Parks and Recreation

System Development Charges

Administrative Procedures Guide

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1. PURPOSE OF ADMINISTRATIVE PROCEDURES GUIDE

Purpose of this guide is to provide procedures for implementation and administration of System Development Charges (SDC's) for new development within the Chehalem Park and Recreation District. The guide also addresses exemptions, refunds, appeals, record keeping, and updates to the SDC Capital Improvement Program (SDC-CIP).

This guide is based on the Resolution establishing the SDC's adopted on June 27th, 2017 and on July 23rd day of July, 1992. This guide also includes modifications adopted on March 24, 2007.

...ORS 223.297 – 223.314 adopted in 1989 authorizes local governments to impose system development charges....[CPRD SDC Resolution Preamble]

2. AUTHORITY AND BACKGROUND INFORMATION

A. Legislative Authority

The source of authority for the adoption of SDC's is found both in state statue and in the Districts own plenary authority to adopt this type of fee. State legislation regarding SDC's was adopted in 1989, when the Oregon System Development Act (ORS 223.297 – 223.314) was passed. Additions and modifications to the Oregon System Development Act have been made in 1993, 1999, 2001 and 2003. Together these pieces of legislation require local government that enacts SDC's to:

Adopt SDC's by ordinance or resolution;

Develop a methodology outlining how the SDC's 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 certain "qualified public improvements";

Separately account for and report receipt and expenditure of SDC revenues and develop procedures challenging expenditures; and

Use SDC revenues only for capital expenditures (operations and maintenance uses are prohibited).

B. "Improvement fee" and "Reimbursement fee" SDC's

The Oregon System Development Act provides for the imposition of two types of SDC's:

"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 program that list each project, expected timing, cost, and growth-required percentage of each project.

"Reimbursement fee" SDC's may be charged for the cost 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 fees" SDCs do not need to increase capacity, but they must be included in the list of projects to be funded with SDC revenue.

3. APPLICABILITY OF PARKS SYSTEM DEVELOPMENT CHARGES

Except as otherwise provided... a Parks and Recreation SDC shall be imposed upon all New Development for which an Application is filed on or after the effective date of the resolution establishing or increasing SDCs.

The Parks and Recreation SDC apply to all new development within the Chehalem Park and Recreation District, unless it is specifically exempted from the SDC. New development is defined as follows:

"New Development" means Development for which a Building Permit is required.

In a case where there is a modification to an existing structure (such as a change in use, alteration, expansion or replacement), the SDC is charged only if the modification will result in a net increase in the number of dwelling units (for residential development).

The Applicant shall at the time of Application provide the Superintendent with the information requested. The request will list the previous and proposed use(s) of the New Development, including a description of each of the previous and proposed uses for the property for which the Building Permit is being sought, with sufficient detail to enable the District to calculate the dwelling units under the previous use and for the proposed use(s) of the New Development.

For residential uses: the number of residential dwelling units, including type (i.e., single family, multi-family, etc.) for the previous and proposed use(s) of the new development

4. **CREDITS**

A credit is a reduction in the amount of the SDC's 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 District's capital improvements program, 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 must 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 phase of the original development project.

In addition to these 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 District's SDC Capital Improvements Plan, or provide a share of the cost of an improvement by other means (i.e., partnerships, other District revenues, etc).

5. EXEMPTIONS

Certain types of new development are either fully or partially exempt from paying Park and Recreation System Development Fees.

A. Fully Exempt New Development

1. Temporary uses are fully exempt so long as the use or structure proposed in the New Development will be used for not more than 180 days in a single calendar year.

2. Alteration permits for tenant improvements are full exempt.

3. New Development that, in the Superintendents opinion, will not create demands on the parks and recreation system greater than those of the present use of the property is fully exempt.

B. Partially Exempt New Development

For New Development that includes a mix of exempt and non-exempt forms of Development, the applicable exemption(s) shall apply only to that portion of the New Development to which the exemption applies.

C. Applying for Exemption

The exemption request must be made in writing to the Superintendent of the Chehalem Park and Recreation District. The Superintendent may waive the exemption without a written request.

The Superintendent or designated employee will answer the exemption request in writing within fourteen (14) days.

5A. WAIVERS

In a effort to better serve the needs of serve low/moderate income children and families, the District desire to put in place a waiver for SDC's. The waiver will provide the opportunity for the District to grant a waiver of Park and Recreation District SDC's for the construction of facilities that serve the needs of low such a waiver is to complement the policy set by Resolution No. 05-01-17.

The District adopts a new waiver that will help serve the needs of low/moderate income children, families and individuals, defined as 80% or lower of the median family income of Yamhill County according to U.S. Housing and Urban Development.

This waiver provides a mechanism for the District to consider waiving applicable SDC's for projects involving the construction of facilities that serve the needs of low to moderate income families and or individuals. Request for waivers of SDC;s for such projects will be granted by the District Board of Directors. The Board of Directors may waive all, some or none of the SDC's that are requested for waiver.

The following minimum criteria that would be met by any organization requesting the waiver for the waiver to be considered by the Board of Directors:

- The organization requesting the waiver must be a certified non-profit organization.
- The proposed project must principally serve low/moderate income families and/or individuals.

The following issues should be considered by the Board of Directors when it reviews any SDC waiver requests for projects that serve the needs of low to moderate income families and/or individuals:

* What impact would the SDC waiver have on the SDC funds?
* Sources of funding for total project; what percentage of the funds have been generated "locally ("grassroots fund raising")?
* The City Council of Newberg granted a waiver of SDC's for the project.

If within 10 years of granting the waiver(s) a facility receiving the SDC waiver(s) from the District under this policy is used for a purpose that is not principally to serve low to moderate income families and/or individuals, the SDC(s) in place at the time of change of use must be paid in full to the District.

6. CHALLENGES OF EXPENDITURES

Any citizen or other interested person may challenge an expenditure of SDC revenues…by filing a challenge to the expenditure with the Superintendent within two years after the date of the disputed SDC revenue expenditure. The fee for filing such a challenge shall be $75.00.

The District will review the challenge and determine whether or not the expenditure was made in accordance with the provisions of the Chehalem Park and Recreation District SDC Resolution and ORS 223. If the District finds that the expenditure was not appropriate, the Parks and Recreation SDC Account(s) must be reimbursed from other revenue sources. District will notify the person who submitted the challenge of the results of the review within twenty-one (21) days following completion of the review.

7. APPEALS

Any person may appeal to the Board of Directors any decision of the Superintendent made pursuant to the Resolution establishing the SDC's by filing a written request with the Superintendent within fourteen (14) days after the delivery of the Superintendents written decision to the Applicant. The fee for appealing a decision to the Board of Directors shall be $250. The appeal to be filed with the Board of Directors should contain the following information:

1) The name and address of the applicant;

2) The legal description of the property in question;

3) If issued, the date the building permit was issued;

4) A brief description of the nature of the development being undertaken pursuant to the building permit;

5) If paid, the date the system development charges were paid;

6) A statement of the reasons why the applicant is appealing a decision.

The Board will schedule and conduct the hearing within twenty-one (21) days of the date the appeal was filed. An applicant who appeals a decision and desires the immediate issuance of a building permit must pay the applicable system development charge prior to the time the request for hearing is filed. Said payment shall be deemed paid under "protest" and shall not be construed as a waiver of any review rights. The Board of Directors shall decide an appeal within one hundred twenty (120) days of the date of the appeal unless otherwise agreed to between the appellant and the Board of Directors.

8. UPDATING THE PARKS ND RECREATION SDC RATES

A. Annual Cost Adjustment

The Parks and Recreation SDC resolution includes a provision to annually adjust SDC rates for inflation as follows:

The dollar amounts of the SDC set forth in the SDC methodology report may on January 1st of each year be adjusted to account for changes in the costs of acquiring and constructing parks and recreation facilities. The adjustment factor shall be based on the change in construction costs according to the Engineering News Record (ENR) Northwest (Seattle, Washington) Construction cost index; and shall be determined as follows:

Change in Construction Cost index X 1.00

= Parks and Recreation System Development Charge Adjustment Factor

Following calculation of the Parks and Recreation System Development Charge Adjustment Factor, each of the adopted SDC rates, fees, and charges included in the methodology report and outlined in this Administrative Procedures Guide may be adjusted, effective on January 1st of each year. The effective date may also be July 1 of each year.

B. Revising the Methodology

The Parks and Recreation SDC Methodology Report is the basis for calculating the Parks SDC's due from New Development and may be amended or replaced as provided in the resolution:

1. The District may undertake a review to determine that sufficient not be over-funded by the SDC receipts. Money will be available to help fund the Parks and Recreation SDC-CIP identified capacity increasing facilities; to determine whether the adopted SDC rate keeps pace with inflation, whether the Parks and Recreation SDC-CIP should be modified, and to ensure that such facilities will

2. In the event that during the review referred to above, it is determined an adjustment to the SDC is necessary for sufficient funding of the Parks and Recreation SDC-CIP improvements listed in the SDC Methodology Report to ensure that the Parks and Recreation SDC-CIP improvements are not overfunded by the SDC, the Board of Directors may propose and adopt appropriately adjusted SDC's

3. The Board of Directors may from time to time amend or adopt a new SDC Methodology Report by resolution.

9. RECEIPT, EXPENDITURE, AND REFUNDS OF PARKS SDC REVENUES

A. Deposits

All SDC revenues collected by the District must be deposited in the appropriate Parks and Recreation SDC Fund.

Until needed for an authorized use, funds deposited in the SDC Fund may be invested by the District, with interest earned credited to the Parks and Recreation SDC Fund.

B. Permitted Uses

"Improvement Fee" SDC revenues can be used only for capacity-increasing capital improvements, and "Reimbursement Fee" SDC revenue can be used for any type of Parks and recreation capital improvement. The capital improvements must be included in the District's Parks and Recreation SDC Capital Improvement Program (SDC-CIP). The SDC-CIP must: 1) list the specific project that may be funded with SDC revenues, 2) provide the cost for each project, 3) provide the estimated timing of each project. The SDC-CIP may be amended at any time.

"Compliance/Administration" fees may be used and for the direct cost of complying with the state statues governing SDC's, and for the cost of administering the SDC's.

Examples of cost that can be paid by SDC's include parks planning, land acquisition, site improvements, necessary off-site improvements, construction, and other related costs including, but not limited to, permitting and fees, design and construction plan preparation, engineering, surveying, and acquisition of certain capital equipment. SDC's can also be used to pay principal and interest on bonds, notes, leases or other debt for Parks and Recreation facilities. Permitted uses of SDC revenue are outlined as follows:

1) design and construction plan preparation;
2) permitting;
3) land and materials acquisition, including any costs of acquisition or condemnation;
4) construction of parks and recreation capital improvements;
5) design and construction of new drainage facilities required by the construction of parks and recreation capital improvements and structures;
6) relocating utilities required by the construction of improvements
7) landscaping
8) construction management and inspection;
9) surveying, soils and material testing

10) acquisition of capital equipment that is an intrinsic part of a facility;

11) demolition that is part of the construction of any of the improvements on this list

12) payment of principal and interest, necessary reserves and cost of issuance under any bonds or other indebtedness issued by the District to provide money to construct or acquire parks and recreation facilities;

13) direct costs of complying with the provisions of ORS 223.297 to 223.314 including the consulting, legal, and administrative costs required for developing and updating the system development charges methodologies and capital improvement program; and the cost of collecting and accounting for system development charge expenditures.

C. Prohibited Uses

Money on deposit in the Park and Recreation SDC fund shall not be used for:

1) any expenditure that would be classified as a maintenance or repair expense; or

2) cost associated with the construction of administrative office facilities that are more than an incidental part of other capital improvements; or

3) cost associated with acquisition or maintenance of rolling stock; or

4) operating costs after completion of capital improvements

D. Refunds of SDC's

The District may grant a refund of SDC;s for the following reasons:

1) The Superintendent finds that...there was a clerical error in the calculation of the SDC.

2) The SDC have not been expended within ten years of receipt.

3) The District determines through an alternative SDC Rate Calculation, Alternative SDC Credit Calculation, Alternative SDC Exemption, or Appeal that the amount paid for the SDC's exceeded the amount determined to be appropriate for the New Development.

Except for refunds associated with an Alternative SDC Rate Calculation, Alternative SDC Credit Calculation, Alternative SDC Exemption, or Appeal, request for refunds shall be made in writing to the Superintendent. Refunds shall include interest earned on funds while deposited in the Parks and Recreation SDC fund.

10. <u>RECORD KEEPING</u>

All Parks and Recreation SDC's received should be listed in chronological order, with each record indicating the date received, the amount received, and the government agency from which the SDC was received.

Any funds on deposit in the Park and Recreation SDC Fund that are not immediately necessary for expenditure may be invested by the District, with all income derived from such investment deposited in the fund.

Records of disbursements should be recorded for each account and should include the date of the expenditure and the name of the government agency for which the funds are expended.

The District is required by ORS 223 to prepare an annual report accounting for all receipts and expenditures of the Park and Recreation SDC. The report will the total amount of revenue and expenditures in the previous fiscal year.