

CLACKAMAS COUNTY BOARD OF COUNTY COMMISSIONERS

Policy Session Worksheet

Presentation Date: 2/16/16 **Approx Start Time:** 2:30 PM **Approx Length:** 60 minutes

Presentation Title: NCPRD Response to Concerns Expressed by the City of Happy Valley

Department: The North Clackamas Parks & Recreation District

Presenters: Gary Barth, Director BCS, Laura Zentner, Deputy Director BCS, Chris Storey, County Counsel to NCPRD

Other Invitees: Members of the NCPRD District Advisory Board

WHAT ACTION ARE YOU REQUESTING FROM THE BOARD?

NCPRD staff is seeking Board input and response to a number of Issues and related proposals that the City of Happy Valley has expressed centered around the District's use of capital and operating funds within the City of Happy Valley.

EXECUTIVE SUMMARY:

The City Manager of Happy Valley has provided the District Administrator Don Krupp with a list of ten concerns and actions requested by the City with regard to the District's use of capital and operating funds generated within the City. It was expressed that if the District did not provide an acceptable response to the proposed actions by the City, then the City would begin considering options which could include de-annexation from the NCPRD.

The Board was provided a list of these items at a previous Issues Session and directed staff to work first with the District Advisory Board to gather their input for consideration by the Board at a future study session to aid the Board in formulating their District response to the City.

NCPRD staff organized the ten concerns and proposed actions into five related subject areas:

1. District Capital Improvement Plan (CIP) and System Development Charges (SDC's)
2. Hood View Community Park Debt Service
3. Happy Valley City Park (owned and operated by the City, not NCPRD)
4. Happy Valley Area Community Center
5. Intergovernmental Agreement (IGA) Revision

Staff met with the DAB on three occasions to discuss the concerns and proposed actions and formulate DAB recommendations to the Board. The first meeting was the December DAB meeting where staff made the DAB aware of the situation and the Board's request for DAB consideration and recommendations. Considering that several DAB members have not been in their position during the time since Happy Valley annexed into the District staff provided a significant amount of historical background information that would inform the DAB and provide a common understanding and context for the concerns being addressed. The next meeting was the January DAB meeting where staff once again provided the list of concerns, grouped into the five subject areas above in the following format:

- The Issue and/or proposed action as expressed verbatim by the City

- Staff recommendation – either Acceptance or Non-Acceptance
- Rationale behind staff recommendation
- If Non-Acceptance was recommended, then an Alternative Proposal to the City was provided that could address the concern from the District perspective

Staff advised the DAB that the DAB was free to approve or modify the staff recommendations and alternative proposals or offer their own and that staff would provide both the staff and DAB input to the Board for their final consideration and action.

The January DAB meeting was productive in gaining a clearer understanding of the concerns and proposals but it did not result in the DAB taken any action. We advised that the Board wanted the DAB to take their time so they feel comfortable with the issues and proposed actions, understanding the implications such actions carry for both the District and the City. It was determined that we would hold a special meeting on January 27, 2016 to finalize the DAB's recommendations to the Board.

At the January 27th meeting the DAB went through each item, voting on each before moving on to the next item. There were eight of nine DAB members present so the voting totaled eight. The DAB actions were as follows:

- Accept Recommendation of Acceptance of Non-Acceptance with Alternative Proposal
 - Six items received an 8-0 vote (Yeas, Nays)
 - One item received a 7-1 vote (Yeas, Nay)
 - One item received a 6-1-1-1 vote (Yeas, Nay, Abstain)
- Accept Staff Recommendation with DAB addition
 - One item received an 8-0 vote
 - One item received a 6-1-1 vote

The minutes of the meeting are attached that list each item and the DAB votes and proposals. Staff believes they have obtained a sufficient amount of input to provide to the Board for consideration as the Board deliberates and determines official response to the City of Happy Valley.

FINANCIAL IMPLICATIONS (current year and ongoing):

Is this item in your current budget? YES NO

What is the cost? Potential impacts to the annual capital plan budget and the annual operating plan budget

STRATEGIC PLAN ALIGNMENT:

- How does this item align with your Department's Strategic Business Plan goals?
 - Serving the broad needs of the District through equitable distribution of resources, assets and programs. Achieve economies of scale to deliver greater value to District residents
- How does this item align with the County's Performance Clackamas goals?
 - Impacts all of the Boards Goals in Performance Clackamas

LEGAL/POLICY REQUIREMENTS:

County Counsel was involved in the creation of the IGA between the City and the NCPRD and has advised on potential de-annexation implications and impact on the District.

PUBLIC/GOVERNMENTAL PARTICIPATION:

The District has received input and guidance from its board appointed District Advisory Board, consisting of two city representatives (Milwaukie and Happy Valley), one Milwaukie Center representative and six citizen at-large members, three from west of I-205 and three from east of I-205. The District is not aware of any community engagement efforts initiated by the City regarding their concerns, requested actions or possible implications related to de-annexation. The District has not directly engaged District residents regarding these issues.

OPTIONS:

1. Accept staff recommendations with DAB modifications.
2. Accept staff recommendations without DAB modification
3. Propose alternative response to staff recommendation
4. Request further research and analysis before taking action

RECOMMENDATION:

Staff recommends option 1 with two clarifying actions

- A. For Issue 5, delay hiring an independent auditor to first determine if the City and the District can meet and resolve the accounting issue related to use of SDC's at Hoodview Community Park and save the expense of an external auditor
- B. For Issue 6, address the DAB's recommendation to increase the District financial contribution from the District's General Fund to the City of Happy Valley as part of an Operating Budget discussion and IGA revision as this payment is defined in the current IGA.

ATTACHMENTS:

- Minutes from January 27, 2016 DAB Special Meeting with Recommendations
- Background material provided to DAB at December 2016 DAB meeting, including accounting of SDC's and Hood View Construction costs
- Copy of City of Happy Valley Park CIP and SDC rates pre-annexation
- Copy of NCPRD's Adopted CIP and SDC Rates Post Happy Valley Annexation (includes Happy Valley projects carried over from their Master Plan and listed in the IGA)
- NCPRD Capital investments since District inception through completion of Hood View Community Park
- Annexation and Service Agreement signed November 2, 2006

SUBMITTED BY:

Division Director/Head Approval _____ GB _____

Department Director/Head Approval _____

County Administrator Approval _____

For information on this issue or copies of attachments, please contact _____ @ 503- _____



**DISTRICT ADVISORY NCPRD BOARD
SPECIAL SESSION
Meeting Minutes**

Date: January 27, 2016
Time: 5:00-6:30 p.m.
Location: NCPRD Aquatic Center

1) Chair David Noble called the meeting to order at 5:00 p.m. A Quorum was Present.

DAB members present: David Noble, Sharon Koester, Michael Morrow, Susan McCarty, Wilda Parks, Robin Condie, Lynn Fisher, and Bill Bersie; Absent: Suzanne Montalbano

NCPRD Staff members present: Gary Barth, Laura Zentner, Kandi Ho, Katie Dunham, Joe Loomis, Brad Custer

NCPRD Board members present: Commissioner Jim Bernard

Guests: Drenda Howatt – Clackamas County Admin., Mary Jo Cartasegna – Clackamas County Admin., Chris Story – Clackamas County Counsel, Don Krupp – NCPRD Administrator, Jason Tuck – City Manager/Happy Valley, Lisa Batey – Alternate DAB Representative /City of Milwaukie

2) Business Agenda (Action)

The Agenda for this Special Session is to address staff recommendations on each of the issues brought forth by the City of Happy Valley prior to a formal meeting with the NCPRD Board. Chair Noble recognized the efforts of DAB members, Staff, City Representatives, and NCPRD Board Members in ongoing efforts to resolve any outstanding issues.

Chair Noble established the protocol for the evening requesting that members address the Chair directly as each individual issue was brought forth. There would be a brief period for discussion between issues followed by a motion which would be recorded so that DAB recommendations were clear for the NCPRD Board.

STAFF RECOMMENDATIONS

Capital Improvement Plan (CIP) and System Development Charges:

1. HV control all SDC expenditures and CIP within Zone 3

*Staff recommends **non-acceptance** of this proposal.*

The District should retain authority over the calculation, assessment, adoption, collection and use of District park SDC's within the District boundaries and SDC Zones as adopted by ordinance. Zone 3 includes the City and the City's Urban

Growth Management Area (UGMA). However District constituents throughout all of Zone 3 are represented by the District Board and not the Happy Valley City Council.

Alternative Proposal: The District acknowledges Zone 3 includes the City and the City's UGMA. Therefore it is recommended that the District work collaboratively with the City in determining the prioritized use of SDC's for District capital improvements throughout all of Zone 3. The District Board has already taken steps towards addressing this issue with the adoption of Ordinance 06-2014 that amended the SDC ordinance to require that SDC's collected within a Zone be used within that zone with the only exceptions being those outlined in the amendment associated with debt service and SDC administrative costs.

The District would consult with the City on an annual basis to gather City input and recommendations on the District capital plan for Zone 3, which would then be provided to the DAB and the District Budget Committee before going before the District Board for final approval.

MOTION

Motion to accept staffs alternative proposal.

- Motion: Robin Condie
- 2nd: Susan McCarty
- Yeas: 8 Abstain: 0 – Motion Carried

2. Reconcile SDC's to appropriate zones (approx. \$5Mil+ to HV Zone)

*Staff recommends **acceptance** of this proposal.*

District staff proactively identified the need to reconcile the SDC accounts after the completion of the Hood View Community Park acquisition and Phase 1 improvements. Staff completed that reconciliation and all three SDC zone accounts now reflect their actual, reconciled zone funds available for CIP projects. Staff has assured City staff that these accounts have been reconciled.

Follow-Up Proposal: Staff recommends a joint meeting between the City and the District to review this reconciliation and reach concurrence and acceptance of the reconciliation to resolve this issue.

MOTION

Motion to accept staffs proposal with Follow-Up.

- Motion: Robin Condie
- 2nd: Wilda Parks
- Yeas: 8 Abstain: 0 – Motion Carried

3. City approves CIP for Zone 3 and NCPRD adopts

*Staff recommends **non-acceptance** of this proposal.*

Staff recommends that the District maintain authority over the development, adoption, and implementation of the District Capital Improvement Plan (CIP).

As noted in Issue 1 above, while Zone 3 includes the City and the City's UGMA - District constituents are not represented by the City's elected council.

Alternative Proposal: The District acknowledges that Zone 3 consists of the City and the for City's UGMA. Therefore it is recommended that the District work collaboratively with the City of Happy Valley in development of the District CIP throughout all of Zone 3. The City would be consulted whenever regarding updates or proposed revisions to the CIP, after which final recommendations will be provided by District staff to the DAB for input before submitting to the Board for final approval and adoption.

MOTION

Motion to accept staffs alternative proposal.

- Motion: Sharon Koester
- 2nd: Susan McCarty
- Yeas: 8 Abstain: 0 – Motion Carried

4. SDC rate setting required to have City approval

*Staff recommends **non-acceptance** of this proposal.*

The City does not have authority over SDC rates of the District. Staff recommends that the District maintain authority over the development and adoption of the District Capital Improvement Plan (CIP) and the resulting SDC rates required to support that CIP.

District Ordinance 02-2004 requires that the CIP and rate schedules be reviewed every five years by the Board with updated growth forecasts and a revised CIP. It has been eight years since the current District CIP and rate schedule was adopted. The District had planned on a review and revision of the CIP and SDC rate schedule for Board consideration and adoption in FY 15/16. A consultant was selected through an RFP process but the work was then put on hold pending resolution of this Issue. It is recommended that staff proceed with this project.

Alternative Proposal: As part of that update process, it is recommended that the cities within NCPRD be consulted on the District's CIP projects proposed within their cities and UGMA's as outlined above. The projected population growth rates and the resulting SDC rate should also be reviewed with the cities to be considered in the context of other SDC's that exist within that jurisdiction as part of the final recommendation to the DAB for review and input before submitting to the District Board for review and approval.

MOTION

Motion to accept staffs alternative proposal.

- Motion: Susan McCarty
- 2nd: Lynn Fisher
- Yeas: 8 Abstain: 0 – Motion Carried

5. No new SDC's go to Hood View debt as its already paid up to max SDC eligible level

*Staff recommends **acceptance** of the proposal that SDC's used for the Hood View debt not exceed the eligible level. Staff disagrees with the statement that Hood View financing has reached the maximum SDC eligible limit.*

The cost to acquire 30 acres for the Hood View Community Park and complete phase 1 development of the sports fields was \$21.7 million; \$10.4 in funds available at that time - including \$2 million from the City of Happy Valley – and the remaining \$11.3 from an \$8 million 20-year capital bond plus interest to maturity. The financing plan included use of NCPRD SDC's to the maximum amount allowable per the adopted CIP and SDC rate schedule, no more and no less.

The Hood View Community Park project is in the currently adopted CIP on which SDC rates were calculated and at full build out was projected at \$33.7 million. Per NCPRD Ordinance, the amount of SDC's that can be used for land acquisition for this community park is 73.26%. Since it is assumed that the city's \$2 million contribution came from the collection of city Park SDC's generated prior to annexation into NCPRD, the District included that \$2 million in city funds towards in the SDC allowable amount calculation. The amount of SDC's eligible for community park development is 45.89%.

District staff has completed a review and reconciliation of the costs incurred to acquire the land and complete Phase 1 of Hood View Community Park and sources of funding used. Based on that reconciliation, the District has not reached the maximum allowable use of SDC's at this time. Through December 2015 a total of \$3.9 million in principal and interest had been paid on the Hood View debt, leaving \$7.5 of principal and interest remaining to be paid through maturity in 2028. Of the \$7.5 million remaining, approximately ½ or \$3.8 million remains SDC eligible before reaching the SDC maximums of 73.26% for land acquisition and 45.89% for development. Based on prior SDC collection history District staff estimates that about \$2.5 million of that \$3.8 million of SDC's will be generated within the city of Happy Valley and the remaining \$1.3 million throughout the remainder of the District.

Alternative Proposal: Staff recommends that the District and City staff along with representatives from the District Board and City Council meet to review the financing plan for Hood View, the SDC allowable limits and the staff reconciliation of sources and uses of funds to resolve this issue.

MOTION

Motion to have numbers reviewed by an independent auditor agreeable to both parties paid for by district.

- Motion: Lynn Fisher
- 2nd: Michael Morrow
- Yeas: 8 Abstain: 0 – Motion Carried

Happy Valley City Park (owned and operated by the City)

6. Add Capital Replacement of HV park improvements to NCPRD Budget

*Staff recommends **non-acceptance** of this proposal.*

The District is not allowed to use District capital funds on assets it does not own or have a commensurate level of operating control over per an agreement with the owner of the asset. When the City annexed into the District, they retained ownership and operating control of Happy Valley City Park.

Per the Intergovernmental “Annexation” Agreement (IGA) entered into between the City and the District, the District did agree to provide the City with \$50,000 a quarter from the District general fund to operate and maintain Happy Valley City Park, along with some other city park facilities. That annual payment in FY 15/16 is budgeted at \$266,082. It is the city’s discretion how that money is expended so long as they meet or exceed the maintenance standards set out in the IGA, which includes repair of damaged equipment and maintaining park structures, signage or appurtenances in a clean, attractive, safe and structurally sound condition.

Alternative Proposal: The District and the City could re-engage in discussions to negotiate an Operating Agreement between the City and the District that would allow the District to use capital funds for projects at Happy Valley City Park for District benefit. This approach has been proposed by the District staff in the past as a possible solution but has been rejected by the city staff. It has not been proposed by the District Board to the City Council.

It is worth noting that many public agencies use general obligation bonds to address capital needs including the repair and replacement of existing agency assets. If an agency were to issue a capital bond, those capital funds would also be restricted to assets owned or managed by that agency issuing the bond.

MOTION

Motion to accept staffs alternative proposal with review and possible increase in contribution.

- Motion: Susan McCarty
- 2nd: Wilda Parks
- Yeas: 6 Abstain: 1 – Robin Condie Nays: 1 – Michael Morrow - Motion Carried

7. Continue with tax revenue transfer to cover our costs for HV Park maintenance

*Staff recommends **acceptance** of this proposal.*

As noted in Issue 6 above, the District is providing a current tax revenue transfer as outlined in the IGA.

Alternative Proposal: An alternative to the existing tax transfer payment provided for in the IGA would be to transfer operations and maintenance responsibilities for Happy Valley City Park to the District in lieu of the annual tax revenue transfer payment. This could possibly achieve cost savings through District park maintenance operating efficiencies, which would free up District general fund revenue for minor capital repair and replacement. Unlike capital funds, there is no ownership or operating control restriction on the use of

general fund. This alternative has been discussed by the City and the District in the past but the City has elected to stay with the current tax transfer payment.

MOTION

Motion to accept staffs acceptance of this proposal.

- Motion: Wilda Parks
- 2nd: Susan McCarty
- Yeas: 8 Abstain: 0 – Motion Carried

8. Concept – transfer more GF revenues to us and we transfer a district wide SDC amount to be agreed upon
*Staff recommends **non-acceptance** of this proposal.*

This proposal assumes that Happy Valley has authority over the District’s general fund or SDC’s. That is not the case and is legally impermissible.

Alternative Proposal: None. Resolution to the other Issues will hopefully address this Issue.

MOTION

Motion to accept staffs non-acceptance of this proposal.

- Motion: Wilda Parks
- 2nd: Susan McCarty
- Yeas: 6 Abstain: 1 – Robin Condie Nays: 1 – Michael Morrow - Motion Carried

9. Community Center (design, location, timing, and partnership decisions) decided by City
- a. Recognize this is a district wide project that needs to be built with District funds and operated with district funds similar to Milwaukie Center and North Clackamas Park.
 - b. SDC’s may be used as match if HV agrees.

*Staff recommends **partial acceptance** of this proposal.*

Alternative Clarifying Proposal: Staff recommends that the District proceed with a high level east-side community center study as budgeted for in the FY15/16 operating plan to determine possible locations, designs and estimated costs of such a facility contained as contemplated in the adopted CIP. Per the IGA, the City has been engaged in this effort as the location of the facility and the design and amenities of any such facility are to be mutually agreed upon by the District and the City before development. That project was placed on hold pending resolution of this issue.

As background, the City of Happy Valley identified a “Multi-Use Recreation Center” in their adopted park CIP prior to annexation into NCPD. Per the IGA the District then included a community center project in the District’s CIP upon Happy Valley’s annexation into the District. At that time, it shifted from a proposed city owned and operated community center to a proposed District owned and operated community center serving capable of serving a broader population. The IGA acknowledges that the construction of such a facility - as with

any project in the NCPRD CIP - is conditioned upon the availability of capital funds. The community center that was added to the NCPRD CIP is currently shown as part of the \$33 million Hood View Community Park project and is therefore 45.89% SDC eligible. The remaining 54% of funding would need to come from other capital funding sources such as a District general obligation bond.

The District is lacking in indoor multi-use community centers throughout the District, not just Zone 3. The only district managed “community center” is the limited-use Milwaukie Center which was developed by the City of Milwaukie as a Senior Center prior to the formation of NCPRD. According to Clackamas County Department of Community Development, the City of Milwaukie used community development block grant funding to construct the Milwaukie Center on property deeded to the City of Milwaukie by the county decades ago. NCPRD assumed operation of the Milwaukie Center in an Intergovernmental Agreement with the City of Milwaukie upon formation of the District.

MOTION

Motion to accept staffs alternate clarifying proposal.

- Motion: Sharon Koester
- 2nd: Susan McCarty
- Yeas: 7 Abstain: 1 – Robin Condie – Motion Carried

IGA Revision

10. New IGA to recognize projects that have been completed and arrangements for conditions set out above

*Staff recommends **acceptance** of this proposal.*

District Staff agrees that the District and the City will need to negotiate a revised IGA to reflect the resolution of the Issues outlined above.

MOTION

Motion to accept staffs acceptance of this proposal.

- Motion: Lynn Fisher
- 2nd: Susan McCarty
- Yeas: 8 Abstain: 0 – Motion Carried

Timeline of Key Events

- Happy Valley adopts Park Master Plan A May 2001
- Happy Valley adopts Park CIP and associated SDC rates Oct 2003
 - \$36 million total project costs
 - \$18 million 30 acre community park
 - Proposed SDC rate (SFR) \$8,784; council approved \$3,500
- NCPRD Boards adopts the “three-zone” methodology for SDC rates Mar 2004
 - Differing CI needs created by unique growth rates by zone
- Happy Valley adopts revised Park CIP and associated SDC rates B Dec 2004
 - \$26 million total project costs
 - \$9 million 30 acre community park
 - Council approved SDC rate of \$4,222
- Happy Valley residents voted to annex into the NCPRD C May 2006
- The City of Happy Valley and the NCPRD Board approved IGA D Nov 2006
- NCPRD revises Park CIP and associated SDC rates to include Happy Valley Sep 2007
- NCPRD Boards adopts new CIP and SDC rates (2007 -2030) E Nov 2007
 - *This remains the most current board approved CIP/SDC Plan – due for revision*
 - \$134 million in total project costs: \$83 MM (62%) in SDC’s and \$51 MM other sources
 - \$92 million in “district-wide” projects*
 - Each zone collects an SDC of \$3,798 for DW projects
 - Includes \$61 million for “Community Parks”
 - \$34 million for CP in Rock Creek area (from Happy Valley Parks Plan)
 - \$17 million for a second CP east of I-205
 - \$ 3 million for Ella Osterman Park
 - \$ 4 million for CP west of I-205 (partner with Dev Agency UR)
 - \$ 4 million to improve N. Clackamas ParkOne from Happy Valley Park
 - Three additional
 - \$32 million in “zone” projects
 - \$2 million projects in Zone 1 – SDC rate \$1,092
 - \$8 million projects in Zone 2 – SDC rate \$3,867
 - \$32 million projects in Zone 3 - \$3,182
- NCPRD constructs and opens Hood View Park – Largest capital project in District history June 2009
 - Community park in the Rock Creek area, per the IGA and CIP
 - Total Costs for Phase 1 = \$18 million (\$34 million project at full build out per CIP)
 - 30 acres of land = \$8 million
 - Infrastructure and sports fields = \$10 million
 - Interest expense on \$8 million of bonds adds \$3.4 million to project costs
- Dan Zinzer retires; Gary Barth promoted to Director of BCS and NCPRD Jul 2009
- Laura Zentner hired as BCS Administrative Services Manager Apr 2010
- NCPRD adopts ordinance that all SDC’s collected in a Zone are used for CI in that zone Oct 2014

Single Family Rates Only

	Zone 1	
District-wide	\$ 3,798	78%
Zone	\$ 1,092	22%
Total Before Credits	\$ 4,890	100%

Less credit for GO Bond	\$ (905)	
Net Total SDC After Credit	\$ 3,985	
District-wide	\$ 3,095	78%
Zone	\$ 890	22%

	Zone 2	
District-wide	\$ 3,798	50%
Zone	\$ 3,867	50%
Total Before Credits	\$ 7,665	100%

Less credit for GO Bond	\$ (905)	
Net Total SDC After Credit	\$ 6,760	
District-wide	\$ 3,350	50%
Zone	\$ 3,410	50%

	Zone 3	
District-wide	\$ 3,798	54%
Zone	\$ 3,182	46%
Total Before Credits	\$ 6,980	100%

Less credit for GO Bond	\$ (905)	
Net Total SDC After Credit	\$ 6,075	
District-wide	\$ 3,306	54%
Zone	\$ 2,769	46%

*Note -Happy Valley SDC was \$4,222 before annexation and \$6,075 after annexation for a net increase of \$1,853
A decrease of \$1,453 for Zone projects plus a new rate of \$3,306 for District-Wide projects = the net increase of \$1,853*

PARK SDC'S FROM HAPPY VALLEY DEVELOPMENT

Annexation - Oct 2014

"District-Wide" SDC Revenue	\$ 5,439,701	54%
Zone 3 SDC Revenue	\$ 4,633,819	46%
Total SDC's Revenue	<u>\$ 10,073,520</u>	

Nov 2014 - June 2015

Total SDC Revenue	\$ 924,720	
Total Annexation through June 2015	<u>\$ 10,998,240</u>	

USE of HAPPY VALLEY SOURCED PARK SDC'S TO-DATE

Hood View Construction	\$ (2,975,860)	
Hood View Debt Payments *	\$ (2,247,256)	
Scott Creek Trail Expense	\$ (31,951)	
FY 14/15 Project Exp	\$ (113,889)	
FY 14/15 SDC Admin Fees	\$ (10,683)	
Total Use To-Date	<u>\$ (5,379,639)</u>	

Cash Available as of June 2015 \$ 5,618,601

* Note:

Happy Valley SDC's	\$ 2,247,256	57%
Other District SDC's	\$ 1,696,112	43%
Total debt repayment through June 2015	<u>\$ 3,943,368</u>	

Capital Costs

(\$ millions)

Land	\$	8,234,412
Complex & Infrastructure	\$	10,088,547
Interest to Maturity on Bond Debt	\$	3,401,894
Total Capital Costs To-Date	\$	21,724,853

Funding of Capital Costs

	Non-SDC Target	SDC Eligible Target	Total	
Land:	26.74%	73.26%	100%	
NCPRD Metro Greenspace Funds	\$ 2,000,000		\$ 2,000,000	24%
City of Happy Valley - Park SDC's		\$ 2,000,000	\$ 2,000,000	24%
NCPRD SDC's within Happy Valley		\$ 2,975,860	\$ 2,975,860	36%
NCPRD SDC's outside Happy Valley		\$ 258,552	\$ 258,552	3%
Bond Principal	\$ 200,000	\$ 800,000	\$ 1,000,000	12%
Subtotal Land	\$ 2,200,000	\$ 6,034,412	\$ 8,234,412	100%
Actual	26.72%	73.28%	100%	

	Non-SDC Target	SDC Eligible Target	Total	
Complex & Infrastructure:	54.11%	45.89%	100%	
County General Fund	\$ 2,000,000		\$ 2,000,000	20%
North Clackamas School District	\$ 919,631		\$ 919,631	9%
Capital Fund Interest Income	\$ 168,916		\$ 168,916	2%
Bond Principal	\$ 2,400,000	\$ 4,600,000	\$ 7,000,000	69%
Subtotal Complex and Infra.	\$ 5,488,547	\$ 4,600,000	\$ 10,088,547	100%
Actual	54.40%	45.60%	100%	

Total Sources of Funds

\$ 7,688,547	\$ 10,634,412	\$ 18,322,959
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Bond Repayment to Maturity

	Non-SDC	SDC Eligible	Total
Principal	\$ 2,600,000	\$ 5,400,000	\$ 8,000,000
Interest	\$ 1,105,616	\$ 2,296,278	\$ 3,401,894
	\$ 3,705,616	\$ 7,696,278	\$ 11,401,894

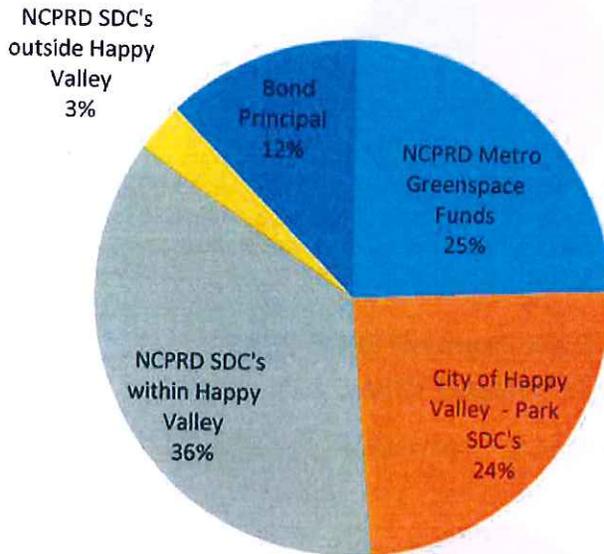
Paid-to-Date through June 2015

Used SDC's as repayment source to-date			
Principal	\$ -	\$ 2,120,000	\$ 2,120,000
Interest	\$ -	\$ 1,823,368	\$ 1,823,368
	\$ -	\$ 3,943,368	\$ 3,943,368

Remaining to Maturity 2028

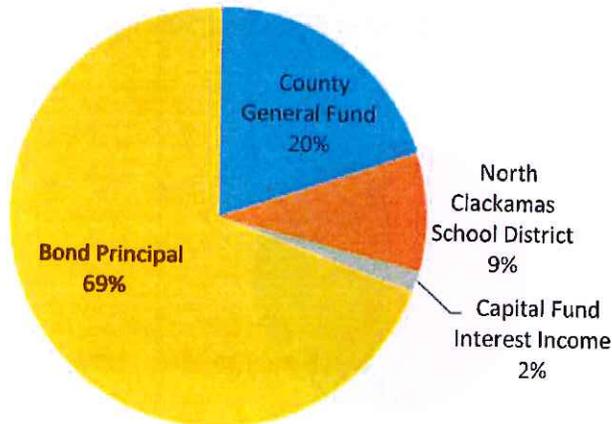
Future payments need to be split SDC and non-SDC			
Principal	\$ 2,600,000	\$ 3,280,000	\$ 5,880,000
Interest	\$ 1,105,616	\$ 472,910	\$ 1,578,526
	\$ 3,705,616	\$ 3,752,910	\$ 7,458,526
	50%	50%	100%

Funding of Land for 30 Acre Community Park (73% SDC Eligible)



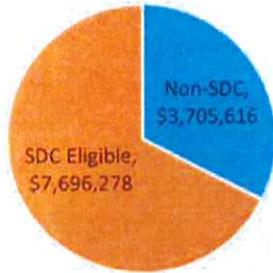
Happy Valley SDC's have equaled about 57% of debt payments to-date

Funding of Park Infrastructure and Sports Fields - Phase 1 Development 46% SDC Eligible



Happy Valley SDC's have equaled about 57% of debt payments to-date

Hood View Debt Source of Repayment to Maturity 2028

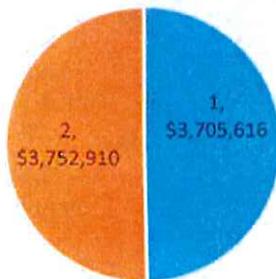


Source of Debt Payment 2008-2015 100% SDC's - 57% Happy Valley, 43% other

■ Non-SDC ■ SDC Eligible



Future Source of Debt Payment 2016-2028 29% Happy Valley SDC's, 21% other SDC's and 50% non SDC's



CITY OF HAPPY VALLEY

RESOLUTION NO. 04-32

A RESOLUTION ADOPTING PARK AND RECREATION NET RESIDENTIAL AND NON-RESIDENTIAL SYSTEM DEVELOPMENT CHARGES AND ALLOWING FOR A CREDIT AGAINST THE IMPROVEMENT PORTION THEREOF AS PROVIDED FOR IN CITY CODE AND STATE LAW.

WHEREAS, residential and commercial growth create significant fiscal impacts on the citizens and governments of Oregon communities; and,

WHEREAS, the City of Happy Valley finds that development in the Happy Valley area has led to the need to improve and expand the City's Park and Recreation system to maintain standards and services, and that in order to accomplish needed improvements there is a need to seek additional revenue to contribute to the costs of those improvements; and

WHEREAS, the City finds it fair, reasonable and equitable to impose a charge on new development as in the public interest and necessary to pay a portion of the costs of increasing the capacities of park and recreation facilities for these facilities to accommodate the increased use created by such development; and

WHEREAS, the purpose of the system development charges statutes (ORS 223.297 to ORS 223.314) is to provide a uniform framework for establishing those charges by local governments, and allows for their establishment by Resolution; and,

WHEREAS, the City of Happy Valley Park System Development Charges were last set in April of 2004 but the Council believed it appropriate to have its consultant, Don Ganer & Associates do a re-assessment/re-evaluation of the costs associated with creating and calculating the SDC in order that the SDC charge be as accurate as possible; and,

WHEREAS, Don Ganer & Associates, Inc. has completed a revised (as of December 20, 2004) study in the report entitled "*City of Happy Valley - Parks and Recreation System Development Charges - Update Methodology Report*" (Attachment A) that provides supporting information on and a recommendation for an increase in the charge; and,

WHEREAS, the City has complied with the terms of ORS 223.304(7)(a) concerning provision of written notice to interested parties and has made available to the public for its review the report prepared by Don Ganer referred to above and the City Council held, on December 28, 2004, a hearing on the adoption of the City's proposed Parks and Recreation System SDC.

NOW, THEREFORE BASED ON THE FOREGOING, THE HAPPY VALLEY CITY COUNCIL RESOLVES AS FOLLOWS:

SECTION 1. The Park and Recreation Net Residential SDC Per Dwelling Unit is hereby set at \$4,222.00. and the Non-Residential Parks and Recreation SDC Rate is hereby set at \$0.00 per employee.

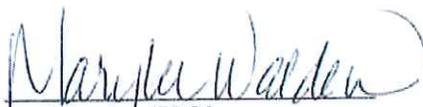
SECTION 2. a credit against the above Net Residential SDC Per Dwelling Unit is hereby established for the construction of qualified public improvements as provided in ORS 223.304(4) and Happy Valley Municipal Code (HVMC) section 3.04.120.

SECTION 3. This resolution is and shall be effective from and after its passage by the Council.

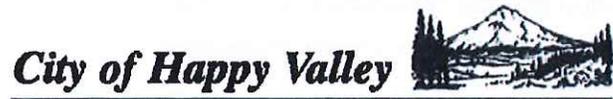
APPROVED this 28th day of December, 2004 by the Happy Valley Council.



Eugene L. Grant, Mayor

ATTEST: 

Marylee Walden
City Recorder



**PARKS AND RECREATION
SYSTEM DEVELOPMENT CHARGES
UPDATE METHODOLOGY REPORT**

revised as of
December 20, 2004

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**Don
Ganer &
Associates, Inc.**

EXHIBIT # A 7

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CITY OF HAPPY VALLEY

Parks and Recreation System Development Charges Update Methodology Report

1.0 INTRODUCTION

System Development Charges (SDCs) are one-time fees charged to new development to help pay a portion of the costs associated with building capital facilities to meet needs created by growth. SDCs are authorized for five types of capital facilities including transportation, water, sewer, stormwater, and parks and recreation.

In 2002, the City of Happy Valley adopted a Parks Master Plan which identifies anticipated parks facility needs through the year 2020. In August 2003, the City engaged Don Ganer & Associates, Inc. to update the City's Parks and Recreation SDC methodology and rates to reflect facility needs identified in the Parks Master Plan. This report presents an updated SDC methodology, documents the calculation of Parks and Recreation SDC rates, and identifies projects to be funded from SDC revenues.

Section 2.0 of this report presents authority and background information including (1) legislative authority for SDCs; (2) an explanation of "improvement fee" and "reimbursement fee" SDCs; (3) requirements and options for credits, exemptions and discounts; (4) guiding concepts for SDCs and (5) alternative methodology approaches. Section 3.0 presents the methodology used to develop the updated Parks and Recreation SDCs, section 4.0 presents the calculation of Residential Parks and Recreation SDC Rates, and section 5.0 presents the calculation of Non-Residential Parks and Recreation SDC Rates.

2.0 AUTHORITY AND BACKGROUND INFORMATION

A. Legislative Authority

While SDCs have been in use in Oregon since the mid-1970's, State legislation regarding SDCs was not adopted until 1989, when the Oregon Systems Development Act (ORS 223.297 - 223.314) was passed. The purpose of this Act was to "...provide a uniform framework for the imposition of system development charges..". In 1993, 1999, 2001, and 2003 additional statutory provisions were added to address concerns and clarify requirements regarding SDCs. The SDC Act requires local governments to:

- Enact SDCs by ordinance or resolution;
- Develop a methodology outlining how the SDCs were developed;
- Adopt a Capital Improvements Plan (CIP) to designate capital improvements that can be funded with "improvement fee" SDC revenues;
- Provide credit against the amount of the SDC for the construction of "qualified public improvements";
- Separately account for and report receipt and expenditure of SDC revenues, and develop procedures for challenging expenditures; and
- Use SDC revenues only for costs related to capital expenditures (operations and maintenance uses are prohibited).

B. "Improvement fee" and "Reimbursement fee" SDCs

The Oregon Systems Development Act provides for the imposition of two types of SDCs: (1) "improvement fee" SDCs, and (2) "reimbursement fee" SDCs. "Improvement fee" SDCs may be charged for new capital improvements that will increase capacity. Revenues from "improvement fee" SDCs may be spent only on capacity-increasing capital improvements identified in the required Capital Improvements Plan (CIP) that lists each project, and the expected timing and cost of each project. "Reimbursement fee" SDCs may be charged for the costs of existing capital facilities if "excess capacity" is available to accommodate growth. Revenues from "reimbursement fees" may be used on *any* capital improvement project, including major repairs, upgrades, or renovations. Capital improvements funded with "reimbursement fee" SDCs do not need to increase capacity, but they must be listed in the CIP.

C. Requirements and Options for Credits, Exemptions, and Discounts

(1) Credits

A credit is a reduction in the amount of the SDC for a specific development. The Oregon SDC Act requires that credit be allowed for the construction of a "qualified public improvement" which (1) is required as a condition of development approval, (2) is identified in the Capital Improvement Plan, and (3) either is not located on or contiguous to property that is the subject of development approval, or is located on or contiguous to such property and is required to be ~~built larger or with greater capacity than is necessary for the particular development project.~~ The credit for a qualified public improvement may only be applied against an SDC for the same type of improvement (e.g., a parks and recreation improvement can only be used for a credit for a parks and recreation SDC), and may be granted only for the cost of that portion of an improvement which exceeds the minimum standard facility size or capacity needed to serve the particular project. For multi-phase projects, any excess credit may be applied against SDCs that accrue in subsequent phases of the original development project.

In addition to these required credits, the City may, if it so chooses, provide a greater credit, establish a system providing for the transferability of credits, provide a credit for a capital improvement not identified in the Capital Improvement Plan, or provide a share of the cost of an improvement by other means.

(2) Exemptions

The City may exempt certain types of development, such as "affordable housing" from the requirement to pay parks SDCs. Exemptions reduce SDC revenues and, therefore, increase the amounts that must come from other sources, such as bonds and property taxes.

(3) Discounts

The City may discount the SDC rates by choosing not to charge a reimbursement fee for excess capacity, or by reducing the portion of growth-required improvements to be funded with SDCs. A discount in the SDC rates may also be applied on a pro-rata basis to any identified deficiencies, which must to be funded from sources other than improvement fee SDCs. For example, the City may charge new development an SDC rate sufficient to recover only 75% of identified growth-required costs. The portion of growth-required costs to be funded with SDCs must be identified in the CIP.

Because discounts reduce SDC revenues, they increase the amounts that must come from other sources, such as bonds or general fund contributions, in order to acquire the facilities identified in the Parks Master Plan.

D. Guiding Concepts

The source of authority for the adoption of SDCs is found both in state statute and the City's own plenary authority to adopt this type of fee. SDCs are also subject to the requirements of the U.S. Supreme Court decision in *Nollan v. California Coastal Commission*. In this 1987 case, the Court established that government agencies must show that an "essential nexus" (e.g. reasonable connection) exists between a project's impacts and any dedication requirements. For SDCs, the "essential nexus" requirement means there must be a reasonable connection between the nature of the development and the facilities being funded with the SDC revenues. For example, new parks are needed to serve the recreation needs of new development in order to prevent overcrowding of existing facilities and to meet the needs identified in the City's Parks Master Plan; therefore an "essential nexus" exists between new development and the SDCs needed to build parks to serve new development.

E. Alternative Methodology Approaches

There are three basic approaches used to develop improvement fee SDCs: "standards-driven", "improvements-driven", and "combination/hybrid".

(1) Standards-Driven Approach

The "standards-driven" approach is based on the application of Level of Service (LOS) Standards for facilities such as neighborhood parks, community parks, etc. Facility needs are determined by applying the LOS Standards to projected future population and employment, as applicable. SDC-eligible amounts are calculated based on the costs of facilities needed to serve growth. This approach works best where level of service standards have been adopted but no specific list of projects is available.

(2) Improvements-Driven Approach

The "improvements-driven" approach is based on a specific list of planned capacity-increasing capital improvements. The portion of each project that is attributable to growth is determined, and the SDC-eligible costs are calculated by dividing the total costs of growth-required projects by the projected increase in population and employment, as applicable. This approach works best where a detailed master plan or project list is available and the benefits of projects can be readily apportioned between growth and current users.

(3) Combination/Hybrid Approach

The combination/hybrid-approach includes elements of both the "improvements-driven" and "standards-driven" approaches. Level of Service standards may be used to create a list of planned capacity-increasing projects, and the growth-required portions of projects are then used as the basis for determining SDC-eligible costs. This approach works best where Levels of Service have been identified and the benefits of individual projects are not easily apportioned between growth and current users.

3.0 PARKS AND RECREATION SDC METHODOLOGY

The Improvements-Driven approach has been used to develop the updated Parks and Recreation SDC methodologies. The City's Parks Master Plan (Plan) identifies existing City facilities and identifies specific additions needed to meet City needs. A portion of the facility needs identified in the Plan are included as projects in the Parks Capital Improvements Plan (appendix).

Parks and recreation facilities benefit City residents, businesses, non-resident employees, and visitors. The methodologies used to update the City's Parks and Recreation SDCs establish the required "essential nexus" between a project's impacts and the SDC by identifying specific types of parks and recreation facilities and analyzing the proportionate need of each type of facility for use by new residents and non-resident employees. The SDCs to be paid by a development meet the "rough proportionality" requirement because they are based on the nature of the development and the extent of the impact of the development on the types of parks and recreation facilities for which they are charged. The Parks and Recreation SDCs are based on population and employment, and the SDC rates are calculated based on the specific impact a development is expected to have on the City's population and employment. All current and planned City facilities are considered to benefit both residents and non-resident employees, and parks and recreation SDCs may be charged to both residential and non-residential development.

A. Population and Employment Growth

The Parks and Recreation SDCs are based on costs per "capita" (person). Estimates of current and projected population and employment within the City of Happy Valley were calculated using data from Metro, the U.S. Census Bureau, and the Population Research Center at Portland State University.

Metro has published population and employment estimates for the year 2000 for each City within the region. The Center for Population Research has published official estimates of population for the City of Happy Valley for the year 2003, and the City has developed a population projection for build out of the current City planning area (based on Annexation Priority 2). The estimated population for 2004 was developed based on an average annual rate of increase of 5.1% per year between 2003 and 2020. Metro has also developed estimates and projections for employment for each Transportation Analysis Zone (TAZ) within the region. The most recent TAZ data were developed in 2000 for the years 2000 and 2020. The projected increases in population and employment between 2002 and 2020 are shown in Table 3.1, below.

TABLE 3.1

**PROJECTED POPULATION AND EMPLOYMENT
INCREASES FROM NEW DEVELOPMENT (2004 - 2020)**

	<u>2020 (Projected)</u>	-	<u>Estimated 2004</u>	=	<u>Projected Increase</u>
Population:	14,854	-	6,695	=	8,159
Employment:	3,913	-	1,494	=	2,419

B. Persons Per Dwelling Unit

The Residential Parks and Recreation SDC is based on costs per capita and is calculated based on the number of persons per dwelling unit. To determine the number of persons per dwelling unit, official 2000 U.S. Census data was analyzed, and the resulting calculation is displayed in Table 3.2, below.

TABLE 3.2

AVERAGE PERSONS PER DWELLING UNIT

<u>Unit</u>	<u>2000 Census Avg. Persons Per Dwelling Unit</u>
Dwelling Unit	3.26

C. Benefit of Facilities

Facility needs must consider the proportionate benefit each type of facility has for residents and non-resident employees. A resident is any person whose place of residence is within the City of Happy Valley. An employee is any person who receives remuneration for services, and whose services are directed and controlled either by the employee (self-employed) or by another person or organization. The parks and recreation facilities discussed in this report are defined in the City's Parks Master Plan. For all facilities included in the CIP (community parks, special use areas, recreation facilities, and trails/pathways), both population and non-resident employment were considered in identification of the facility needs.

While parks and recreation facilities benefit both residents and employees, the amount of time these facilities are available for use by non-resident employees is not the same as for residents; a non-resident employee does not create demands for facilities equal to those created by a resident. In order to equitably apportion the need for facilities between non-resident employees and residents, a non-resident-employee-to-resident demand ratio was developed based on the potential time these facilities are available for use.

First, estimates for the average number of hours per day these facilities are available for use were identified. Children's ages, adult employment status, work location (inside or outside the City), and seasonal variances were taken into account and are displayed in Table 3.3, below.

TABLE 3.3
ESTIMATES OF AVERAGE DAILY
AVAILABILITY OF PARKS AND RECREATION FACILITIES

	<u>Non-Employed Adult (18+)</u>	<u>5-17 Kids</u>	<u>Live In/ Work In</u>	<u>Live In/ Work Out</u>	<u>Live Out/ Work In</u>	<u>Total</u>
Summer (June-Sept)						
<u>Weekday</u>						
Before Work			1		1	2
Meals/Breaks			1		1	2
After Work			2		2	4
Other Leisure	12	12	2	2		28
Sub-Total	12	12	6	2	4	36
<u>Weekend</u>						
Leisure	12	12	12	12	0	48
Sub-Total	12	12	12	12	0	48
Summer Hours/Day	12	12	7.71	4.86	2.86	39.43
Spring/Fall (April-May, Oct-Nov)						
<u>Weekday</u>						
Before Work			0.5		0.5	1
Meals/Breaks			1		1	2
After Work			1		1	2
Other Leisure	10	4	2	2		18
Sub-Total	10	4	4.5	2	2.5	23
<u>Weekend</u>						
Leisure	10	10	10	10	0	40
Sub-Total	10	10	10	10	0	40
Spring/Fall Hours/Day	10	5.71	6.07	4.29	1.79	27.86
Winter (December-March)						
<u>Weekday</u>						
Before Work			0.5		0.5	1
Meals/Breaks			1		1	2
After Work			0.5		0.5	1
Other Leisure	8	2	1	1		12
Sub-Total	8	2	3	1	2	16
<u>Weekend</u>						
Leisure	8	8	8	8	0	32
Sub-Total	8	8	8	8	0	32
Winter Hours/Day	8	3.71	4.43	3	1.43	20.57
Annual Weighted Avg. Hours	10	7.14	6.07	4.05	2.02	29.29

The Annual Weighted Average Hours of availability shown in Table 3.3, page 6, were calculated for each category of residents and employees using the following formula:

$$(\text{Summer Hours/Day} \times 3 [\text{months}] + \text{Spring/Fall Hours/Day} \times 6 + \text{Winter Hours/Day} \times 3) / 12$$

Next, the Annual Weighted Average Hours (from Table 3.3, page 6) were applied to population and employment data (2000 Census) to determine the Total Annual Weighted Average Hours for each category of Resident and Employee. The results of these calculations are displayed in Table 3.4, below.

TABLE 3.4

**TOTAL ANNUAL AVAILABILITY
OF PARKS AND RECREATION FACILITIES**

	Non-Employed Adult (18+)	5-17 Kids	Live In/ Work In	Live In/ Work Out	Live Out/ Work In	Total
Population & Employment Data (2000 Census)	1,014	1,235	198	2,104	972	5,523
X Annual Weighted Avg. Hours	<u>X 10</u>	<u>X 7.14</u>	<u>X 6.07</u>	<u>X 4.05</u>	<u>X 2.02</u>	<u>X 29.29</u>
Total Annual Wtd. Avg. Hours	10,140	8,821	1,202	8,516	1,967	30,647

Next, the available hours (from Table 3.4) were allocated between employment-related hours and residence-related hours, as displayed in Table 3.5, below.

TABLE 3.5

**TOTAL RESIDENCE AND EMPLOYMENT RELATED
AVAILABILITY OF PARKS AND RECREATION FACILITIES**

	Hours	% of Total
<u>Residence Related</u>		
Resident Non-Employee	27,478	89.66%
Resident Employee	<u>801</u>	<u>2.62%</u>
sub-total	28,279	92.27%
<u>Employment Related</u>		
Resident Employee	401	1.31%
Non-Resident Employee	<u>1,967</u>	<u>6.42%</u>
sub-total:	2,368	7.73%

Finally, the Non-Resident Employee Parks Benefit Ratio was calculated by dividing the total non-resident employee hours by the total resident hours, with results summarized in Table 3.6, page 8.

TABLE 3.6

NON-RESIDENT EMPLOYEE PARKS BENEFIT RATIO

<u>Weighted Avg. Hrs. Resident</u>	<u>Weighted Avg. Hrs. Non-Resident Employee</u>	<u>Employee % of Resident</u>
28,680	1,967	6.9%

D. Facility Needs

The facility needs identified in Table 3.7, below, are identified in the Parks Master Plan and are included as projects in the Parks SDC Capital Improvements Plan (SDC-CIP) scheduled for completion between 2004 and 2020. The SDC-CIP is included as an appendix to this report.

Credits against SDCs are required only for the donation or construction of a "qualified public improvement" (see Section 2C(1), page 2 for description) included in the adopted Parks SDC-CIP. Credits against SDCs are not required for dedications or in-kind improvements, such as trail corridors, if they are not included in the SDC-CIP and no portion of the SDC revenues are being used for their acquisition/construction.

TABLE 3.7

**CURRENT REQUIREMENTS AND GROWTH PORTION
OF PLANNED FACILITY ADDITIONS**

<u>FACILITY TYPE</u>	<u>Current Units</u>	<u>2020 Planned Units</u>	<u>2020 LOS (Units/1000)</u>	<u>2004 Pop. Req. Units</u>	<u>2004 Empl Req. Units</u>	<u>Current Surp/(Def)</u>	<u>Growth- Required Units</u>	<u>Res. Share</u>	<u>Emp. Share</u>
Community Park/Special Use (acres)	32.02	62.02	4.10	27.45	0.42	4.14	30.00	29.40	0.61
Special Use Areas (acres)	2.23	17.23	1.14	7.63	0.12	(5.51)	9.49	9.30	0.19
Multi-Use Recreation Center (s.f.)	0.00	50,000.00	3306.00	22133.27	340.86	(22474.13)	27525.87	26974.12	563.04
Village Green Park/Civic Center (s.f.)	0.00	10,000.00	661.20	4426.65	68.17	(4494.83)	5505.17	5394.82	112.61
Trail/Pathway Corridors (acres)	69.90	101.90	6.74	45.11	0.69	24.10	32.00	31.36	0.65
Trails/Pathways (miles)	1.00	2.00	0.13	0.89	0.01	0.10	1.00	0.98	0.02

Improvement fee SDC revenues must be used only for facilities needed to serve growth, and may not be used to remedy existing deficiencies. For facilities which have deficiencies, the City may use improvement fee SDC revenues only for the portion needed to serve growth (growth units).

E. Deficiency Repair and Growth Required Facility Costs

Table 3.8, below, shows the estimated cost per unit for each type of parks facility, the estimated cost to repair existing deficiencies, and a breakout between residential and non-residential costs for these new facilities. Estimated costs for Community Parks include both land acquisition and development (i.e., ballfields, etc.).

TABLE 3.8

**POPULATION AND EMPLOYMENT DEFICIENCY REPAIR
NEEDS AND SDC ELIGIBLE COSTS**

FACILITY TYPE	COST PER UNIT	DEFICIENCY COSTS	GROWTH COSTS	TOTAL COSTS	RESIDENTIAL EMPLOYMENT	
					GROWTH PORTION	GROWTH PORTION
Community Park Acq. & Dev. (acres)	\$306,000	\$0	\$9,180,000	\$9,180,000	\$8,996,400	\$183,600
Special Use Areas Acq. (acres)	\$206,000	\$1,135,060	\$1,954,940	\$3,090,000	\$1,915,841	\$39,099
Multi-Use Recreation Center (s.f.)	\$200	\$4,494,800	\$5,505,200	\$10,000,000	\$5,395,096	\$110,104
Village Green Park/Civic Center (s.f.)	\$200	\$899,000	\$1,101,000	\$2,000,000	\$1,078,980	\$22,020
Trail/Pathway Corridors (acres)	\$55,000	\$0	\$1,760,000	\$1,760,000	\$1,724,800	\$35,200
Trails/Pathway Development (miles)	\$350,000	\$0	\$350,000	\$350,000	\$343,000	\$7,000
Total Costs		\$6,528,860	\$19,851,140	\$26,380,000	\$19,454,117	\$397,023

4.0 RESIDENTIAL PARKS AND RECREATION SDC RATE

The City's Residential Parks and Recreation SDC rate is calculated using a series of sequential formulas which, when completed, yields the total SDC rate for each new dwelling unit in the City. The formulas identify:

- a) the residential improvements cost per capita (Formula 4a, below),
- b) the residential improvement fee per dwelling unit (Formula 4b, page 10),
- c) the residential tax credit per dwelling unit (Formula 4c, page 10), and
- d) the net residential SDC per dwelling unit (Formula 4d, page 11).

The Residential SDC is an "improvement fee" only, and does not include a "reimbursement fee" component.

A. Formula 4a: Residential Improvements Cost Per Capita

The residential improvements cost per capita is calculated by dividing the residential portion of net SDC Eligible growth improvement cost (identified in Table 3.8, above) by the increase in the City's population expected to be created by new development during the planning period (from Table 3.1, page 5).

$$4a. \quad \begin{array}{c} \text{Residential} \\ \text{SDC-Eligible} \\ \text{Improvement Costs} \end{array} + \begin{array}{c} \text{Population} \\ \text{Increase} \end{array} = \begin{array}{c} \text{Residential} \\ \text{Improvements Cost} \\ \text{Per Capita} \end{array}$$

Table 4.1, below, presents the calculation of the residential improvements cost per capita.

TABLE 4.1

RESIDENTIAL IMPROVEMENTS COST PER CAPITA

<u>Residential SDC Eligible Improvement Costs</u>		<u>Population Increase</u>		<u>Residential Improvements Cost Per Capita</u>
\$19,454,117	+	8,159	=	\$ 2,384

B. Formula 4b: Residential Improvement Fee Per Dwelling Unit

The residential improvement fee per dwelling unit is calculated by multiplying the average number of persons per dwelling unit (from Table 3.2, page 5) by the residential improvements cost per capita (from Table 4.1, above).

$$4b. \quad \begin{array}{l} \text{Persons Per} \\ \text{Dwelling Unit} \end{array} \times \begin{array}{l} \text{Residential} \\ \text{Improvements Cost} \\ \text{Per Capita} \end{array} = \begin{array}{l} \text{Residential} \\ \text{Improvement Fee Per} \\ \text{Dwelling Unit} \end{array}$$

The result of this calculation is displayed in Table 4.2, below.

TABLE 4.2

RESIDENTIAL IMPROVEMENT FEE PER DWELLING UNIT

<u>Unit</u>	<u>Average Persons Per Dwelling Unit</u>	<u>X</u>	<u>Residential Improvements Cost Per Capita</u>	<u>=</u>	<u>Residential Improvement Fee Per Dwelling Unit</u>
Dwelling Unit	3.26		\$2,384		\$7,772

C. Formula 4c: Residential Tax Credit Per Dwelling Unit

Bonds and property taxes will likely be used as future sources for funding capacity improvements needed to repair deficiencies. A portion of these future bond repayments and property taxes will be paid by growth. Therefore, a credit must be calculated to account for these payments in order to avoid charging growth twice; once through the SDC, and a second time through property taxes. A credit has been calculated based on the following assumptions:

- \$3.3 million in 20 year G.O. bonds at 5.5% for park improvements to be issued in 2007, with another \$3.3 in 20 year G.O bonds issued in 2011,
- 6.0% average annual increase in total City property valuation for taxes,
- 3.0% annual increase in assessed property valuations,
- 3.0% annual inflation (decrease in value of money), and
- average 2004 property valuation for new construction at \$250,000 per dwelling unit.

$$4c. \quad \begin{array}{r} \text{Present Value} \\ \text{of Property} \\ \text{Tax Payments} \end{array} = \begin{array}{r} \text{Tax} \\ \text{Credit Per} \\ \text{Dwelling Unit} \end{array}$$

The amount of this credit is shown in Table 4.3, below.

TABLE 4.3

TAX CREDIT PER DWELLING UNIT

<u>Unit</u>	<u>Tax Credit Per Dwelling Unit</u>
Dwelling Unit	\$3,550

D. Formula 4d: Net Residential SDC Per Dwelling Unit

The net residential SDC rate per dwelling unit is calculated by subtracting the tax credit per dwelling unit (Table 4.3, above) from the improvement fee per dwelling unit (Table 4.2, page 10).

$$4d. \quad \begin{array}{r} \text{Improvement} \\ \text{Fee Per} \\ \text{Dwelling Unit} \end{array} - \begin{array}{r} \text{Credit} \\ \text{Per} \\ \text{Dwelling Unit} \end{array} = \begin{array}{r} \text{Net} \\ \text{Residential SDC} \\ \text{Per Dwelling Unit} \end{array}$$

The result of this calculation is shown in Table 4.4, below.

TABLE 4.4

NET RESIDENTIAL SDC PER DWELLING UNIT

<u>Unit</u>	<u>Improvement Fee Per Dwelling Unit</u>	<u>Credit Per Dwelling Unit</u>	<u>Net Residential SDC Per Dwelling Unit</u>
Dwelling Unit	\$7,772	(\$3,550)	\$4,222

5.0 NON-RESIDENTIAL PARKS AND RECREATION SDC RATE

The City's Non-Residential Parks and Recreation SDC is calculated using a series of sequential formulas which, when completed, yields the total SDC rate for each new employee added by new development in the City. The formulas identify:

- a) the Non-Residential Improvement Fee Per Employee (Formula 5a, page 12),
- b) the Tax Credit Per Employee (Formula 5b, page 12), and
- c) the Net Non-Residential SDC Per Employee (Formula 5c, page 13).

The Non-Residential SDC is an "improvement fee" only, and does not include a "reimbursement fee" component. The SDC rate is based on costs required for and benefits received by new development only, and does not assume that costs are necessarily incurred for capital improvements when an employer hires an additional employee.

A. Formula 5a: Non-Residential Improvement Fee Per Employee

The Non-Residential Improvement Fee Per Employee is calculated by dividing the non-residential growth-required new facility costs (from Table 3.8, page 9) by the increase in the City's employment expected to be created by new development through 2020 (from Table 3.1, page 5).

$$5a. \quad \begin{array}{l} \text{Non-Residential} \\ \text{Growth-Required} \\ \text{New Facility Costs} \end{array} + \begin{array}{l} \text{Employment} \\ \text{Increase From} \\ \text{Development} \end{array} = \begin{array}{l} \text{Non-Residential} \\ \text{Improvement Fee} \\ \text{Per Employee} \end{array}$$

Table 5.1 presents the calculation of the Non-Residential Improvement Fee Per Employee.

TABLE 5.1

NON-RESIDENTIAL IMPROVEMENT FEE PER EMPLOYEE

Non-Residential Growth-Required New Facility Cost	+	Employment Increase From Development	=	Non-Residential Improvement Fee Per Employee
\$397,023	+	2,419	=	\$164

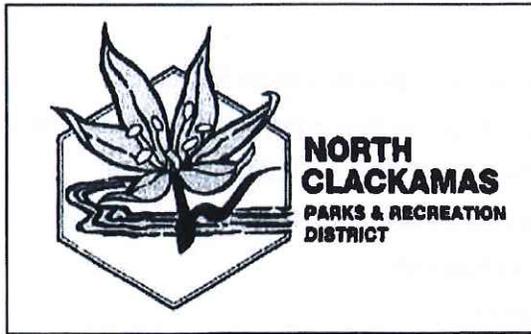
B. Formula 5b: Non-Residential Tax Credit Per Employee

Bonds and property taxes will likely be used as future sources for funding capacity improvements needed to repair deficiencies. A portion of future bond repayments and property taxes will be paid by growth. Therefore, a credit must be calculated to account for these payments in order to avoid charging growth twice; once through the SDC, and a second time through property taxes. A credit has been calculated based on the following assumptions:

- \$3.3 million in 20 year G.O. bonds at 5.5% for park improvements to be issued in 2007, with another \$3.3 in 20 year G.O bonds issued in 2011,
- 6.0% average annual increase in total City property valuation for taxes,
- 3.0% annual increase in assessed property valuations,
- 3.0% annual inflation (decrease in value of money), and
- an average of 370 square feet per employee (office)

$$5b. \quad \begin{array}{l} \text{Present Value of} \\ \text{Tax Payments Per} \\ \text{Employee} \end{array} = \begin{array}{l} \text{Tax} \\ \text{Credit Per} \\ \text{Employee} \end{array}$$

The amount of this tax credit is shown in Table 5.2, page 13.



**PARKS AND RECREATION
SYSTEM DEVELOPMENT CHARGES**

UPDATE METHODOLOGY REPORT

revised as of
September 28, 2007

PO Box 91491 • Portland, OR 97291 • 503-690-8981 • DGaner@GanerAssociates.com

**Don
Ganer &
Associates, Inc.**

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NORTH CLACKAMAS PARKS AND RECREATION DISTRICT

Parks and Recreation System Development Charges Update Methodology Report

1.0 INTRODUCTION

System Development Charges (SDCs) are one-time fees charged to new development to help pay a portion of the costs associated with building capital facilities to meet needs created by growth. SDCs are authorized for five types of capital facilities including transportation, water, sewer, stormwater, and parks and recreation. The North Clackamas Parks and Recreation District adopted parks and recreation SDCs in 1994 and updated the SDCs methodology in 2004.

In May 2006, citizens of the City of Happy Valley voted to become a part of the North Clackamas Parks and Recreation District, creating the need for an updated, single Capital Improvements Plan and SDCs methodology including projects for Happy Valley with those of the rest of the District. In addition, the new Damascus area plan and updated population and employment projections developed by Metro were used to reassess District growth needs. This report presents updated SDC methodologies based on the 2007 – 2030 CIP and documents the calculation of updated Parks and Recreation SDC rates.

Section 2.0 of this report presents authority and background information including (1) legislative authority for SDCs; (2) an explanation of "improvement fee" and "reimbursement fee" SDCs; and (3) requirements and options for credits, exemptions and discounts. Section 3.0 presents the methodologies used to develop the updated Parks and Recreation SDCs, Section 4.0 presents the calculation of Residential Parks and Recreation SDC Rates, and Section 5.0 presents the calculation of Non-Residential Parks and Recreation SDC Rates. The SDC Capital Improvements Plan that identifies projects that may be funded with SDC revenues is included as an Appendix to this report.

2.0 AUTHORITY AND BACKGROUND INFORMATION

A. Authority

The source of authority for the adoption of SDCs is found both in state statute and the District's own plenary authority to adopt this type of fee. While SDCs have been in use in Oregon since the mid-1970's, State legislation regarding SDCs was not adopted until 1989, when the Oregon Systems Development Act (ORS 223.297 - 223.314) was passed. The purpose of this Act was to "...provide a uniform framework for the imposition of system development charges..". Additions and modifications to the Oregon Systems Development Act have been made in 1993, 1999, 2001, and 2003. Together, these pieces of legislation require local governments that enact SDCs to:

- adopt SDCs by ordinance or resolution;
- develop a methodology outlining how the SDCs were developed;

- adopt a capital improvements program to designate capital improvements that can be funded with "improvement fee" SDC revenues;
- provide credit against the amount of the SDC for the construction of "qualified public improvements";
- separately account for and report receipt and expenditure of SDC revenues, and develop procedures for challenging expenditures; and
- use SDC revenues only for costs related to capital expenditures (operations and maintenance uses are prohibited).

B. "Improvement fee" and "Reimbursement fee" SDCs

The Oregon Systems Development Act provides for the imposition of two types of SDCs: (1) "improvement fee" SDCs, and (2) "reimbursement fee" SDCs. "Improvement fee" SDCs may be charged for new capital improvements that will increase capacity. Revenues from "improvement fee" SDCs may be spent only on capacity-increasing capital improvements identified in the required Capital Improvements Plan (CIP) that lists each project, and the expected timing and cost of each project. "Reimbursement fee" SDCs may be charged for the costs of existing capital facilities if "excess capacity" is available to accommodate growth. Revenues from "reimbursement fees" may be used on *any* capital improvement project, including major repairs, upgrades, or renovations. Capital improvements funded with "reimbursement fee" SDCs do not need to increase capacity, but they must be included in the list of projects to be funded with SDC revenues.

C. Requirements and Options for Credits, Exemptions, and Discounts

(1) Credits

A credit is a reduction in the amount of the SDC for a specific development. The Oregon SDC Act requires that credit be allowed for the construction of a "qualified public improvement" which (1) is required as a condition of development approval, (2) is identified in the Capital Improvement Plan, and (3) either is not located on or contiguous to property that is the subject of development approval, or is located on or contiguous to such property and is required to be built larger or with greater capacity than is necessary for the particular development project. The credit for a qualified public improvement may only be applied against an SDC for the same type of improvement (e.g., a parks and recreation improvement can only be used for a credit for a parks and recreation SDC), and may be granted only for the cost of that portion of an improvement which exceeds the minimum standard facility size or capacity needed to serve the particular project. For multi-phase projects, any excess credit may be applied against SDCs that accrue in subsequent phases of the original development project.

In addition to these required credits, the District may, if it so chooses, provide a greater credit, establish a system providing for the transferability of credits, provide a credit for a capital improvement not identified in the Capital Improvement Plan, or provide a share of the cost of an improvement by other means (i.e., partnerships, other District revenues, etc.).

(2) Exemptions

The District may exempt certain types of development, such as “affordable housing” from the requirement to pay parks SDCs. Exemptions reduce SDC revenues and, therefore, increase the amounts that must come from other sources, such as bonds and property taxes.

(3) Discounts

The District may discount the SDC rates by choosing not to charge a reimbursement fee for excess capacity, or by reducing the portion of growth-required improvements to be funded with SDCs. A discount in the SDC rates may also be applied on a pro-rata basis to any identified deficiencies, which must be funded from sources other than improvement fee SDCs. For example, the District may charge new development an SDC rate sufficient to recover only 75% of identified growth-required costs. The portion of growth-required costs to be funded with SDCs must be identified in the CIP.

Because discounts reduce SDC revenues, they increase the amounts that must come from other sources, such as bonds or general fund contributions, in order to acquire the facilities included in the Capital Improvements Plan.

3.0 PARKS AND RECREATION SDC METHODOLOGIES

The District’s Parks Master Plan, the Happy Valley Parks Master Plan, and the Damascus plan identify facilities needed to address District needs. A portion of the facility needs identified in these plans are included as projects in the District’s 2007 – 2030 SDC Capital Improvements Plan (appendix).

The District provides a variety of park and recreational facilities and a wide-range of services, including aquatics, community athletics, special events, and specialized recreation programs. District parks, facilities, and services are important community resources benefiting both existing and future District residents, businesses, non-resident employees, and visitors. The methodology used to update the District’s Parks and Recreation SDCs establishes the required connection between the demands of growth and the SDCs by identifying specific types of parks and recreation facilities and analyzing the proportionate need of each type of facility for use by residents and non-resident employees. The SDCs to be paid by a development meet statutory requirements because they are based on the nature of the development and the extent of the impact of the development on the types of parks and recreation facilities for which they are charged. The Parks and Recreation SDCs are based on population and employment, and the SDC rates are calculated based on the specific impact a development is expected to have on the District’s population and employment. For facilities that are not generally used by employees (e.g., neighborhood parks), only a residential parks and recreation SDC may be charged. For facilities that benefit both residents and employees (i.e., community parks, trails, etc.), parks and recreation SDCs may be charged for both residential and non-residential development.

A. Population and Employment Growth

The Parks and Recreation SDCs are based on costs per "capita" (person). Estimates of current and projected population and employment within the District were calculated using data from Metro. Metro has developed estimates and projections for population and employment for each Transportation Analysis Zone (TAZ) within the region. The most recent TAZ data were developed in 2005 for the years 2005 and 2030. Projected increases in population and employment between 2007 and 2030 are shown in Table 3.1, below.

TABLE 3.1
PROJECTED POPULATION AND EMPLOYMENT
INCREASES FROM NEW DEVELOPMENT (2007 – 2030)

	<u>2030 (Projected)</u>	-	<u>Estimated</u> <u>2007</u>	=	<u>Projected Increase</u>	
District Population:	145,425	-	112,404	=	33,021	
Zone 1 (Milwaukie) Population:	26,626	-	23,211	=	3,415	10
Zone 2 (Oatfield, Oak Grove/Jennings Lodge, Southgate/Town Center) Population:	51,674	-	49,827	=	1,847	f
Zone 3 (Sunnyside, Happy Valley) Population:	67,124	-	39,366	=	27,758	84
District Employment:	95,211	-	61,788	=	33,424	
Zone 1 (Milwaukie) Employment:	14,831	-	11,957	=	2,874	
Zone 2 (Oatfield, Oak Grove/Jennings Lodge, Southgate/Town Center) Employment:	23,286	-	17,688	=	5,598	
Zone 3 (Sunnyside, Happy Valley) Employment:	57,094	-	32,142	=	24,952	

B. Persons Per Dwelling Unit

The Residential Parks and Recreation SDCs are based on costs per capita and are calculated based on the number of persons per dwelling unit. To determine the appropriate number of persons per dwelling unit, data gathered for the North Clackamas School District for the 2005 American Community Survey (ACS) was analyzed, and the resulting calculations are displayed in Table 3.2, below. North Clackamas School District data was analyzed because the school district's boundaries are the closest approximation for which ACS data are available.

TABLE 3.2
AVERAGE PERSONS PER DWELLING UNIT

<u>Unit</u>	<u>2000 Census</u> <u>Avg. Persons</u> <u>Per Dwelling Unit</u>
Single Family (1 – 2 units)	2.77
Multi-Family (3 or more units)	2.23

C. Benefit of Facilities

Facility needs must consider the proportionate benefit each type of facility has for residents and non-resident employees. A resident is any person whose place of residence is within the District. An employee is any person who receives remuneration for services, and whose services are directed and controlled either by the employee (self-employed) or by another person or organization.

The parks and recreation facilities discussed in this report are identified in the SDC Capital Improvements Plan (appendix). Upon acquisition, all natural areas included in the SDC Capital Improvements Plan will be open to the public for use as parks and recreation facilities.

For purposes of this report neighborhood parks are considered to be used primarily by residents, rather than by non-resident employees. All other facilities including community parks, linear parks, special use facilities, etc., are considered to be used by both residents and non-resident employees.

The amount of time these facilities are available for use by employees is not the same as for residents. In order to equitably apportion the need for facilities between employees and residents, a non-resident-employee-to-resident demand ratio was developed based on the potential time these facilities are available for use.

First, estimates for the average number of hours per day these facilities are available for use were identified. Children's ages, adult employment status, work location (inside or outside the District), and seasonal variances were taken into account and are displayed in Table 3.3, page 6.

The Annual Weighted Average Hours of availability was calculated for each category of resident and employee using the following formula:

$$\begin{aligned} & (\textit{Summer Hours/Day} \times 3 \textit{ months} \\ & + \quad \textit{Spring/Fall Hours/Day} \times 6 \textit{ months} \\ & + \quad \textit{Winter Hours/Day} \times 3 \textit{ months}) \\ & \div \quad 12 \textit{ months} \\ & = \quad \textit{Annual Average Weighted Hours of Daily Availability} \end{aligned}$$

TABLE 3.3
ESTIMATES OF AVERAGE DAILY
AVAILABILITY OF PARKS AND RECREATION FACILITIES

	<u>Non-Employed Adult (18+)</u>	<u>5-17 Kids</u>	<u>Live In/ Work In</u>	<u>Live In/ Work Out</u>	<u>Live Out/ Work In</u>	<u>Total</u>
Summer (June-Sept)						
<u>Weekday</u>						
Before Work			1		1	2
Meals/Breaks			1		1	2
After Work			2		2	4
Other Leisure	12	12	2	2		28
Sub-Total	12	12	6	2	4	36
<u>Weekend</u>						
Leisure	12	12	12	12	0	48
Sub-Total	12	12	12	12	0	48
Summer Hrs/Day	12	12	7.71	4.86	2.86	39.43
Spring/Fall (April-May, Oct-Nov)						
<u>Weekday</u>						
Before Work			0.5		0.5	1
Meals/Breaks			1		1	2
After Work			1		1	2
Other Leisure	10	4	2	2		18
Sub-Total	10	4	4.5	2	2.5	23
<u>Weekend</u>						
Leisure	10	10	10	10	0	40
Sub-Total	10	10	10	10	0	40
Spring/Fall Hours/Day	10	5.71	6.07	4.29	1.79	27.86
Winter (December-March)						
<u>Weekday</u>						
Before Work			0.5		0.5	1
Meals/Breaks			1		1	2
After Work			0.5		0.5	1
Other Leisure	8	2	1	1		12
Sub-Total	8	2	3	1	2	16
<u>Weekend</u>						
Leisure	8	8	8	8	0	32
Sub-Total	8	8	8	8	0	32
Winter Hours/Day	8	3.71	4.43	3	1.43	20.57
Annual Wtd. Avg. Hours	10	7.14	6.07	4.05	2.02	29.29

Next, the Annual Weighted Average Hours (from Table 3.3, above) were applied to population and employment data for the District (2005 American Community Survey and 2005 Metro TAZ Data) to determine the Total Annual Weighted Average Hours for each category of Resident and Employee. The results are displayed in Table 3.4, page 7.

TABLE 3.4

**TOTAL ANNUAL AVAILABILITY
OF PARKS AND RECREATION FACILITIES**

	<u>Non-Employed Adult (18+)</u>	<u>5-17 Kids</u>	<u>Live In/ Work In</u>	<u>Live In/ Work Out</u>	<u>Live Out/ Work In</u>	<u>Total</u>
Population & Emp. Data (2005 Amer. Community Survey and Metro TAZ data)	31,164	20,766	26,556	25,253	32,849	136,688
X-Annual Wtd. Avg. Hours	<u>10</u>	<u>7.14</u>	<u>6.07</u>	<u>4.05</u>	<u>2.02</u>	<u>29.29</u>
Tot. Annual Wtd. Avg. Hrs.	311,640	148,329	161,233	102,215	66,682	790,098

Next, the available hours (from Table 3.4) were allocated between employment-related hours and residence-related hours, as displayed in Table 3.5, below.

TABLE 3.5

**TOTAL RESIDENT AND NON-RESIDENT EMPLOYMENT RELATED
AVAILABILITY OF PARKS AND RECREATION FACILITIES**

	<u>Hours</u>
<u>Resident Demand</u>	
Non-Employed Adult	311,640
5-17 Kids	148,329
Live In/Work In	161,233
Live In/Work Out	<u>102,215</u>
Total Resident Hours	723,416
<u>Non-Resident Employment Demand</u>	
Non-Resident Employee Hours	66,682

Finally, the Non-Resident Employee to Resident Parks Demand Percentage was calculated by dividing the total non-resident employee hours by the total resident hours (from Table 3.5, above), with results summarized in Table 3.6, below.

TABLE 3.6

**NON-RESIDENT EMPLOYEE-TO-RESIDENT
PARKS DEMAND PERCENTAGE**

<u>Weighted Average Hours/Non-Resident Employee</u>		<u>Weighted Average Hours Resident</u>		<u>Non-Resident Employee To Resident Demand Percentage</u>
66,682	÷	723,416	=	9.2%

D. Facility Needs

District parks and recreation facility needs for the period 2007 to 2030 are identified as projects in the SDC Capital Improvements Plan (appendix). Improvement fee SDC revenues must be used only for those facilities needed to serve growth, and may not be used to remedy existing deficiencies or to renovate or repair existing facilities.

E. Growth-Required Facility Costs

Table 3.7, below, shows the estimated total for each type of parks facility included in the SDC Capital Improvements Plan, the estimated growth required portion of costs, and a breakout between the residential and non-residential growth costs for these new facilities.

TABLE 3.7
POPULATION AND NON-RESIDENTIAL
GROWTH-REQUIRED SDC ELIGIBLE COSTS

<u>Facility Type/Service Area</u>	<u>Total New Facility Costs</u>	<u>SDC-Eligible Growth Costs</u>	<u>Residential Growth Costs</u>	<u>Non-Residential Growth Costs</u>
<i>District-Wide Service Facilities</i>				
District-Wide Community Parks	\$60,975,000	\$32,624,328	\$29,853,883	\$2,780,445
District-Wide Natural Resource Areas	\$10,358,000	\$3,173,691	\$2,903,293	\$270,398
District-Wide Special Use Parks	\$3,000,000	\$2,489,100	\$2,277,029	\$212,071
District-Wide Linear Parks	\$12,844,000	\$6,713,932	\$6,141,905	\$572,027
District-Wide Other Facilities	<u>\$5,225,000</u>	<u>\$2,505,973</u>	<u>\$2,292,464</u>	<u>\$213,509</u>
Total for District-Wide Service Facilities	\$92,402,000	\$47,517,024	\$43,468,573	\$4,048,450
Less: Residential SDC Fund Balance	<u>(\$105,000)</u>	<u>(\$105,000)</u>	<u>(\$105,000)</u>	<u>\$0</u>
	\$92,297,000	\$47,412,024	\$43,363,573	\$4,048,450
<i>Zonal Service Facilities</i>				
Zone 1 (Milwaukie) Neighborhood Parks	\$1,882,000	\$1,347,700	\$1,347,700	\$0
Zone 2 (Oatfield, Oak Grove/Jennings Lodge, Southgate/Town Center) Neighborhood Parks	\$8,175,375	\$2,578,893	\$2,578,893	\$0
Zone 3 (Sunnyside, Happy Valley) Neighborhood Parks	<u>\$31,895,300</u>	<u>\$31,895,300</u>	<u>\$31,895,300</u>	<u>\$0</u>
Total Required Funding	\$134,247,675	\$83,233,917	\$79,185,466	\$4,048,450
Residential and Non-Residential Growth Portions (%) of Net Required Funding:			95.136%	4.864%

F. Compliance/Administrative Costs

The District incurs costs in the development and administration of the SDCs and may recoup a portion of those costs in accordance with ORS 223.307(5). Compliance/administrative costs during the 23-year collection period have been estimated as follows:

Clackamas County Collection Fees (@ 2.5% of SDC per unit):	\$525,000
Master Plan Updates (four @ \$200,000 each for consulting and staff services)	\$800,000
Annual CIP Management, Accounting and Reporting Costs (approximately \$25,000 per year for consulting, legal, audit, financial reporting and staff services)	\$575,000
SDC Methodology Reviews and Updates (four @ \$25,000 each for consulting legal and staff services)	<u>\$100,000</u>
Total Estimated 23-year Compliance/Administrative Costs	\$2,000,000

These costs are allocated between population and employment based on the growth share percentages included in Table 3.7, page 8, and are shown in Table 3.8, below.

TABLE 3.8

COMPLIANCE/ADMINISTRATIVE COST ALLOCATIONS

<u>Type of Development</u>	<u>Share of Growth Costs</u>	<u>Estimated 23-year Compliance/Administrative Costs</u>	<u>Compliance/Administrative Cost Allocation</u>
Population (Residential)	95.136%	\$2,000,000	\$1,902,721
Employment (Non-residential)	4.864%	\$2,000,000	\$97,279

4.0 RESIDENTIAL PARKS AND RECREATION SDC RATES

The District's Residential Parks and Recreation SDC rates are calculated using a series of sequential formulas which, when completed, yields the total SDC rate for each new dwelling unit in the District. The formulas identify:

- a) the service area residential improvements cost per capita (Formula 4a, below),
- b) the service area residential improvement fee per dwelling unit (Formula 4b, page 10),
- c) the total improvement fee per dwelling unit (Formula 4c, page 11),
- d) the residential tax credit per dwelling unit (Formula 4d, page 11), and
- e) the residential SDC per dwelling unit (Formula 4e, page 12).

The Residential SDC is an "improvement fee" only, and does not include a "reimbursement fee" component.

A. Formula 4a: Service Area Residential Improvements Cost Per Capita

The residential improvements cost per capita for each service area is calculated by dividing the residential portion of net SDC-Eligible Costs (identified in Table 3.7, page 8) and Compliance/Administrative Costs (Table 3.8, above) by the increase in the population expected to be created by new development during the planning period (from Table 3.1, page 8).

$$4a. \quad \frac{\text{Residential SDC-Eligible Improvement Costs}}{\text{Population Increase}} = \text{Residential Improvements Cost Per Capita}$$

Table 4.1, page 10, presents the calculation of the residential improvements cost per capita for each service area (District-Wide and Zones).

TABLE 4.1

SERVICE AREA RESIDENTIAL IMPROVEMENTS COST PER CAPITA

<u>Service Area</u>	<u>Residential SDC Eligible Costs</u>		<u>Population Increase</u>		<u>Residential Improvements Cost Per Capita</u>
District-Wide Facilities	\$43,363,573	÷	33,021	=	\$1,313
District-Wide Compliance/Administrative Costs	<u>\$1,902,721</u>	÷	33,021	=	<u>\$58</u>
Total District-Wide Costs	\$45,371,294	÷	33,021	=	\$1,371
Zone 1 (Milwaukee) Facilities	\$1,347,700	÷	3,415	=	\$395
Zone 2 (Oatfield, Oak Grove/Jennings Lodge, Southgate/Town Center) Facilities	\$2,578,893	÷	1,847	=	\$1,396
Zone 3 (Sunnyside, Happy Valley) Facilities	\$31,895,300	÷	27,758	=	\$1,149

B. Formula 4b: Service Area Residential Improvement Fee Per Dwelling Unit

The residential improvement fee per dwelling unit for each service area is calculated by multiplying the average number of persons per dwelling unit (from Table 3.2, page 4) by the residential improvements cost per capita (from Table 4.1, above).

$$4b. \quad \text{Persons Per Dwelling Unit} \times \text{Residential Improvements Cost Per Capita} = \text{Residential Improvement Fee Per Dwelling Unit}$$

The results of these calculations are displayed in Table 4.2, below.

TABLE 4.2

SERVICE AREA RESIDENTIAL IMPROVEMENT FEE PER DWELLING UNIT

<u>Service Area/Unit</u>	<u>Average Persons Per Dwelling Unit</u>	<u>X</u>	<u>Residential Improvements Cost Per Capita</u>	<u>=</u>	<u>Residential Improvement Fee Per Dwelling Unit</u>
District-Wide Single Family (1 – 2)	2.77		\$1,371		\$3,798
District-Wide Multi-family (3 or more)	2.23		\$1,371		\$3,057
Zone 1 Single Family (1 – 2)	2.77		\$395		\$1,092
Zone 1 Multi-family (3 or more)	2.23		\$395		\$880
Zone 2 Single Family (1 – 2)	2.77		\$1,396		\$3,867
Zone 2 Multi-family (3 or more)	2.23		\$1,396		\$3,114
Zone 3 Single Family (1 – 2)	2.77		\$1,149		\$3,182
Zone 3 Multi-family (3 or more)	2.23		\$1,149		\$2,562

C. Formula 4c: Total Residential Improvement Fee Per Dwelling Unit

The total residential improvement fee per dwelling unit is calculated by adding the District-Wide Residential Improvement Fee Per Dwelling Unit (from Table 4.2, page 10) to the Residential Improvement Fee Per Dwelling Unit for each Zone (from Table 4.2, page 10).

$$4c. \quad \begin{array}{r} \text{District-Wide Residential} \\ \text{Improvement Fee Per} \\ \text{Dwelling Unit} \end{array} + \begin{array}{r} \text{Zone Residential} \\ \text{Improvements Fee Per} \\ \text{Dwelling Unit} \end{array} = \begin{array}{r} \text{Total Residential} \\ \text{Improvement Fee Per} \\ \text{Dwelling Unit} \end{array}$$

The results of these calculations are displayed in Table 4.3, below.

TABLE 4.3

TOTAL IMPROVEMENT FEE PER DWELLING UNIT

<u>Zone/Unit</u>	<u>District-Wide Residential Improvement Fee Per Dwelling Unit</u>	<u>+</u>	<u>Zone Residential Improvement Fee Per Dwelling Unit</u>	<u>=</u>	<u>Total Residential Improvement Fee Per Dwelling Unit</u>
Zone 1 Single Family (1 – 2)	\$3,798		\$1,092		\$4,890
Zone 1 Multi-family (3 or more)	\$3,057		\$880		\$3,937
Zone 2 Single Family (1 – 2)	\$3,798		\$3,867		\$7,665
Zone 2 Multi-family (3 or more)	\$3,057		\$3,114		\$6,171
Zone 3 Single Family (1 – 2)	\$3,798		\$3,182		\$6,980
Zone 3 Multi-family (3 or more)	\$3,057		\$2,562		\$5,619

D. Formula 4d: Residential Tax Credit Per Dwelling Unit

Bonds and property taxes will likely be used as future sources for funding capacity improvements needed to repair deficiencies. A portion of these future bond repayments and property taxes will be paid by growth, so a credit must be calculated to account for these payments in order to avoid charging growth twice: once through the SDC, and a second time through property taxes. A credit has been calculated based on the following assumptions:

- \$25.0 million in 20 year G.O. bonds at 5.5% for park improvements to be issued in 2009, with another \$25.0 in 20 year G.O bonds issued in 2017,
- 6.0% average annual increase in total District property valuation for taxes,
- 3.0% annual increase in assessed property valuations,
- 3.0% annual inflation (decrease in value of money), and
- average 2007 property valuation for new construction at \$275,000 per dwelling unit for single family and \$100,000 per unit for multi-family.

$$4d. \quad \begin{array}{l} \text{Present Value} \\ \text{of Property} \\ \text{Tax Payments} \end{array} = \begin{array}{l} \text{Tax} \\ \text{Credit Per} \\ \text{Dwelling Unit} \end{array}$$

The amounts of this credit are shown in Table 4.4, below.

TABLE 4.4

TAX CREDIT PER DWELLING UNIT

<u>Unit</u>	<u>Tax Credit Per Dwelling Unit</u>
Single Family	\$905
Multi-family	\$329

E. Formula 4e: Residential SDC Per Dwelling Unit

The residential SDC per dwelling unit is calculated by subtracting the tax credit per dwelling unit (Table 4.4, above) from the improvement fee (Table 4.3, page 11).

$$4e. \quad \begin{array}{l} \text{Improvement} \\ \text{Fee Per} \\ \text{Dwelling Unit} \end{array} - \begin{array}{l} \text{Tax Credit} \\ \text{Per} \\ \text{Dwelling Unit} \end{array} = \begin{array}{l} \text{Net} \\ \text{Residential Cost} \\ \text{Per Dwelling Unit} \end{array}$$

The results of these calculations are shown in Table 4.5, below.

TABLE 4.5

RESIDENTIAL SDC PER DWELLING UNIT

<u>Zone/Unit</u>	<u>Total Residential Improvement Fee Per Dwelling Unit</u>	<u>Tax Credit Per Dwelling Unit</u>	<u>Residential SDC Per Dwelling Unit</u>
Zone 1 Single Family (1 – 2)	\$4,890	(\$905)	\$3,985
Zone 1 Multi-family (3 or more)	\$3,937	(\$329)	\$3,608
Zone 2 Single Family (1 – 2)	\$7,665	(\$905)	\$6,760
Zone 2 Multi-family (3 or more)	\$6,171	(\$329)	\$5,842
Zone 3 Single Family (1 – 2)	\$6,980	(\$905)	\$6,075
Zone 3 Multi-family (3 or more)	\$5,619	(\$329)	\$5,290

5.0 NON-RESIDENTIAL PARKS AND RECREATION SDC RATE

The District's Non-Residential Parks and Recreation SDC is calculated using a series of sequential formulas which, when completed, yields the total SDC rate for each new employee added by new development in the District. The formulas identify:

- a) the Non-Residential Improvements Cost Per Employee (Formula 5a, below),
- b) the Tax Credit Per Employee (Formula 5b, page 15), and
- c) the Non-Residential SDC Per Employee (Formula 5c, page 16).

The Non-Residential SDC is an "improvement fee" only, and does not include a "reimbursement fee" component. The SDC rate is based on costs required for and benefits received by new development only, and does not assume that costs are necessarily incurred for capital improvements when an employer hires an additional employee. SDCs are charged for the activity of development, not employment, and the non-residential parks SDC is based on the impacts new capacity for employees will have on the need for parks facilities.

A. Formula 5a: Non-Residential Improvements Cost Per Employee

The non-residential improvements cost per employee is calculated by dividing the non-residential portion of net SDC-Eligible Costs (identified in Table 3.7, page 8) and Compliance/Administrative Costs (Table 3.8, page 9) by the increase in the number of new employees expected to be created by new development through 2030 (from Table 3.1, page 4).

$$5a. \quad \begin{array}{c} \text{Non-Residential} \\ \text{SDC-Eligible} \\ \text{Improvement Costs} \end{array} \div \begin{array}{c} \text{Employment} \\ \text{Increase} \end{array} = \begin{array}{c} \text{Non-Residential} \\ \text{Improvements Cost} \\ \text{Per Employee} \end{array}$$

Table 5.1, below, presents the calculation of the non-residential improvements cost per employee.

TABLE 5.1

NON-RESIDENTIAL IMPROVEMENTS COST PER EMPLOYEE

<u>Service Area</u>	<u>Non-Residential SDC Eligible Costs</u>	<u>Employment Increase</u>	<u>Non-Residential Improvements Cost Per Employee</u>
Non-Residential Facilities Costs	\$4,084,450	÷ 33,424	= \$121
Non-Residential Compliance/Administrative Costs	<u>\$97,402</u>	÷ 33,424	= <u>\$3</u>
Total Non-Residential Costs	\$4,145,852	÷ 33,424	= \$124

B. Formula 5b: Non-Residential Tax Credit Per Employee

Bonds and property taxes will likely be used as future sources for funding capacity improvements needed to repair deficiencies. A portion of future bond repayments and property taxes will be paid by growth. Therefore, a credit must be calculated to account for these payments in order to avoid charging growth twice; once through the SDC, and a second time through property taxes. A credit has been calculated based on the following assumptions:

- \$25.0 million in 20 year G.O. bonds at 5.5% for park improvements to be issued in 2009, with another \$25.0 in 20 year G.O bonds issued in 2017,
- 6.0% average annual increase in total District property valuation for taxes,
- 3.0% annual increase in assessed property valuations,
- 3.0% annual inflation (decrease in value of money), and
- an average of 370 square feet per employee (office)

$$5b. \quad \begin{array}{r} \text{Present Value of} \\ \text{Tax Payments Per} \\ \text{Employee} \end{array} = \begin{array}{r} \text{Tax} \\ \text{Credit Per} \\ \text{Employee} \end{array}$$

The amount of this tax credit is shown in Table 5.2, below.

TABLE 5.2

TAX CREDIT PER EMPLOYEE

				Tax Credit Per Employee
	Present Value of Tax Payments	=		\$ 64

C. Formula 5c: Non-Residential SDC Per Employee

The non-residential SDC rate per employee is calculated by subtracting the tax credit per employee (from Table 5.2, above) from the improvements cost (Table 5.1, page 13).

$$5c. \quad \begin{array}{r} \text{Improvements} \\ \text{Cost Per} \\ \text{Employee} \end{array} - \begin{array}{r} \text{Tax Credit} \\ \text{Per} \\ \text{Employee} \end{array} = \begin{array}{r} \text{Non-Residential} \\ \text{SDC} \\ \text{Per Employee} \end{array}$$

The result of these calculations is shown in Table 5.3, below.

TABLE 5.3

NON-RESIDENTIAL SDC PER EMPLOYEE

	Improvements Cost Per Employee	-	Tax Credit Per Employee	=
	\$124		\$64	
				Non-Residential SDC Per Employee
				\$60

The parks and recreation SDC for a particular non-residential development is determined by:

- 1) dividing the total building space (square feet) in the development by the number of square feet per employee (from the guidelines in Table 5.4, page 15), and
- 2) multiplying the result (from step 1) by the Parks SDC Per Employee (from Table 5.3, above).

For example, the parks and recreation SDC for a 40,000 square foot office building for services such as finance, insurance and real estate would be calculated as follows:

- 1) 40,000 (sq. ft. building size) ÷ 370 (sq. ft. per employee) = 108 employees,
- 2) 108 employees X \$60 (SDC rate) = \$6,480.

For non-residential development where more than one Standard Industry Classification (SIC) may be used, multiple SICs may be applied based on their percentage of the total development.

TABLE 5.4

SQUARE FEET PER EMPLOYEE
(recommended guidelines from *Metro Employment Density Study*)

Standard Industry Classification (SIC)*	Square Feet Per Employee	Standard Industry Classification (SIC)	Square Feet Per Employee
1 - 19	Ag., Fish & Forest Services; Construction; Mining	37	Transportation Equipment
	590	40 - 42,	
20	Food & Kindred Products	44, 45, 47	Transportation and Warehousing
22,23	Textile & Apparel	43, 46, 48,	
24	Lumber & Wood	49	Communications and Public Utilities
25, 32,			460
39	Furniture; Clay, Stone, & Glass; Misc.	50, 51	Wholesale Trade
	760	52 - 59	Retail Trade
26	Paper and Allied		1,390
	1,600	60 - 68	Finance, Insurance & Real Estate
27	Printing, Publishing & Allied		370
	450	70 - 79	Non-Health Services
28 - 31	Chemicals, Petroleum, Rubber, Leather	80	Health Services
	720	81 - 89	Educational, Social, Membership Services
33, 34	Primary & Fabricated Metals		740
	420	90 - 99	Government
35	Machinery Equipment		530
36, 38	Electrical Machinery, Equipment		
	300		
	400		

* Source: U.S. Department of Commerce Standard Industrial Classification Manual

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NORTH CLACKAMAS PARKS AND RECREATION DISTRICT					page 1	
SDC CAPITAL IMPROVEMENTS PLAN					9/27/07	
A. NEIGHBORHOOD PARKS			Estimated Project Cost (\$)	Growth-Required Portion (%)	SDC-Eligible Growth Share (\$)	Project Priority
Map Location	Facility	Action				
N-3	SERVICE AREA: Zone 2 NEW NEIGHBORHOOD PARK SOUTHGATE TOWN CENTER NEIGHBORHOOD Acquire land and develop a new neighborhood park in the Southgate/Town Center neighborhood. acres = 4.00	<i>Acquisition</i> <i>Development</i> <i>Total Cost</i>	\$2,000,000 \$1,080,000 \$3,080,000	38.66% 24.74% 33.78%	\$773,200 \$267,192 \$1,040,392	1
N-4	SERVICE AREA: Zone 3 ALTAMONT PARK SITE SUNNYSIDE NEIGHBORHOOD Complete development of a neighborhood park at the Altamont park site in the Sunnyside neighborhood (in cooperation with North Clackamas School District). acres = 2.00	<i>Development</i> <i>Total Cost</i>	\$540,000 \$540,000	100.00%	\$540,000	1
None	SERVICE AREA: Zone 1 NEW NEIGHBORHOOD PARK NEW NEIGHBORHOOD PARK Develop a neighborhood park in City of Milwaukie (in cooperation with City of Milwaukie). acres = 2.00	<i>Development</i> <i>Total Cost</i>	\$540,000 \$540,000	71.61%	\$386,694	1
N-9	SERVICE AREA: Zone 1 NEW NEIGHBORHOOD PARK MILWAUKIE NEIGHBORHOOD Develop a neighborhood park in City of Milwaukie (in cooperation with City of Milwaukie). acres = 2.00	<i>Development</i> <i>Total Cost</i>	\$540,000 \$540,000	71.61%	\$386,694	2
N-10	SERVICE AREA: Zone 1 WICHITA PARK MILWAUKIE NEIGHBORHOOD Work with Linwood Neighborhood District Association to implement the neighborhood park master plan for Wichita Park in the Milwaukie neighborhood. acres = 1.00	<i>Develop</i> <i>Total Cost</i>	\$270,000 \$270,000	71.61%	\$193,347	2
N-11	SERVICE AREA: Zone 2 NEW NEIGHBORHOOD PARK OAK GROVE/JENNINGS LODGE NEIGHBORHOOD Acquire land and develop a new neighborhood park in the Oak Grove/Jennings Lodge neighborhood. acres = 4.00	<i>Acquisition</i> <i>Development</i> <i>Total Cost</i>	\$2,000,000 \$1,080,000 \$3,080,000	38.66% 24.74% 33.78%	\$773,200 \$267,192 \$1,040,392	2

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NORTH CLACKAMAS PARKS AND RECREATION DISTRICT					page 2	
SDC CAPITAL IMPROVEMENTS PLAN					9/27/07	
A. NEIGHBORHOOD PARKS						
Map Location	Facility	Action	Estimated Project Cost (\$)	Growth-Required Portion (%)	SDC-Eligible Growth Share (\$)	Project Priority
N-19	SERVICE AREA: Zone 3 NEW NEIGHBORHOOD PARK SUNNYSIDE NEIGHBORHOOD Acquire land and develop a new neighborhood park in the Sunnyside neighborhood. acres = 4.00	Acquisition Development Total Cost	\$2,000,000 \$1,080,000 \$3,080,000	100.00%	\$3,080,000	2
N-20	SERVICE AREA: Zone 3 JAMES ABELE PARK SITE SUNNYSIDE NEIGHBORHOOD Develop a new neighborhood park at the James Abele park site in the Sunnyside neighborhood. acres = 2.80	Develop Total Cost	\$756,000 \$756,000	100.00%	\$756,000	1
N-21	SERVICE AREA: Zone 3 JUSTICE PARK SITE SUNNYSIDE NEIGHBORHOOD Develop a new neighborhood park at the Justice park site in the Sunnyside neighborhood. acres = 3.00	Develop Total Cost	\$810,000 \$810,000	100.00%	\$810,000	1
N-23	SERVICE AREA: Zone 3 SUNNYSIDE VILLAGE PARK NO. 5 (Bollam Property) SUNNYSIDE NEIGHBORHOOD Acquire land and develop a new neighborhood park in the Sunnyside neighborhood. acres = 2.20	Acquisition Development Total Cost	\$1,100,000 \$594,000 \$1,694,000	100.00%	\$1,694,000	2
N-24	SERVICE AREA: Zone 3 ANDEREGG PROPERTY SUNNYSIDE NEIGHBORHOOD Acquire land and develop a new neighborhood park in the Sunnyside neighborhood. acres = 1.39	Development Total Cost	\$375,300 \$375,300	100.00%	\$375,300	2
N-26	SERVICE AREA: Zone 2 STRINGFIELD FAMILY PARK OATFIELD NEIGHBORHOOD Develop a new neighborhood park connected to the Trolley Trail in the Oatfield neighborhood. acres = 4.50	Development Total Cost	\$2,013,375 \$2,013,375	24.74%	\$498,109 \$498,109	1

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NORTH CLACKAMAS PARKS AND RECREATION DISTRICT					page 3	
SDC CAPITAL IMPROVEMENTS PLAN					9/27/07	
A. NEIGHBORHOOD PARKS			Estimated Project Cost (\$)	Growth-Required Portion (%)	SDC-Eligible Growth Share (\$)	Project Priority
Map Location	Facility	Action				
N-34	SERVICE AREA: Zone 3 NEW NEIGHBORHOOD PARK SUNNYSIDE NEIGHBORHOOD	Acquire land and develop a new neighborhood park in the northeast area, Clackamas Regional Center (currently in the Sunnyside neighborhood).	Acquisition \$2,000,000 Development \$1,080,000 Total Cost \$3,080,000	100.00%	\$3,080,000	2
HV-1	SERVICE AREA: Zone 3 NEW NEIGHBORHOOD PARK HAPPY VALLEY NEIGHBORHOOD	Acquire land and develop a new neighborhood park in the Happy Valley planning area.	Acquisition \$2,000,000 Development \$1,080,000 Total Cost \$3,080,000	100.00%	\$3,080,000	2
HV-2	SERVICE AREA: Zone 3 NEW NEIGHBORHOOD PARK HAPPY VALLEY NEIGHBORHOOD	Acquire land and develop a new neighborhood park in the Happy Valley planning area.	Acquisition \$2,000,000 Development \$1,080,000 Total Cost \$3,080,000	100.00%	\$3,080,000	2
HV-3	SERVICE AREA: Zone 3 NEW NEIGHBORHOOD PARK HAPPY VALLEY NEIGHBORHOOD	Acquire land and develop a new neighborhood park in the Happy Valley planning area.	Acquisition \$2,000,000 Development \$1,080,000 Total Cost \$3,080,000	100.00%	\$3,080,000	2
HV-4	SERVICE AREA: Zone 3 NEW NEIGHBORHOOD PARK HAPPY VALLEY NEIGHBORHOOD	Acquire land and develop a new neighborhood park in the Happy Valley planning area.	Acquisition \$2,000,000 Development \$1,080,000 Total Cost \$3,080,000	100.00%	\$3,080,000	2
HV-5	SERVICE AREA: Zone 3 NEW NEIGHBORHOOD PARK HAPPY VALLEY NEIGHBORHOOD	Acquire land and develop a new neighborhood park in the Happy Valley planning area.	Acquisition \$2,000,000 Development \$1,080,000 Total Cost \$3,080,000	100.00%	\$3,080,000	2

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NORTH CLACKAMAS PARKS AND RECREATION DISTRICT					page 4	
SDC CAPITAL IMPROVEMENTS PLAN					9/27/07	
A. NEIGHBORHOOD PARKS			Estimated Project Cost (\$)	Growth-Required Portion (%)	SDC-Eligible Growth Share (\$)	Project Priority
Map Location	Facility	Action				
HV-6	SERVICE AREA: Zone 3 NEW NEIGHBORHOOD PARK					2
	HAPPY VALLEY NEIGHBORHOOD Acquire land and develop a new neighborhood park in the Happy Valley planning area.					
	acres =	4.00	<i>Acquisition</i>	\$2,000,000		
			<i>Development</i>	\$1,080,000		
		<i>Total Cost</i>	\$3,080,000	100.00%	\$3,080,000	
HV-7	SERVICE AREA: Zone 3 NEW NEIGHBORHOOD PARK					2
	HAPPY VALLEY NEIGHBORHOOD Acquire land and develop a new neighborhood park in the Happy Valley planning area.					
	acres =	4.00	<i>Acquisition</i>	\$2,000,000		
			<i>Development</i>	\$1,080,000		
		<i>Total Cost</i>	\$3,080,000	100.00%	\$3,080,000	
none	SERVICE AREA: Zone 1 SCOTT PARK/LEDDING LIBRARY					2
	MILWAUKIE NEIGHBORHOOD Complete Phases II and III of the master plan for Scott Park in the Milwaukie neighborhood.					
	acres =	3.00	<i>Develop</i>	\$532,000	71.61%	
			<i>Total Cost</i>	\$532,000	71.61%	
TOTAL			\$41,950,675		\$35,821,893	
PRIORITY 1			\$7,739,375		\$4,031,195	
PRIORITY 2			\$34,211,300		\$31,790,698	
SERVICE AREA						
ZONE 1: Milwaukie			\$1,882,000		\$1,347,700	
ZONE 2: Oak Grove/Jennings Lodge, Oatfield, Southgate/Town Center			\$8,173,375		\$2,578,893	
ZONE 3: Sunnyside			\$31,895,300		\$31,895,300	

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NORTH CLACKAMAS PARKS AND RECREATION DISTRICT					page 5	
SDC CAPITAL IMPROVEMENTS PLAN					9/27/07	
B. COMMUNITY PARKS			Estimated Project Cost (\$)	Growth-Required Portion (%)	SDC-Eligible Growth Share (\$)	Project Priority
Map Location	Facility	Action				
C-18	SERVICE AREA: District-Wide ELLA V. OSTERMAN PARK	Complete development of Osterman community park.				2
	acres = 15.00	<i>Development</i>	\$2,600,000	45.89%	\$1,193,140	
		<i>Total Cost</i>	\$2,600,000	45.89%	\$1,193,140	
HV-C1/C-25	SERVICE AREA: District-Wide NEW COMMUNITY PARK	Acquire land and develop a new community park east of I-205. (May include planning and development of facilities such as a community center, ball fields, aquatics facility, X-Treme sports facility, etc.)				1
	acres = 30.00	<i>Acquisition</i>	\$12,000,000	73.26%	\$8,791,200	
		<i>Development</i>	\$21,750,000	45.89%	\$9,981,075	
		<i>Total Cost</i>	\$33,750,000	55.62%	\$18,772,275	
HV-C2	SERVICE AREA: District-Wide NEW COMMUNITY PARK	Acquire land and develop a new community park east of I-205.				1
	acres = 30.00	<i>Acquisition</i>	\$5,000,000	73.26%	\$3,663,000	
		<i>Development</i>	\$12,000,000	45.89%	\$5,506,800	
		<i>Total Cost</i>	\$17,000,000	53.94%	\$9,169,800	
none	SERVICE AREA: District-Wide NEW COMMUNITY PARK	Working with Clackamas Development Agency develop a new community park west of I-205				2
	acres = 10.00	<i>Development</i>	\$4,000,000	45.89%	\$1,835,600	
		<i>Total Cost</i>	\$4,000,000	45.89%	\$1,835,600	
none	SERVICE AREA: District-Wide NORTH CLACKAMAS PARK	Complete development of approximately 10 acres of undeveloped property.				1
	acres = 10.00	<i>Develop</i>	\$3,625,000	45.89%	\$1,663,513	
		<i>Total Cost</i>	\$3,625,000	45.89%	\$1,663,513	
TOTAL			\$60,975,000		\$32,634,328	
PRIORITY 1			\$54,375,000		\$29,605,588	
PRIORITY 2			\$6,600,000		\$3,028,740	
SERVICE AREA						
WEST: Zones 1 & 2			\$7,625,000		\$3,499,113	
EAST: Zone 3			\$53,350,000		\$29,135,215	

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NORTH CLACKAMAS PARKS AND RECREATION DISTRICT					page 6	
SDC CAPITAL IMPROVEMENTS PLAN					9/27/07	
C. NATURAL RESOURCE AREAS			Estimated Project Cost (\$)	Growth-Required Portion (%)	SDC-Eligible Growth Share (\$)	Project Priority
Map Location	Facility	Action				
NR-30	SERVICE AREA: DISTRICT-WIDE SPRING PARK Implement Phase II of the master plan for Spring Park.					1
	acres =	6.90	<i>Development</i>	\$138,000		
			<i>Total Cost</i>	\$138,000	30.64%	\$42,283
NR-33	SERVICE AREA: DISTRICT-WIDE NORTH CLACKAMAS DISTRICT PARK Complete and implement master plan for North Clackamas District Park that reflects site conditions and current environmental regulations. Development may include soft surface trails, picnicking facilities, natural resource signage, and parking.					1
	acres =	83.50	<i>Development</i>	\$8,720,000		
			<i>Total Cost</i>	\$8,720,000	30.64%	\$2,671,808
nona	SERVICE AREA: DISTRICT-WIDE MOUNT TALBERT Implement the master plan for Mount Talbert natural resource area. Development may include soft surface trails, picnicking facilities, natural resource signage, and parking.					1
	acres =	185.00	<i>Development</i>	\$1,500,000		
			<i>Total Cost</i>	\$1,500,000	30.64%	\$459,600
TOTAL				\$10,358,000		\$3,179,691
PRIORITY 1				\$10,358,000		\$3,173,691
PRIORITY 2				\$0		\$0
SERVICE AREA						
DISTRICT-WIDE All Zones				\$10,358,000		\$3,179,691
EAST Zone 3				\$0		\$0
WEST Zones 1 and 2				\$0		\$0

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NORTH CLACKAMAS PARKS AND RECREATION DISTRICT						page 7	
SDC CAPITAL IMPROVEMENTS PLAN						9/27/07	
D. SPECIAL USE PARKS				Estimated Project Cost (\$)	Growth-Required Portion (%)	SDC-Eligible Growth Share (\$)	Project Priority
Map Location	Facility	Action					
SU-8	SERVICE AREA: DISTRICT-WIDE						1
	MILWAUKIE RIVERFRONT PARK						
	Partner with City of Milwaukie to Implement Riverfront Master Plan						
	acres =	6.80	<i>Develop</i>	\$3,000,000			
			Total Cost	\$3,000,000	82.97%	\$2,489,100	
TOTAL				\$3,000,000		\$2,489,100	
PRIORITY 1				\$3,000,000		\$2,489,100	
SERVICE AREA							
DISTRICT-WIDE All Zones				\$3,000,000		\$2,489,100	
EAST Zone 3				\$0		\$0	
WEST Zones 1 and 2				\$0		\$0	

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NORTH CLACKAMAS PARKS AND RECREATION DISTRICT					page 8	
SDC CAPITAL IMPROVEMENTS PLAN					9/27/07	
E. LINEAR PARKS			Estimated Project Cost (\$)	Growth-require Portion (%)	SDC-Eligible Growth Share (\$)	Project Priority
Map Location	Facility	Action				
	SERVICE AREA: DISTRICT-WIDE TROLLEY TRAIL Work with regional partners to complete Trolley Trail connection to Springwater Corridor (17th Ave)					1
	miles = 1.00	<i>Develop</i>	\$800,000	47.99%	\$383,920	
		Total Cost	\$800,000		\$383,920	
	SERVICE AREA: DISTRICT-WIDE TROLLEY TRAIL Work with regional partners to complete Trolley Trail					1
	miles = 5.70	<i>Develop</i>	\$4,560,000	47.99%	\$2,188,344	
		Total Cost	\$4,560,000		\$2,188,344	
L-32	SERVICE AREA: DISTRICT-WIDE MOUNT SCOTT TRAIL Work with regional partners to acquire land and develop a linear park/trail corridor.					1
	acres = 34.00	<i>Acquisition</i>	\$1,870,000	66.65%	\$1,246,355	
	miles = 2.00	<i>Develop</i>	\$1,940,000	47.99%	\$931,006	
		Total Cost	\$3,810,000		\$2,177,361	
HV-L-1	SERVICE AREA: DISTRICT-WIDE SCOUTERS MT TRAIL (EAST HV TRAILS) Work with regional partners to acquire land and develop a linear park/trail corridor.					2
	acres = 12.00	<i>Acquisition</i>	\$660,000	66.65%	\$439,890	
	miles = 2.00	<i>Development</i>	\$1,720,000	47.99%	\$825,428	
		Total Cost	\$2,380,000		\$1,265,318	
L-43	SERVICE AREA: DISTRICT-WIDE SUNNYSIDE VILLAGE TRAIL Work with regional partners to acquire land and develop a linear park/trail corridor.					2
	acres = 7.60	<i>Acquisition</i>	\$418,000	66.65%	\$278,597	
	miles = 1.00	<i>Development</i>	\$876,000	47.99%	\$420,392	
		Total Cost	\$1,294,000		\$698,989	
	new acres miles					
TOTAL	53.60 6.00		\$12,844,000		\$6,713,932	
PRIORITY 1			\$9,170,000		\$4,749,625	
PRIORITY 2			\$3,674,000		\$1,964,307	
SERVICE AREA						
DISTRICT-WIDE All Zones			\$12,844,000		\$6,713,932	
EAST Zone 3			\$0		\$0	
WEST Zones 1 and 2			\$0		\$0	

APPENDIX

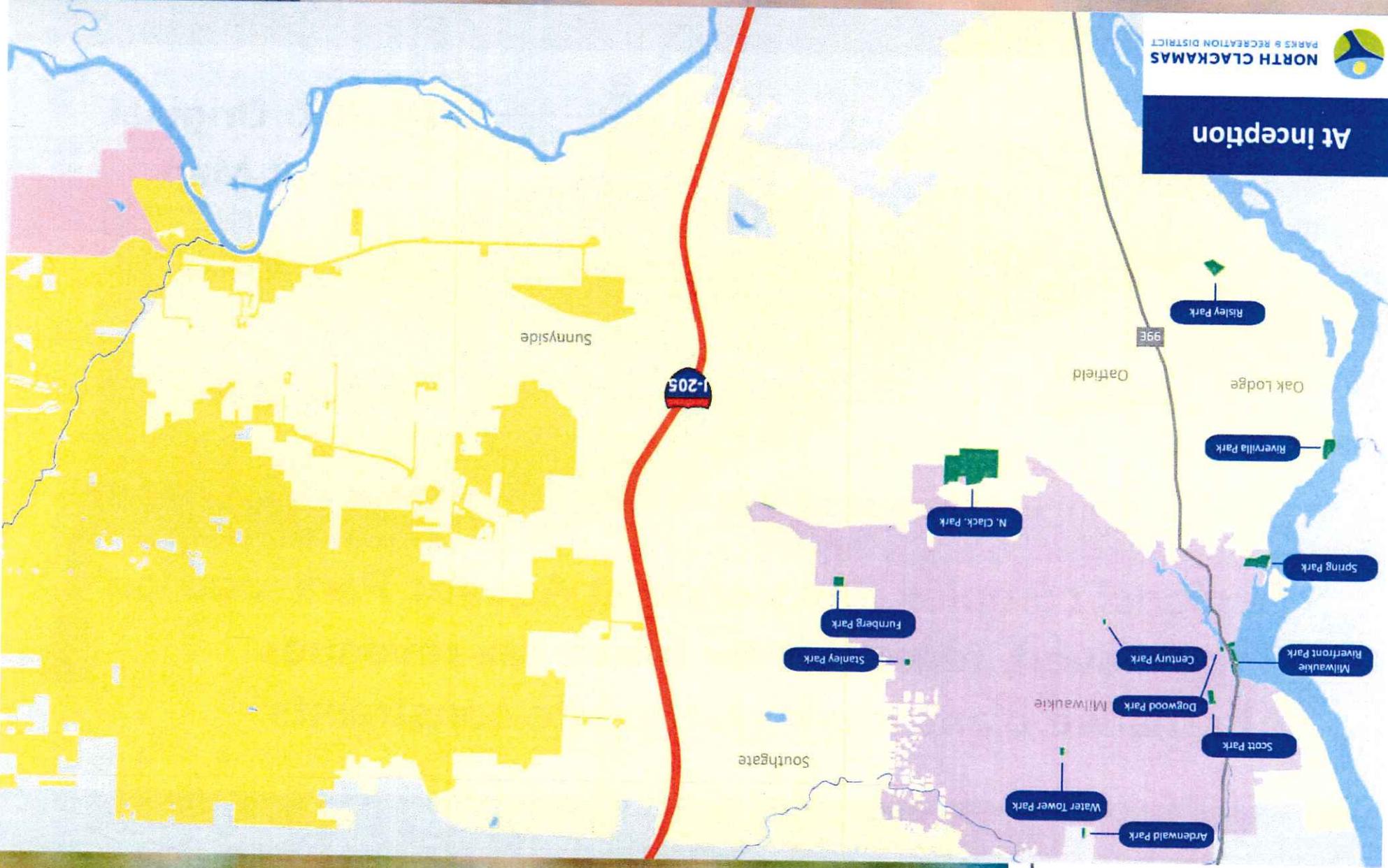
NORTH CLACKAMAS PARKS AND RECREATION DISTRICT						page 9	
SDC CAPITAL IMPROVEMENTS PLAN						9/27/07	
E. OTHER FACILITIES				Estimated Project Cost (\$)	Growth Required Portion (%)	SDC-Eligible Growth Share (\$)	Project Priority
Map Location	Facility	Action					
none	SERVICE AREA: DISTRICT-WIDE ADDITIONAL ACTIVITIES AQUATIC PARK Develop additional aquatic facilities/activities.						1
	acres = ?	<i>Plan & Develop</i>	\$200,000				
		<i>Total Cost</i>	\$200,000	100.00%	\$200,000		
none	SERVICE AREA: DISTRICT-WIDE ADDITIONAL GROUP PICNIC AREAS Develop a group picnic area including one or more shelters in each neighborhood planning area.						1
	acres = ?	<i>Plan & Develop</i>	\$750,000				
		<i>Total Cost</i>	\$750,000	45.89%	\$344,175		
none	SERVICE AREA: DISTRICT-WIDE ADDITIONAL SPORTS FIELDS Increase capacity of existing sport fields and develop new ones in partnership with North Clackamas School District and other partners equivalent to 19 additional natural turf fields.						1
	fields = 19.00	<i>Plan & Develop</i>	\$4,275,000				
		<i>Total Cost</i>	\$4,275,000	45.89%	\$1,961,798		
TOTAL			\$5,225,000		\$2,505,973		
PRIORITY 1			\$5,225,000		\$2,505,973		
PRIORITY 2			\$0		\$0		
SERVICE AREA							
DISTRICT-WIDE All Zones			\$5,225,000		\$2,505,973		
EAST Zone 3			\$0		\$0		
WEST Zones 1 and 2			\$0		\$0		

APPENDIX

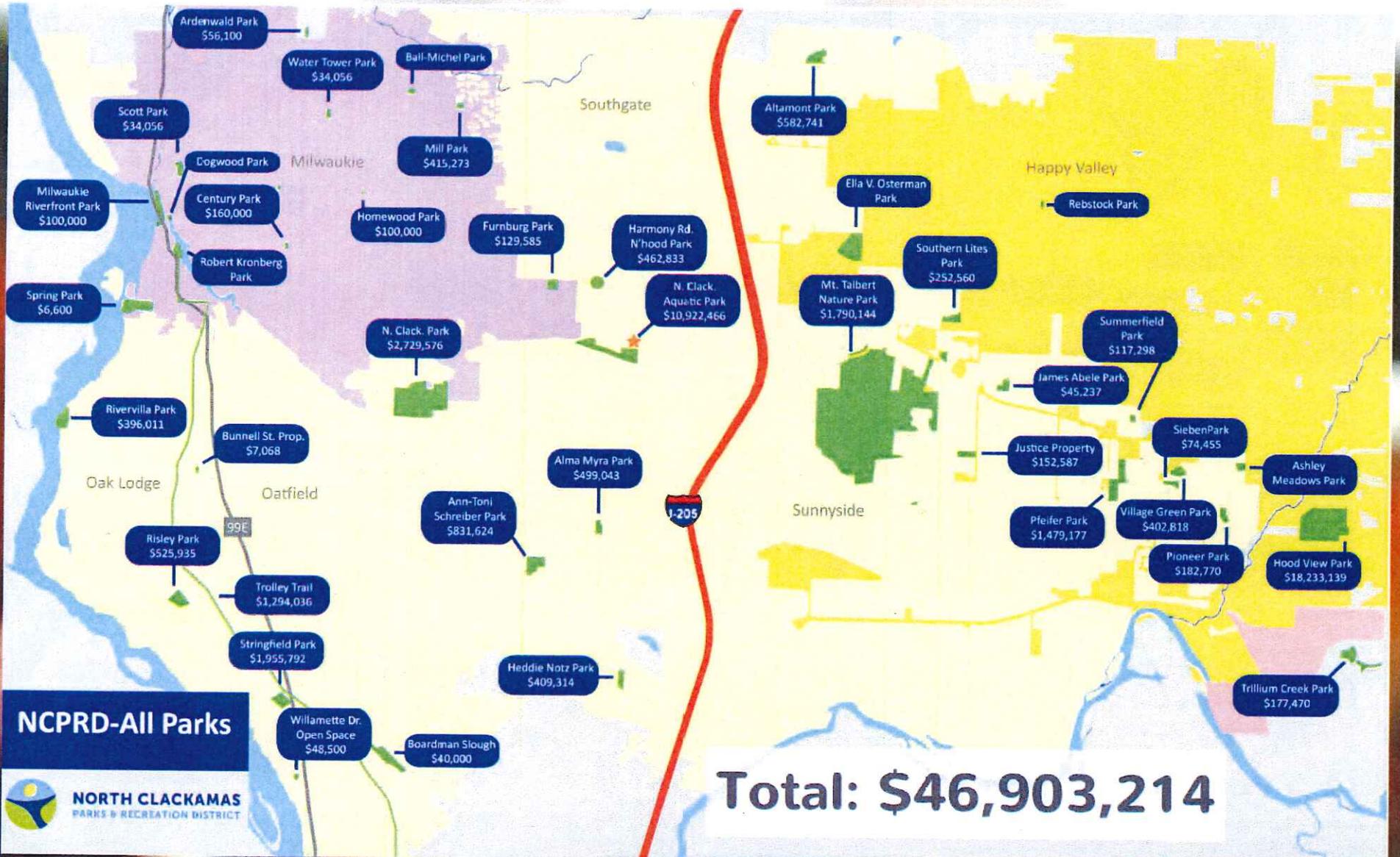
UNIT COSTS		page 10
<i>Acquisition</i>	Neighborhood Park (acres)	\$500,000
	Community Park (acres)	\$500,000
<i>Development</i>	Linear Park (acres)	\$55,000
	Neighborhood Park (acres)	\$270,000
	Community Park (acres)*	\$725,000
	Linear Park (acres)	\$10,000
	Natural Resource Area (acres)	\$20,000
	Trails (miles)	\$800,000
	School Park (acres)	\$270,000
	Sport Field (each)	\$225,000
	Indoor Swimming Pool (sq. ft.)	\$0
	Outdoor Swimming Pool (sq.ft.)	\$0
Community/Senior Centers (sq. ft.)	\$0	
<i>Renovation</i>	Neighborhood Park (acres)	\$135,000
	Community Park (acres)	\$200,000
	District Park (acres)	\$0
	Open Space/Natural Area (acres)	\$10,000
	Trails (miles)	\$240,000
	Buildings (sq. ft.)	\$200

*Community park development cost for parks without community centers is \$400,000 per/acre

At Inception



N CPRD Capital Investments



ANNEXATION and SERVICE AGREEMENT

This Agreement is entered into by and between the end City of Happy Valley (City) and the North Clackamas Parks and Recreation District (District), both local governments in the State of Oregon, and referred to as the Parties.

FINDINGS

- a. City is a municipal corporation organized under the laws of this state.
- b. District is a limited purpose county service district organized under ORS Chapter 451 to provide parks and recreation services to a portion of Clackamas County.
- c. Under ORS Chapter 451, the Clackamas County Board of Commissioners is the District governing body.
- d. The Parties wish to jointly plan and implement adequate park and recreational services and facilities for existing and future residents.
- e. The Parties desire to accomplish this goal in the most effective and efficient manner and to provide excellent services to their citizens.
- f. The Parties agree that sharing resources to avoid unnecessary duplication of staff, equipment, and training will promote efficiency and effectiveness in administration and service delivery.
- g. ORS 190.003-190.030 authorizes City and District to enter into agreements for performance of any or all functions and activities that they have legal authority to perform.
- h. ORS 198.866-198.867 provides a process for annexation of City into District.

AGREEMENT

1. ANNEXATION TO DISTRICT.

A. After the Parties sign this Agreement, the City Council will adopt a resolution proposing annexation to District of all territory within City and certify a copy of the proposal to the District Board at their first regularly scheduled meeting in November, 2005. The District Board will then consider the annexation proposal pursuant to ORS 198.866 and Metro Chapter 3.09.

B. As City begins a process to annex territory, it will give notice to District. District may appear as a necessary part and support such annexations. As part of the annexation process, City will designate District as the provider of park services.

C. City intends to annex territory that is within District. As it makes such annexations, it will designate District as the provider of parks services. District may appear as a necessary party and support such annexations.

2. DISTRICT ADVISORY BOARD.

A. The District Board agrees to reorganize the District Advisory Board (DAB) and appoint an eleven-member board with representation allocated as follows:

- 3 members from east of I-205 (one of which may reside in the City of Happy Valley)
- 3 members from west of I-205 (one of which may reside in the City of Milwaukie)
- 1 member from the City of Happy Valley*
- 1 member from the City of Milwaukie*
- 1 member from the Milwaukie Center
- 2 members at large (one from east of I-205 and one from west of I-205)

*District agrees to appoint the individual nominated by the City Council to fill the City's representative seat unless there is good cause for rejecting the nomination.

B. District Advisory Board composition will be revisited and adjusted, in the event of significant District boundary changes or major population changes.

C. DAB members will be appointed to staggered four-year terms and may be removed by the District Board.

D. One position from west of I-205 and one position east of I-205 will have terms that expire in two years and at that time these two positions will not be refilled. Composition will then include two members each from east and west of I-205, one member from the City of Happy Valley, one member from the City of Milwaukie, one member from the Milwaukie Center and two members at large (one from east of I-205 and one from west of I-205).

3. CAPITAL IMPROVEMENT PLAN.

A. The Parties have each adopted a master plan for the development of park and recreational facilities within their boundaries. The parties have also adopted separate Capital Improvement Plans. The Parties agree that the projects listed below will be incorporated into each agency's Capital Improvement Plan and each project will be given a high priority classification. The Parties agree that the construction of the capital projects listed below is conditioned on the availability of adequate financial resources. At a minimum, each agency's Capital Improvement Plan will include the following projects:

1. A community park in the Rock Creek area of 20 to 30 acres to include athletic fields adjacent to a school site if possible.

2. Installation of all weather turf on an existing soccer field at Happy Valley City Park or mutually agreeable alternative location.
3. A Mt. Scott Creek Trail from it's terminus at Adoline Street to the Mt. Talbert nature park trail head located on the south side of Sunnyside Road at approximately 117th Street; and
4. A community recreation center in a mutually agreeable location with gym(s), meeting rooms, multi-purpose rooms and other amenities as the Parties may mutually agree to include.

B. The Parties agree that the construction of the Capital Projects listed in Section 3A is conditioned upon the availability of adequate financial resources. The Parties recognize that neither the City nor the District currently have capital funds available to commit to these Capital Projects at the initiation of this Agreement. The Parties also recognize that the use of SDC funds may not be appropriate and/or available to cover the full cost of the Capital Projects. Therefore, the Parties agree to work cooperatively to:

1. Work with the County on the creation of an Urban Renewal District or Tax Increment Financing District in the general vicinity of SE 172nd Ave and SE Sunnyside Rd. that includes financial resources for property acquisition and development of a community park and community recreation center as noted in Section 3A of this Agreement.
2. Pursue state and federal grants and other grants as the Parties may agree are appropriate and necessary for the completion of these Capital Projects.
3. Dedicate SDC funds as specified in Section 4 of this Agreement.
4. Jointly identify suitable properties for these Capital Projects and collaborate in the development of willing sellers and the acquisition of appropriate ownership rights or options to acquire appropriate ownership rights.

C. The Parties agree that a Capital Project within City's boundaries will not be constructed until the Parties agree on a financial plan for the Capital Project that includes property acquisition, construction of improvements, and operations/maintenance of the completed Capital Project. City accepts full responsibility for acquisition of the right-of-way necessary for the Mt. Scott Creek Trail Capital Project, subject to district approval of the right-of-way alignment and acquisition costs. District will be responsible for all other Capital Project costs subject to Section 4 of this Agreement except as provided in Section 3D of this Agreement.

D. Upon completion of the projects specified in Section 3A, the City and the District will jointly identify three (3) additional projects that will be located within the City or the City's UGB. These additional projects will be incorporated into each agency's CIP if they are not already included. Construction of these additional projects will be conditioned on the availability of funds, City approval and City agreement to maintain the project under the terms of

this Agreement. District must consult with City, but it may construct projects within the City that are identified in the District CIP as district wide projects or "zone" projects without City approval. City will have no responsibility for construction, operations, or maintenance costs of such projects.

4. SDC FUND ADMINISTRATION

A. After annexation to the District, the Parties agree that the City will continue to collect its park SDCs at the City's rate as existing on the date of this Agreement or as subsequently adjusted within the City's boundaries. The District will amend its SDC ordinance to not collect its SDC within the City.

B. SDC funds that have been collected by the City prior to the date of annexation may be used by the City for projects identified in the City's CIP or, at the sole discretion of the City, transferred to Clackamas County, on behalf of the District, for placement in a special interest bearing account for exclusive use on the Capital Projects.

C. Except as provided in Section 4D, all SDCs collected by the City within the City's boundaries after the date of annexation, will be transferred to Clackamas County, on behalf of the District, on a monthly basis and placed in a special interest bearing account for exclusive use on the Capital Projects.

D. Should the City extend its boundaries, through annexation, into areas that have previously been subject to the District's SDCs, the following shall occur:

1. The District will take the necessary steps to terminate the collection of District's SDC in the area annexed by the City.
2. The City's SDC will be applied to all development occurring in the annexed area after the date of annexation.
3. Upon collection of an SDC, an amount equal to the District's SDC shall be distributed to the District's appropriate "zone" account and "district-wide" account per the provisions of the District's SDC ordinance and Capital Improvement Plan. The remaining balance shall be placed in the Capital Projects account specified in "B/C" above.
4. The District, at its sole discretion, may elect to allocate SDC funds from its "district-wide" account or the appropriate "zone" account to the Capital Projects when such projects are consistent with the "district-wide" or appropriate "zone" Capital Improvement Plan.

E. The District will be responsible for the overall administration and management of SDC funds and will be responsible for the annual accounting of SDC funds.

F. The City and District will each be authorized to withhold .5% of the SDC funds collected within the City to cover the costs associated with collection and administration.

G. The Parties shall meet once annually in the third quarter of the fiscal year to review the status of the SDC funds and Capital Projects.

5. SERVICES BY CITY/DISTRICT.

A. District will contract with City to provide the following services:

1. Maintenance of the following parks: Happy Valley City Park, Mt. Scott Creek Trail, Rebstock Park, Happy Valley Wetland Park, Happy Valley Nature Park, City owned open spaces, City owned trails, Southern Lights Park, and Ashley Meadows Park; and

2. Operation and staffing of the following parks: Happy Valley City Park, Mt. Scott Creek Trail, Rebstock Park, Happy Valley Wetland Park, Happy Valley Nature Park, City owned open spaces, City owned trails, Southern Lights Park, and Ashley Meadows Park.

B. Operations and staffing includes operation and maintenance, scheduling of activities, and field use coordination. In carrying out these maintenance obligations, City will meet or exceed the standards set out in Attachment A. District may provide recreation programs at these locations as space and funding are available and with City approval.

C. City will allow District reasonable access at reasonable times to these facilities to conduct District-sponsored activities and to assure compliance with City's obligations under this Agreement. Such access is subject to City's existing practices for the use of its recreational facilities.

D. District will provide recreation services to City residents on the same basis as they are available to other District residents. Subject to subsection 5.C above, recreation services may be provided at City's parks.

E. District will provide senior services to City residents on the same basis as they are available to other District residents. Subject to the availability of staff and financial resources, District may provide these services at facilities located within the City.

F. The Parties agree that all signage at the facilities subject to this section, and all publications referring to such facilities, will acknowledge that the facilities and services at those facilities are provided as a joint partnership of the Parties.

G. For the services provided by the City noted above, the District agrees to pay the City \$50,000 per quarter commencing on November 1, 2006. Subsequent payments shall be made to the City on or about the first day of each fiscal quarter (i.e. January 1, April 1, July 1 and October 1). The payment amount shall be automatically increased by 3% per year effective

July 1 of each year beginning in 2007 except in years when District's property tax receipts fail to increase by 3%. In such case, the annual increase in the payment to the City will be limited to the annual percentage increase in District property tax receipts.

H. Between January 1, 2012 and September 15, 2012, the City will notify the District in writing whether or not the City will continue to provide the services noted above. If the City elects to terminate its services as noted above, quarterly payments to city shall be terminated and the District will assume all responsibilities related to the operation, staffing and maintenance of the facilities noted above.

I. During the period that City provides the services noted above, the City shall retain the right to establish and collect fees for the use of City's Parks. City agrees to utilize fees collected for park use solely for the benefit of the City owned parks noted in this agreement or the Capital Projects noted in Section 3 A. Should the City elect to terminate its services as described in "H" above, the District will assume the right to establish and collect fees for the use of City's parks.

6. MUTUAL INDEMNIFICATION.

A. Subject to Article XI of the Oregon Constitution and ORS 30.260 to 30.300, City will hold harmless District, its officers, agents and employees, and will defend and indemnify them for any claims or damages to property or injury to person, or for any penalties or fines resulting in whole or part from City's negligence in performing any obligation under this Agreement.

B. Subject to Article XI of the Oregon Constitution and ORS 30.260 to 30.300, District will hold harmless City, its officers, agents and employees, and will defend and indemnify them for any claims or damages to property or injury to persons, or for any penalties or fines resulting in whole or part from District's negligence in performing any obligation under this Agreement.

7. WORKERS' COMPENSATION

A. District and City, if it is an employer of one or more workers subject to workers' compensation coverage under ORS Chapter 656, shall qualify as an insured employer under ORS 656.017 or as an exempt employer under ORS 656.126. District and City shall maintain employer's liability insurance with limits of no lower than \$500,000 each accident, \$500,000 disease each employee, and \$500,000 each policy limit.

8. GENERAL LIABILITY INSURANCE

A. District and City shall obtain at own expense respectively and keep in effect during the term of this Agreement, Commercial General Liability insurance covering Bodily Injury and property Damage on an "occurrence" form.

9. GENERAL PROVISIONS.

A. Amendments. The terms of this Agreement may be amended or supplemented by mutual agreement of the Parties. Any amendments or supplements must be in writing and approved by the City Council and District Board.

B. Audit. At reasonable time and upon reasonable notice, each party agrees that the other may inspect the books and records of the other with respect to matters related to this Agreement for the purpose of determining the accuracy of any accounting.

C. Severability. If any of the provisions of this Agreement are held invalid or unenforceable, the remaining provisions are valid and binding upon the Parties.

D. Notice. Any notice herein required or permitted to be given must be in writing and will be effective when actually received. Notice may be given by hand delivery or by the United States mail, first class, postage prepaid, addressed to the parties as follows:

CITY:

City of Happy Valley
Attention: City Manager
12295 SE King Road
Happy Valley, OR 97236

DISTRICT:

North Clackamas Parks and Recreation District
Attention: Director
9101 SE Sunnybrook Avenue
Clackamas, OR 97015

Changes to these addresses must be made by notice to the other party in the manner provided in this paragraph.

F. Dispute Resolution. The Parties will first attempt to resolve any dispute by negotiation between the City Manager and District Director followed by submission of the dispute to the City Council and District Board if negotiation fails to resolve the dispute. If the governing bodies are unable to resolve the dispute, the Parties may use all legal and equitable remedies available to them to enforce the terms of this Agreement. Mediation is the preferred first step before litigation.

G. Nonwaiver. Failure by either party to require performance by the other party of any provision does not affect the party's right to enforce the provision. Any waiver by a party of

a failure to comply with any provision of this Agreement is not a waiver of any succeeding failure or a waiver of that provision.

H. Merger. This Agreement contains all the agreements and understanding between the Parties on this subject and supersedes all previous agreements and understandings.

I. Clarification/Memoranda. Upon identification of provisions of this Agreement that need interpretation or clarification, the Parties may prepare memoranda of understanding detailing the agreed-upon interpretation of this Agreement. Such memoranda must be presented for review and approval by the City Council and District Board.

The persons signing below certify they have authorization from their governing body to execute this Agreement and bind the Parties to its provisions.

CITY OF HAPPY VALLEY

NORTH CLACKAMAS PARKS
AND RECREATION DISTRICT

By: 
Mayor

By: 
Chairperson

ATTEST:

By: 
City Recorder

ATTEST:

By: 
Recording Secretary 11-2-06

VI. 1

ATTACHMENT A

NORTH CLACKAMAS PARKS AND RECREATION DISTRICT

MAINTENANCE STANDARDS FOR PARK FACILITIES

- ✓ Mow turf once every 7-10 days during the mowing season from April through November, with additional mowing as needed the remainder of the year to maintain a well-manicured turf.
- ✓ Maintain turf at a level of 2 1/2-inches except in the early spring where the mower will be set at 3 inches. The mowers will be lowered to 2 ½ inches around June.
- ✓ Conduct documented park inspection once every month during the year.
- ✓ Blow walks and driveways weekly.
- ✓ Edge around walks, curbs, and plant beds every other week during the growing season.
- ✓ Spray broadleaf weeds in turf as necessary during the mowing season to maintain a predominantly weed-free turf.
- ✓ Weed eating as needed along the edges of the plant beds and tree rings to maintain uniform turf appearance.
- ✓ Program irrigation systems by June 1 and as needed throughout the summer. Inspect irrigation systems every two weeks during the mowing season.
- ✓ Operate irrigation system to maintain healthy turf and conserve water (i.e., one inch of water per week).
- ✓ Winterize irrigation system in the fall.
- ✓ Fertilize lawn areas in the spring and fall.
- ✓ Fertilize shrubs and trees in the spring.
- ✓ Apply bark mulch once a year to plant beds in the spring.
- ✓ Inspect level of safety chips in playgrounds periodically to assure there are 12 inches of chips. If the safety chip level is low, add chips.
- ✓ Remove leaves from facilities in the fall once every two weeks or as necessary.

ATTACHMENT A (Continued)

- ✓ Prune shrubs and trees in the fall or winter.
- ✓ Apply herbicides only when necessary to control weeds in shrub beds/flower beds, around trees, and other areas not accessible to mowers.
- ✓ Remove trash and litter weekly throughout the year or more frequently, if necessary.
- ✓ Visually Inspect play structures weekly. Level safety chips as necessary to maintain uniform depth. Remove damaged equipment from use as necessary. Cordon off area with caution tape if play equipment is unsafe. Repair damaged equipment within two weeks.
- ✓ Plant seasonal flowers under signs (spring).
- ✓ Remove graffiti within 24 hours.
- ✓ Maintain park structures, signage and other appurtenances in a clean, attractive, safe, and structurally sound condition.