep up with escalating housing costs, and the lifecycle carbon benefits of smaller homes become ever clearer, we should be seeking ways (such as this proposal) to *remove* unnatural incentives to build big homes, not *perpetuate* them.

Over the next couple years, there should be opportunities to scale SDCs based on home size to better capture per-resident impacts on our city's transportation, sewer, and water systems. When those times arrive, we'll encourage other city Bureaus to follow Parks' lead. But first, let's update Park SDCs as you've proposed.

Thank you for your work on this much needed and long-awaited SDC methodology update.

Sincerely,

Eli Spevak
Orange Splot LLC with:

<Fill In>

Cc: Mayor Charlie Hales; Commissioners Fish, Novick and Saltzman; Parks Director Mike Abbate



City of

PORTLAND, OREGON

Development Review Advisory Committee

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April 6, 2015

Dear Mayor Hales and Portland City Commissioners,

As members of the Development Review Advisory Committee (DRAC) Parks SDC Subcommittee, we are writing on behalf of the DRAC to express our concerns and recommendations regarding the Bureau of Parks and Recreation's proposed Systems Development Charge (SDC) Update. The DRAC membership is comprised of representatives from businesses and organizations involved in construction, design, and development, as well as neighborhood associations. DRAC members have a keen interest in the outcome of policies, budgets, regulations, and procedures that affect development in the City of Portland.

DRAC members, like most Portlanders, value our City's parks, plazas and open spaces. However, the DRAC cannot endorse the proposed Parks SDC Update due to the lack of time for the DRAC, the Parks SDC taskforce, or the public to evaluate the proposal. We recommend that the City Council send the proposed Parks SDC Update back to the Parks SDC taskforce so that the taskforce can provide input on the assumptions in the SDC methodology, the proposed rates, and the implementation schedule, as detailed below. We also recommend that once the taskforce makes a recommendation about the Parks SDC rates, that the DRAC and the public be provided at least 90 days to analyze the recommendations prior to City Council consideration.

Timing Concerns

We understand that the taskforce has been considering the Parks SDC update for 28 months, but the DRAC was only informed of the proposed update on March 19th -- less than 30 days before the scheduled City Council hearing and about 4.5 months before the proposed implementation date for the fee increase.

We are troubled by reports from members of the taskforce that while the SDC methodology was discussed at length, the taskforce was not able to weigh in on methodology inputs (e.g., valuation figures) and outputs (proposed increases in SDC rates). Given that the taskforce includes stakeholders representing a variety of interests, the DRAC believes that their input should include both the methodology and the proposed rates.

Our final timing concern is it does not appear that the taskforce was given the opportunity to make recommendations related to the timing of when any change in SDC rates would be implemented. The implementation schedule is critical to development because development projects that are “in the pipeline” would be significantly negatively impacted by a sudden increase in SDC rates. Examples of implementation measures that could be considered include a delayed rollout of a fee increase, such as no increase for a period of time and phasing in an increase, or collecting a percentage¹ of the SDC rate.

Methodology Concerns

The DRAC has not had adequate time to reach a consensus about the new methodology for calculating SDC rates in the update. During discussion on March 19th, DRAC members raised methodological concerns with the issues summarized below. These concerns, along with those raised by the public, should be considered by the taskforce.

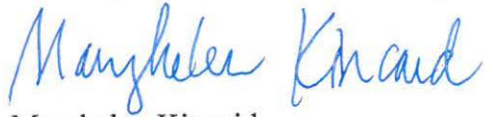
- Whether the replacement value for all types of parks now in our system is the right metric.
- Whether the facilities included as a part of the park system, such as park offices, should be included in the methodology. In addition, whether it is reasonable to include Forest Park in the calculation of the parks’ net worth evaluation.
- How privately created recreation spaces that are open to the public, such as the 100,000 square feet of park space proposed as part of the Lloyd area project Hassalo on Eighth, are considered when evaluating the parks level of service. Similarly, to what extent are regional parks considered, such as Metro’s open space?
- The methodology assumes that 12% of parks will be created by the public sector. Is that the right percentage? Could it be higher if Parks SDC credit for the private development of parks was incentivized, such as making Parks SDC credit more transferrable, or not having Portland City Code Title 17 be so prescriptive about land that is donated for parks as part of a development agreement?

The DRAC believes that the Parks SDC Update is an exciting opportunity to ensure that the development of parks is adequately funded, without inappropriately burdening the public. We simply think that there has not been enough time to determine whether the current proposal strikes that balance. The taskforce should be able to complete the process and provide a recommendation on the proposed SDC rates and implementation schedule. The public and the DRAC should then be given sufficient time to evaluate the taskforce’s recommendation prior to consideration by the City Council.

¹ We understand that when the Parks SDC was originally imposed it was accompanied by the policy choice that the fee that was collected was 75% of the calculated SDC rate. It appears as if that “recapture” rate has been increased to 100% as part of the Parks SDC update.

DRAC Parks SDC Fee Letter
April 6, 2015

Sincerely,



Maryhelen Kincaid
Development Review Advisory Committee Chair

DRAC Parks SDC Subcommittee Members

Rob Humphrey, DRAC Vice Chair
Faster Permits

Dana Krawczuk, DRAC Member
Perkins Coie LLP

Christopher Kopca, DRAC Member
Downtown Development Group LLC

Kirk Olsen, DRAC Member
Trammell Crow Company

To: Portland Commissioner Amanda Fritz
From: Justin Wood, Associate Director of Government Relations
Re: Portland Parks SDC Methodology
Date: March 26, 2015

Having served as a member of the Portland Parks SDC Update Taskforce as a representative of the HBA of Metro Portland, I would like to share with you some of our significant concerns regarding the proposal coming before the City Council in April. During the over yearlong task force meetings, members reached a general perception that the philosophy behind the new methodology could prove to be a better system than the current one. However, upon receiving the actual proposed fees and methodology near the end of our process, the general consensus from the wide cross section of members was that the proposed fee increase was unjustifiable and would place an inequitable burden on residential and commercial development. We were told by staff to “let the policy makers adjust the numbers if needed”. This memo and the supporting documentation is intended to provide you with the required information to direct staff to revisit the methodology and the calculations contained within.

Issue # 1 - Methodology Questions

Upon completion of our task force, it became apparent to the Home Builders Association that an independent 3rd party expert was needed to review the SDC methodology presented. Attached to this memo, please find a report prepared by DPFPG, a nationally recognized expert on infrastructure financing, calling into question seven specific items of concern which we ask be addressed prior to moving forward with the City Council hearing regarding the Parks SDC. These concerns focus largely on the costs used to develop the basis for the value of the parks system as well as deficiencies in addressing the shortfall of current facilities and land needs for the future. These flaws lead to an inflated parks system value, which drastically changes the number upon which state law requires reimbursement SDC's to be based.

Issue # 2 – Scaling of SDC's

In addition to the methodology questions addressed above and in the attached report, the other big issue our task force was asked to address was one of potentially scaling the Parks SDC to the square footage of a home. To date, no jurisdictions in Oregon have tried to base Parks SDC off of a square footage of a home. One main reason for this is that SDC's must be directly related to the impact a new home has on the park system; to use any other basis for the calculation of an SDC can convert it from a fee to a tax. Just as with Transportation or Water SDC's, the impact felt on these systems by new development is a direct correlation to the basis of the fee. The inherent logic that a 2,300 sq foot home has more impact on a park than a 1,400 sq ft home or a 900 square foot condo is extremely flawed. In fact, we would submit that this

approach reverses the actual relationship between the size of the home and the lot on which it is built and the use of city parks. A homeowner on a 5,000 sq ft lot in SE Portland already has a place to let out their pet or for their kids to play in their own private yard. The owner of a small condo in the Pearl, on the other hand, has no other option but to use the park for recreation. In other words, if house and lot size is to be used to calculate the fee – which, again, we don't believe is appropriate – we believe that the relationship is the exact opposite of what the proposed methodology would require, in that smaller homes and smaller lots should in fact pay a larger fee for parks, since they would be using the parks more than those living on larger properties.

While we concede that it's permissible to assume that residents from all sizes of homes will ultimately use the parks, we do not agree that a larger home places more demand on a park and demand is the sole basis upon which a city can base a SDC. While some may feel that it is appropriate for larger homes to simply "pay more of their share", that philosophical position is irrelevant to the amount of an SDC; If the city chooses to move forward with this option for calculating SDC's, it will most likely find itself in the position of defending the legality of this option and demonstrating how it is not a tax.

Issue # 3 – Affordability

You recently stated in a Willamette Week interview that it was not the intention of the new SDC methodology to raise new revenue and that the new fees would not make homes less affordable. We disagree, and we would call your attention to the spreadsheet below which outlines the realistic development options within the given zones. You will see that only the smallest of units in the Central City will see a minimal decrease. All other types of development will see large increases. Even the smallest of units outside of the Central City will see a 20% increase above what they currently pay. This increased fee will hurt affordability across the board.

<u>Central City</u>	<u>Current</u>	<u>Proposed</u>	<u>Increase / (Decrease)</u>
MF (less than 1,000 sq ft)	\$ 5,528.00	\$ 5,454.00	-1%
MF (1,000 - 1,499 sq ft)	\$ 5,528.00	\$ 7,649.00	38%
MF (1,500 - 2,249 sq ft)	\$ 5,528.00	\$ 9,071.00	64%
MF (2,250 + sq ft)	\$ 5,528.00	\$ 10,617.00	92%
<u>Non Central City</u>	<u>Current</u>	<u>Proposed</u>	
MF (less than 1,000 sq ft)	\$ 5,632.00	\$ 6,773.00	20%
SF (1,000 - 1,499 sq ft)	\$ 8,582.00	\$ 9,499.00	11%
SF (1,500 - 2,249 sq ft)	\$ 8,582.00	\$ 11,265.00	31%
SF (2,250 + sq ft)	\$ 8,582.00	\$ 13,185.00	54%

Given the information contained within this memo and the attached report, the Home Builders Association respectfully requests that you direct Parks Bureau Staff to go back and address the issues presented and for City Council to review the impacts to affordability that an across the board increase of the SDC will have.

*Received 4/9/15
from Riley Whitcomb*

**Review of Portland Parks and Recreation
Park System
System Development Charges**

**Prepared By:
Development Planning & Financing Group, Inc.**



For:

Home Builder's Association of Metro Portland

February 2015

**Review of Portland Parks & Recreation
Park System
System Development Charges**

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I. Introduction

The City of Portland, Oregon's ("City") Parks & Recreation Department ("P&R") prepared a draft report for the Park System Development Charge dated December 16, 2014 and later updated on February 12, 2015 (collectively the "Study") to support proposed System Development Charges ("SDC") for the City's park system.

The Home Builders Association of Metro Portland ("HBA") engaged the Development Planning & Financing Group, Inc. ("DPFG"), a firm experienced in the review of development fee studies, to review the City's proposed SDCs as documented in the Study.

The purpose of our review was to determine whether the SDCs are reasonable, properly documented, compliant with Oregon Revised Statute 223.297 et seq. (the "Statute" and/or the "Act") and in accordance with generally accepted practices for such matters. To this end, we have performed a limited review of the Study documenting statutory and methodology issues as well as other matters of concern.

II. Summary of Findings

The methodologies employed in the Study must be consistent with the Act and with the "dual rational nexus" test. The Act provides specific requirements that must be followed to support the proposed SDCs. Case law provides the dual rational nexus test which consists of two guiding principles that must be adhered to: i) benefit, and ii) proportionality. In plain terms the dual rational nexus test requires that new development must (i) receive a benefit from paying SDCs and (ii) the amount of the SDCs paid must be roughly proportionate to the benefit received by paying the SDCs.

Our review identified the following significant findings. In our opinion, additional information and/or revisions are necessary to bring the Study into compliance with the Act and the dual rational nexus test.

A. Statute Conformance

The Act identifies approximately twenty-two (22) requirements that must be addressed within the Study to be in compliance with Oregon law. Based upon our review of the Study, it is our opinion that additional information is necessary to assess compliance with seven (7), or thirty-two (32) percent of the statutory requirements due to: (i) inadequate information provided in the Study, and/or (ii) concerns identified in this report. An additional five (5) requirements were not reviewed as they were beyond the scope of this engagement. The table below identifies the requirements of the Act that must be addressed along with our opinion as to whether the Study adequately addresses the indicated requirement.

Table 1 - Statutory Compliance Matrix

City of Portland Parks SDC Summary of Compliance with Oregon Revised Statutes		
ORS	Requirement	Compliant?
223.299 (1) (a)	Meets the Definition of "Capital Improvement?" "Capital Improvement" means: (A) Water supply, treatment and distribution; (B) Waste water collection, transmission, treatment and disposal; (C) Drainage and flood control; (D) Transportation; or (E) Parks and recreation.	Yes
223.299 (1) (b)	"Capital improvement" does not include costs of the operation or routine maintenance of capital improvements.	Yes
223.301 (3)	An improvement fee or a reimbursement fee shall not include or incorporate any method or system under which the payment of the fee or the amount of the fee is determined by the number of employees of an employer without regard to new construction, new development or new use of an existing structure by the employer.	Yes
223.304 (1) (a)	System development charge methodology, when applicable, must be established based on:	-
223.304 (1) (a) (A)	Rate-making principles employed to finance publicly owned capital improvements;	(1)
223.304 (1) (a) (B)	Prior contributions by existing users;	Yes
223.304 (1) (a) (C)	Gifts or grants from federal or state government or private persons;	Yes
223.304 (1) (a) (D)	The value of unused capacity available to future system users or the cost of the existing facilities; and	(1)
223.304 (1) (a) (E)	Other relevant factors identified by the local government imposing the fee.	-
223.304 (1) (b)	Methodology for establishing or modifying a system development charge must:	Yes
223.304 (1) (b) (A)	Promote the objective of future system users contributing no more than an equitable share to the cost of existing facilities.	(1)
223.304 (1) (b) (B)	Be available for public inspection.	Yes
223.304 (2) (a) (A)	Methodology must demonstrate consideration of the projected cost of the capital improvements identified in the plan and list adopted pursuant to ORS 223.309; and	(1)
223.304 (2) (a) (B)	Methodology must demonstrate consideration of the need for increased capacity in the system.	(1)
223.304 (4)	Provide for a credit against such fee for the construction of a qualified public improvement. ("qualified public improvement" means a capital improvement that is required as a condition of development approval, identified in the plan and list pursuant to ORS 223.309.	Yes
223.307 (1)	Reimbursement fees may only be spent on capital improvements for which the fees are assessed including expenditures relating to the repayment of indebtedness.	Yes.
223.307 (2)	Improvement fees may only be spent on capacity increasing capital improvements including expenditures relating to the repayment of debt for such improvements.	(1)
223.309 (1)	Shall prepare a capital improvements 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, and the estimated cost, timing and percentage of costs eligible to be funded with revenues from the improvement fee for each improvement.	(1)
223.311 (1)	System development charge revenues must be deposited in accounts designated for such moneys.	(2)
223.311 (2)	The local government shall provide an annual accounting that shall include:	-
223.311 (2) (a)	A list of the amount spent on each project funded with system development charge revenues; and	(2)
223.311 (2) (b)	The amount of revenue collected by the local government from system development charges.	(2)
223.313	Provisions 223.297-223.314 shall not be applicable if they are construed to impair bond obligations for which SDC have been pledged.	(2)
223.314	Establishment, modification or implementation of SDC or a plan or list adopted is not a land use decision.	(2)

Footnote:

(1) Additional information is necessary to assess compliance with Statute due to: i) inadequate information provided in the Study, and/or ii) concerns raised in this report.

(2) Beyond the scope of this engagement

In our opinion, the Study does not adequately address all of the requirements of the Act, and thus, it is recommended that the Study be revised to fully address all requirements of the Act.

B. Study Methodology

Our review of the Study found a number of issues and/or questions that require further explanation and/or support as follows:

1. *Time Frame* – The time frame of the Study is twenty (20) years which in our opinion is an excessively long time frame to adequately estimate population growth trends. Generally, the majority of system development fee (e.g. development fee) studies are a maximum of ten (10) years. It is suggested that the Study be revised to reflect a shorter, more realistic forecasting period.
2. *Existing Park Improvement Deficiencies* – A review of the Parks 2020 Vision Report (Date unknown) (the “Park Report”) provides insight into the condition of the City’s park system as of the date of its writing. In particular, the Park Report sheds light on a number of park related issues which were not covered in the Study and should be addressed.
 - a. *Significant Deficiencies* – The Park Report states that, “Unfortunately, not everyone has equal access to these benefits. Virtually every sector of the city has at least one deficiency. In Northeast Portland, residents have little habitat parkland or access to natural resource areas. In Outer East and Southwest Portland, where there are few developed neighborhood and community parks, residents get little benefit from the social and recreational programs the parks provide.”¹

At present, the Study’s methodology related to the City’s existing levels of service assumes that all residents have unfettered access to all of the City’s parks, however; it would appear from the Park Report that this is not the case. *In order to ensure that new growth has access to all of the parks as currently outlined within the Study’s methodology, the City would need to quantify the amount of funding required to correct the City’s parks deficiency and to identify the specific funding sources necessary to pay for the remediation of this deficiency. Alternatively, the Study’s methodology would have to be revised to take into account the fact that the City’s residents do not have access to all of the City’s parks and facilities and therefore do not receive their full benefit.*

- b. *Potential Land Shortage* – The Park Report indicates that “Since little land appropriate for neighborhood and community parks is available in the city, remedying park deficiencies presents a formidable challenge.”² Based upon the information contained with the Study, we estimate that the City will require an

¹ Parks 2020 Vision, Page 13.

² Parks 2020 Vision, Page 13.

additional 1,721 acres of land to accommodate additional park improvements although it was not discerned from the Study where such acreage will be found to accommodate this need. Our estimate is illustrated in Table 2 below.

Table 2: Estimated Portland Park Land Requirements

Description	Current Condition Per Study			Projected Growth		(a)+(e) Total Estimated Park Land
	(a) Acres	(b) Population	(a)/(b) = (c) LOS (Acres Per Person)	(d) New Population Growth Per Study	(d)x(c)=(e) Acres Required	
<i>Citywide</i>						
Access Facilities	1,895	653,010	0.003	107,163	311	2,206
Habitat and Natural Areas	7,299	653,010	0.011	107,163	1,198	8,497
Trailways	114	653,010	0.000	107,163	19	132
Total	9,308		0.014		1,527	10,835
<i>Central City</i>	61	60,779	0.001	36,501	37	98
<i>Non-Central City Local Access</i>						
Local Access Parks	1,291	592,231	0.002	70,662	154	1,445
Community Gardens	19	592,231	0.00003	70,662	2	22
Total	1,311		0.002		156	1,467
Totals	10,680				1,721	12,400

Source: Study

It is suggested that the Study provide more indication as to where the additional 1,721 acres of park land and trails will be acquired to support new growth.

- c. Condition of Buildings – The Park Report indicates that, “Certain areas of the city have no community centers, and others have centers that are housed in old, ill-adapted buildings that lack fundamental elements.”³ *Same comment as item 2a. above.*
 - d. Current Condition of Parks – The Park Report states, “Over many decades, park system funding has not kept up with needs. Numerous parks need major renovation and many recreational facilities are in poor condition. There is a backlog of park maintenance projects that will take \$57 million to “catch up” and PP&R will need an additional \$58 million to maintain existing assets at acceptable standards over the next 20 years. (These figures do not take into account the impacts of responding to new growth or existing deficiencies).”⁴ *Same comment as 2a. above.*
3. *Replacement Costs* – No back up or supporting information was provided related to how park land values and/or replacement costs for park facilities were determined. As such, it was not possible to determine the reasonableness of such costs. *It is requested*

³ Parks 2020 Vision, Page 13.

⁴ Parks 2020 Vision, Page 20.

that support be provided for both land replacement costs as well as park facilities. Additionally, the Study estimates the Park SDC based upon the "replacement cost" of the facilities which assumes that the facilities are in a "new" condition. The challenge however, is that the Park Report provides indication of huge deficiencies in the condition of the existing park facilities and that they are far from being in a "new condition." If these deficiencies have been addressed, it is requested that the city provide documentation related to how the park wide deficiencies outlined in the Park Report were addressed as well as financial verification proving these deficiencies were in fact funded. If such deficiencies have not been corrected, it is requested that the city quantify the amount of funding required to correct current park deficiencies and identify the specific funding sources necessary to pay for the remediation of these deficiencies. Alternatively, the cost of correcting these deficiencies may be deducted from the current replacement costs to account for the current condition of the city's park facilities.

4. *Park Facilities Included in Study* – Typically park fees only include those elements which most households will utilize and thus derive a benefit. Based upon our review of the Park facilities included in the Study, there are approximately \$784 million in facility costs which one could argue are not the type typically funded through development fees. A listing of some of the more questionable facilities included in the Study are shown below.

Table 3: Non-typical Park Facilities

Description	Cost
Community Gardens	\$ 2,881,200
Buildings (1)	\$ 442,248,868
Dock Ramps	\$ 25,829,209
Furnishings (1)	\$ 18,211,601
Golf Courses	\$ 21,168,000
Botanical Gardens	\$ 193,809,975
Roads	\$ 24,621,987
Stadiums	\$ 3,337,841
Water Features	\$ 52,213,666
Total	\$ 784,322,347

Source: Table A.3

Footnotes

(1) Further description required.

5. *Other Park Users* – The Park Report states that, "Many city parks are visitor attractions that contribute significantly to the \$232M in tax revenues collected from Oregon's \$5.9B tourism industry"⁵.

⁵ Parks 2020 Vision, Page 9.

It is not readily apparent from the Study whether the tourism industry or the commercial uses which benefit from the tourism trade are being properly allocated their fair share of the costs of park facilities for which they receive benefit. *It is suggested that the Study be revised to allocate additional park system costs to the commercial sector which benefit from the City's park system. Additionally, a portion of the City's tax revenue which is generated from tourism should be considered for funding additional construction of the park system thereby providing an additional credit to the costs of park facilities.*

6. *LOS* – While the Study indicates that there is no further capacity within the City's park system, no empirical data is provided to support this claim. *It is recommended that this information be included within the body of the Study.*
7. *Capital Improvement Plan* – A cursory review of the City's Park & Recreation Capital Improvement Plan related to the future construction of park facilities provided no detailed descriptions related to where the new proposed parks would be located, the cost to acquire the land or other information which would allow the reader to ascertain the viability of such an acquisition. Additionally it was noted that the degree of confidence associated with park acquisitions was "moderate". This again brings us back to the points discussed in the "Land Shortage" section of this report as to whether such land acquisitions will actually occur and if they do occur, at what locations?

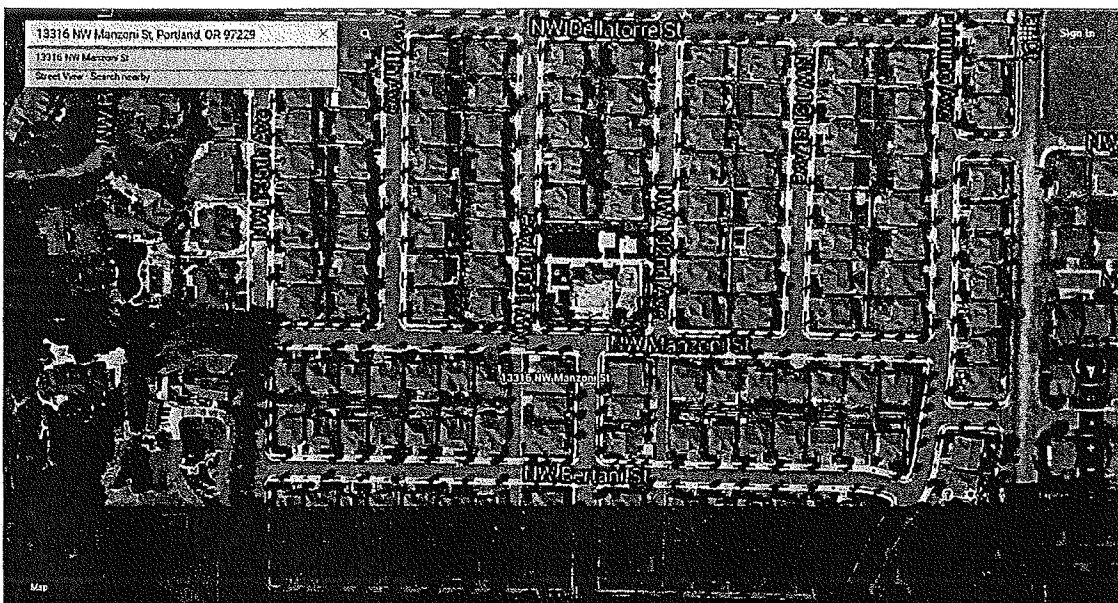
It is suggested that the Study be updated to address the viability of acquiring additional park lands.

8. *Segregation of Funds* – Subject to the comments contained within this report, as the City has broken out replacement costs of park land and park facility costs, *it is suggested that when SDC charges are received, they be segregated into a Land Account and a Facility Account to ensure that such moneys are expended for their intended use.*
9. *Persons Per Dwelling Unit* - The February 12, 2014 Study replaced the way that persons per dwelling unit are quantified switching the methodology from an estimated number of residents per residential dwelling type (e.g. single family, multifamily, manufactured housing, etc.) utilized in the December 16, 2014 Study to an estimated number of residents per size of dwelling unit regardless of dwelling unit type.

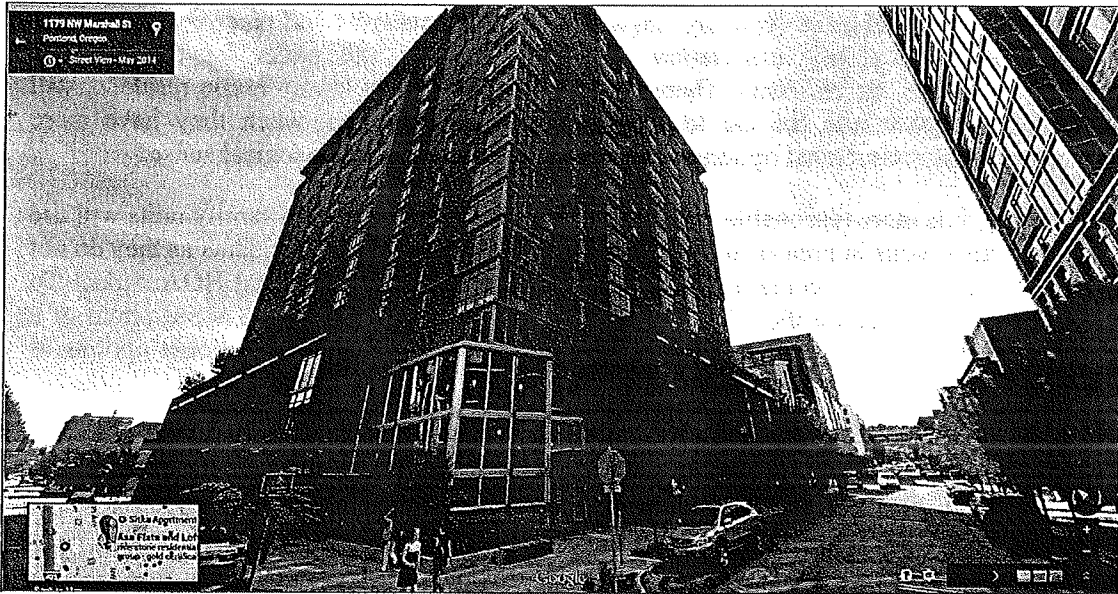
Although this modification may appear logical, the effect of this change is to allocate more park costs from the more urban multifamily uses which tend to be smaller in size, to the larger single family residential units. The methodological challenge with this approach is that it assumes that just because a unit is larger it will contain more persons and that these additional persons will consume the park system capacity therefore they should be charged more. The flaw with this thinking is twofold. First, it assumes that just because a home is larger, that more persons will reside in the home. This is not necessarily the case; just because a home is larger does not mean that more people reside in the home. The home could have many bedrooms but they may be utilized as offices, media rooms, art & crafts rooms, and/or play rooms. They also may contain rooms which are vacant for the majority of the year with the exception of the holiday

season. Secondly, the typically single family home has front and rear yards as well as related homeowner's association community centers and parks for the use and enjoyment of the residents. Therefore the idea that single family home residents will pack everyone into the car to go visit the local City park when they have more convenient recreational options available to them does not make logical sense.

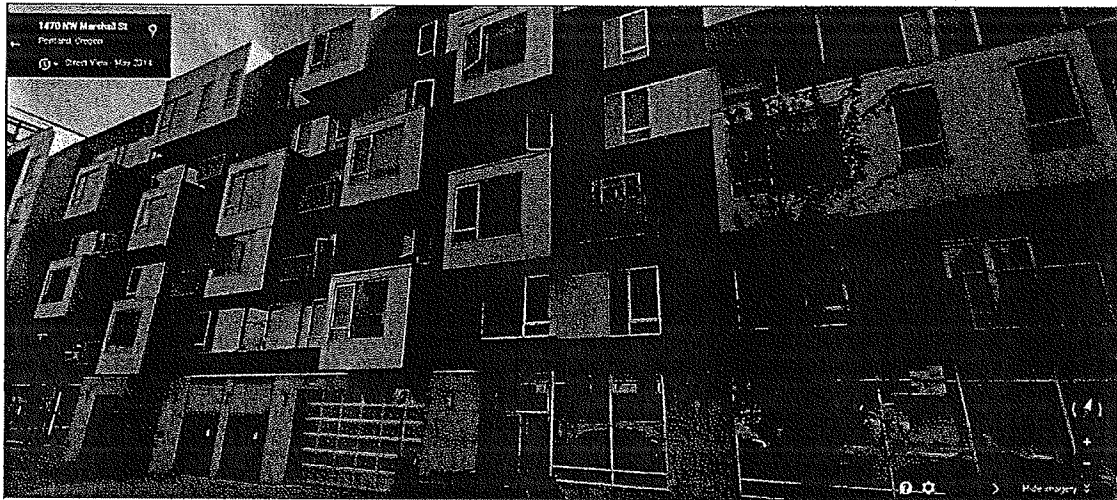
In fact, it is more reasonable to assume that the smaller urban multifamily units will use the City's parks in greater numbers than the single family home residents as they do not have the option of recreating in the front or rear yards or using local HOA parks. To graphically illustrate the aforementioned point we have included an aerial photo of a typical Portland area single family home development and its recreational options as well as that of a Portland multifamily project.



Typical SFR development with community center (13316 NW Manzoni Street, Portland, OR)



Multifamily Project - 1179 NW Marshall Street, Portland, OR



Multifamily Project - 1470 NW Marshall Street, Portland, OR

As one will note, the single family units appear to have much less need for City parks than the multifamily projects.

As allocating park costs on the size of dwelling unit does not appropriately address the demand placed on park resources, it is suggested that the SDC methodology be switched back to the dwelling type unit methodology employed in the December 14, 2014 Study.