

**City of Baker City
Baker County, Oregon**



"The Northwest's Premier
Rural Living Experience"

**Park System
Capital Improvement Plan And
Systems Development Charges Methodology**

August, 2008

BST Associates, Inc.

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October 1, 2008

City of Baker City

PO Box 650

Baker City, Oregon 97814

Attn: Steve Brocato
City Manager

Subject: Baker City Systems Development Charges Methodology

Dear Steve:

We have attached hereto the 2008 Baker City Park System Capital Improvement Plan and Systems Development Charges (SDC's).

The goal of SDC's is to provide a mechanism for new users of the City's infrastructure to pay their fair share of the cost to provide these facilities, both through reimbursement to the City for their fair share of the value of the excess capacity within the existing facilities and through payment for their fair share of the costs to expand these facilities, where needed, to allow them to connect. Without such a mechanism, existing residents and businesses must bare the cost of providing such capacity.

In developing these SDC's for the City, we undertook a detailed analysis of the City's infrastructure appropriate for the population and overall configuration of the City's affected public facilities, with the goal of establishing a reasonable value for the excess capacity available for growth available with the existing and proposed improvements.

The recommended maximum Park SDC outlined on the last page of the document sets an upper limit to the amount of charge for new or expanded connections to the City's Park system, and represents the value, per EDU, of the City's Park system.

We recommend that SDC's be adjusted periodically to reflect updated costs of construction. The document contains instructions on how to make such adjustments. And if you or staff have any questions or concerns regarding the methodology and calculations, please contact me at the above telephone number.

Sincerely,

BST Associates, Inc.



David M. Thomas, PE



Revised 6-30-10

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CHAPTER 1

CAPITAL IMPROVEMENT PLAN

1.1 SUMMARY OF PROPOSED IMPROVEMENTS

A summary of the proposed improvements which are eligible for systems development charges is presented in this Chapter with the preliminary costs for construction, engineering and inspection, legal and administration, and contingency costs.

1.2 IMPROVEMENT IMPLEMENTATION

The Baker City Council should set an initial scope for the project based on recommendations in the Capital Improvement Plan. The scope should include improvements the Council and Staff believe will satisfy the highest priority needs in the community and which will be affordable to the residents.

1.3 RECOMMENDED IMPROVEMENTS

The following recommended improvements have been developed through discussions with City Staff.

Description	Unit	Unit Price	Quantity	Total Cost
Construct Public Restroom on Leo Adler Memorial Pathway (LAMP) at H Street	EA	\$ 60,000.00	1	\$ 60,000.00
Construct Planned Central Park Improvements, Incl. Design and Land Purchases	LS	\$2,080,000.00	1	\$ 2,080,000.00
Develop Park Master Plan Document	LS	\$ 45,000.00	1	\$ 45,000.00
SDC Methodology	LS	\$ 7,500.00	1	\$ 7,500.00
Total Estimated Cost				\$ 2,192,500.00

CHAPTER 2

SYSTEMS DEVELOPMENT CHARGES

2.1 BACKGROUND INFORMATION

Systems Development Charges (SDC's) are charges assessed against new development in an attempt to recover some of the costs incurred by local government in providing the capital facilities required to serve the new development. SDC's applied to new development generate revenue for expansion or construction of municipal facilities to serve new development.

The purpose of this Chapter is to develop a Systems Development Charge Methodology for the Park System of the City of Baker City which will meet the legal requirements of ORS 223.297 - 223.314.

2.2 SUMMARY OF SDC LAW

The League of Oregon Cities prepared the following summary of major features of the SDC law.

1. *System Development Charge Use.*

A Systems Development Charge must be used for capital improvements that are facilities or assets used for:

- a. Water supply, treatment and distribution.
- b. Wastewater collection, treatment and disposal.
- c. Drainage and flood control.
- d. Transportation.
- e. Parks and recreation.

Neither administration office facilities (with certain exceptions) nor routine maintenance may be funded from systems development charges. Charges collected for future improvements must be spent on capacity increasing capital improvements in proportion to the capacity requirements of current projected development.

2. *Methodology.*

A resolution may be used to set Systems Development Charge rates pursuant to an adopted methodology. Two general types of fees could be combined into a single charge for each infrastructure system, depending on whether infrastructure improvement capacity was pre-financed or whether the monies are collected toward a future improvement. Several factors,

such as the cost of the facilities, value of unused capacity and others must be considered in the methodology.

3. *Infrastructure Plan Relationship.*

A capital improvement plan approved by the city or district lists the improvements that would be eligible for Systems Development Charges. Modification of the lists in the plans is allowed at any time in order to keep current with development trends.

4. *Segregated Funds and Fund Accountability.*

The charges collected will be segregated from the general fund and reserved for use only on the specific infrastructure systems for which they were collected. An annual accounting will report total revenues collected for each system and the projects funded.

5. *Credit for Other Exactions.*

A credit is available if a builder/developer pays an SDC and also contributes toward the same infrastructure improvement through a development exaction. This provision only affects off-site development exactions.

2.3 REIMBURSEMENT FEE AND IMPROVEMENT CHARGE

The Oregon Systems Development Act permits two types of Charges: a reimbursement fee and an improvement charge.

A **reimbursement fee** is a charge for unused capacity in capital improvements already constructed or under construction. This is a "buy-in" charge for new development to utilize excess capacity in an existing facility that was paid for by others.

An **improvement charge** is a fee associated with capital improvements to be constructed. Revenues from improvement charges can only be spent on "capacity increasing" capital improvements.

2.4 ACCUMULATION OF SYSTEMS DEVELOPMENT CHARGES

The Capital Improvement Plan contained in Chapter 1 of this document identifies certain capital improvements for the City of Baker City park system. Although preliminary phasing plans may have been developed, it is difficult to accurately predict when the facilities will actually be constructed. Therefore, the City should periodically review growth patterns (at least once every 5 years) and update the phasing plan.

2.5 SYSTEMS DEVELOPMENT CHARGE METHODOLOGY

The following methodology has been used to develop the recommended Systems Development Charges.

General

Development of an equitable SDC for the park system in the City of Baker City is needed to help fund future capital improvements. A significant amount of improvement is needed to complete the park system as outlined in this report.

Existing Planning Documents

The planning documents used to develop a Capital Improvement Plan and to determine equitable park SDC's, is:

City of Baker City, Comprehensive Plan, 1987

and

City of Baker City, Oregon, Wastewater Facilities Plan, 2008

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Proportionate Share of Costs

ORS 223.297 - 223.314 requires equity among types of development - equal development should pay equal amounts. Charges need to be proportioned based on the burden on the park system created by the user. An equitable method is to proportion charges based on the number of equivalent dwelling units (EDU's) created by the development. However, establishing a fair methodology for determining the value of an EDU is one of the most difficult tasks when developing SDC's.

Since city parks are available for use by all of the residents of Baker City, it seems logical to conclude that they are each for the benefit of the entire population. Although parks closest to a residence may be used more frequently for certain outings, parks more distant may also be used due to planned gatherings or special features available only at the distant parks whether those special features are swimming, fishing, special playground facilities or privacy due to low usage.

In establishing an equitable proportionate share of costs, we have therefore taken the approach that since all of the parks are available to the residence of Baker City, their cost should be proportionately shared by all.

2.6 PARK SYSTEM CAPITAL IMPROVEMENT PLAN

Recommended park improvements identified by City Staff have been identified in a Capital Improvement Plan. Chapter 1 of this SDC Methodology contains the information and recommendations.

2.7 MAXIMUM REIMBURSEMENT CHARGE

The existing parks owned by the City of Baker City are listed in the following table.

Description	Assessor's Map	Tax Lot	Estimated Market Value
Kirkway	09 40 08DA	100	\$ 49,580.00
Cedar Acres	09 40 09DB	2200	\$ 34,390.00
Cedar Acres	09 40 09DB	3500	\$ 34,390.00
Geiser Pollman	09 40 16CD	7700	\$ 172,910.00
LAMP	09 40 16CC	6000	\$ 25,980.00
LAMP	09 40 16CC	7500	\$ 47,290.00
LAMP	09 40 16CC	7701	\$ 1,430.00
LAMP	09 40 16CC	15000	\$ 54,800.00
LAMP	09 40 16CC	16400	\$ 18,900.00
LAMP	09 40 16CC	16500	\$ 3,400.00
Sam-O Park	09 40 16DA	600	\$ 80,180.00
LAMP	09 40 17AA	100	\$ 25,300.00
LAMP	09 40 17AA	200	\$ 26,350.00
Riverpark	09 40 17AA	2000	\$ 23,620.00
South Baker	09 40 20DC	3800	\$ 29,420.00
Sam-O Pool	09 40 16DA	700	\$ 548,910.00
Total Estimated Market Value of Park System			\$ 1,176,850.00

Each of the parks listed above are available for used by all of the residents of Baker City. Therefore, the entire value of the Park System qualifies as a reimbursement for the high-growth population projection of 14516 (40 percent of build-out). The number of EDU represented by this population is 14516 divided by 2.54, or 5715 EDU. The reimbursement SDC is calculated by dividing the value of the existing park system by the number of EDU which can be expected to use the park system. This results in a Maximum Reimbursement Charge of **\$206 per EDU**.

