

SECTION VI PARKS SDC

The City's existing parks SDC is \$238.60 per single family dwelling unit (SFDU).

A. CAPACITY BASIS

Parks SDCs are generally developed on a per capita basis and applied based on the average number of persons per residential dwelling unit.

Per City staff, the City's population was estimated to be 9,472 in 2008, and projected to reach 17,500 in 2050. This represents an increase of 8,034 residents.

B. REIMBURSEMENT FEE COST BASIS

In order for a reimbursement fee to be calculated, "excess" capacity must be available to serve future growth. A review of the current and planned levels of service, and an analysis of the City's existing parks inventory included in the City's Parks Plan ("Water to Woods: 2003 Cottage Grove Parks Plan" adopted by Resolution No. 1500 in February 2004) show that the City currently has no excess capacity, and therefore, no basis for a reimbursement fee exists.

C. IMPROVEMENT FEE COST BASIS

The improvement fee cost basis is calculated as follows:

- The City's Parks Plan identified capital improvement project lists for various park categories for two options; through 2030 and through 2050. To be consistent with population projections, we used the capital improvement project list for the 2050 option in developing the parks SDC. The projects identified were both to serve growth and to remedy deficiencies for current residents. The "current need" is the proportionate share needed to provide facilities to current residents at the levels of service planned for the 50-year planning horizon. The "growth need" is the proportionate share needed to provide facilities for future residents at the same period.
- The total cost of the capital improvement projects was \$12,158,500.
- Based on the allocation of project costs between the current need and growth need, as explained above, the cost of current need is estimated to be \$1,255,614, and the remaining \$10,902,886 is identified as the cost of growth need.

D. COMPLIANCE COSTS

Oregon law provides that SDC revenues may be used for "...the cost of complying with the provisions of ORS 223.297 to 223.314, including the cost of developing system development charge methodologies and providing an annual accounting of system development charge expenditures" [ORS 223.307(5)]. In order to avoid having to spend funds for compliance that would otherwise be available for growth-required project needs, estimates of compliance costs must be included in the SDC calculations. Total compliance costs are calculated as follows:

- Average compliance costs are estimated to be \$18,571.41 per year.
- Since the proposed parks SDC is calculated for a period of 41 years (i.e. 2010 through 2050), the average annual compliance cost is multiplied with the number of years in the study period (i.e. 41 years times \$18,571.41).
- The result, \$761,428, is the total compliance costs for the entire planning period that needs to be added to the total cost basis.

E. TOTAL COST BASIS

The total cost basis is the sum of improvement fee cost basis and the total compliance costs. Hence, the total cost basis was calculated to be \$11,664,314.

F. RECOMMENDED SYSTEM DEVELOPMENT CHARGE

The parks SDC was then calculated as follows. The total cost basis of \$11,664,314 was divided by total population increase, 8,034 persons, to establish the proposed parks SDC of \$1,452 per person.

It should be noted that debt instruments may be used to fund facilities needed to repair deficiencies, and a portion of these debts will be repaid from property taxes paid by growth. Therefore, a tax credit has been calculated to account for potential payments in order to avoid charging growth twice; once through the SDC, and a second time through property taxes. A credit has been calculated for each type of dwelling unit using the following assumptions:

- \$500,000 in 20-year general obligation bonds issued in 2013 and in 2019,
- 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),
- average 2009 property valuations for new construction at \$250,000 for single family and \$75,000 for multi-family dwelling units.

The parks SDCs per dwelling unit are calculated by multiplying the average number of persons per dwelling unit by the per capita SDC, and netting the estimated tax credit for each type of dwelling. **Exhibit 3** below summarizes the parks SDCs per dwelling unit by customer type.

Exhibit 3 – Parks SDCs per Dwelling Unit

SDC Rates	Persons/Unit	Gross SDC			Net SDC Rate
		Rate	Tax Credit		
Single Family Dwelling Unit	2.71	\$ 3,935	\$ (275)	\$ 3,659	
Multi-Family Dwelling Unit	1.87	\$ 2,715	\$ (71)	\$ 2,644	
Manufactured Housing Unit	1.34	\$ 1,946	\$ (57)	\$ 1,889	