



# City of McMinnville Parks, Recreation, and Open Space Master Plan Update: Park System Development Charge Update



## City Council Work Session

November 14, 2023



# Agenda

- System Development Charge Overview
- Calculation of Park SDCs
- SDC Option: Residential Only
- SDC Option: Unit type vs Unit Size
- Next Steps and Q&A





# System Development Charge Overview

## Definition of a System Development Charge

One time payment...

...by new development...

...for capital costs of facilities...

...needed by new development.

# System Development Charge Overview

## Reasons governments charge SDCs

- Revenue: for public facilities
- Policy: growth pays a portion of costs
- Quality of life: public facilities keep up with growth

# System Development Charge Overview

## Rules (State Laws) for SDCs

- Fair Share
  - » Growth can pay for growth, but not as deficiencies
- Proportionate Share
  - » SDC must be proportionate to the impact
- Credits
  - » Must provide a system for credits for qualified contributions and no double-charging
- Capital Improvements Plan
  - » All projects to be funded with SDCs must be included in the CIP

# System Development Charge Overview

## What can SDCs pay for?

- Improvement Fee
  - » CAN pay for capacity increasing capital facilities in the CIP
- Reimbursement Fee
  - » CAN pay for existing capital facilities if excess capacity is identified in the methodology
- SDCs CAN be used to cover the costs of complying with SDC regulations
- SDCs MAY NOT be used for operations or maintenance costs

# Agenda

- System Development Charge Overview
- Calculation of Park SDCs
  - Growth Forecast
  - Cost per Person
  - Park SDC Rates
  - Rate Comparison
  - Revenue Forecast
- SDC Option: Residential Only
- SDC Option: Unit type vs Unit Size
- Next Steps and Q&A

# Growth Forecast

## City of McMinnville Population (Ex. 2, p. 9)

Year	Population	CAGR
2000	26,499	
2010	32,187	2.0%
2020	34,409	0.7%
2021	34,263	-0.4%
2022	34,666	1.2%
2041	47,498	1.7%
<b>Growth</b>	<b>12,832</b>	<b>1.7%</b>

Sources: 2000 to 2021 population data sourced from the Portland State University (PSU) Population Research Center. Population for 2022 and forecasted for 2041 are provided by the City of McMinnville.  
Note: CAGR means compound annual growth rate.

## City of McMinnville Employment (Ex. 3, p. 9)

Year	Employment	CAGR
2017	20,990	
2021	22,157	1.4%
2022	22,459	1.4%
2041	29,042	1.4%
<b>Growth</b>	<b>6,583</b>	<b>1.4%</b>

Sources: Employment for 2017, 2021 and 2041 are sourced from the City of McMinnville Economic Opportunities Analysis, September 2023, pages 93 and 96. Employment for 2022 is estimated based on 2021 employment and the 2021 through 2041 compound annual growth rate.  
Note: CAGR is Compound Annual Growth Rate.



# Growth Forecast

## City of McMinnville Equivalent Population (Ex. 4, p. 10)

	Equivalent Population Coefficient	2022 Base Year Full Population	2022 Base Year Equivalent Population	2041 Horizon Year Full Population	2041 Horizon Year Equivalent Population	2022-2041 Growth Full Population	2022-2041 Growth Equivalent Population
Permanent Population	1.00	34,666	34,666	47,498	47,498	12,832	12,832
Nonresidential Population	0.33	22,459	7,423	29,042	9,599	6,583	2,176
<b>Total</b>	<b>N/A</b>	<b>N/A</b>	<b>42,089</b>	<b>N/A</b>	<b>57,097</b>	<b>N/A</b>	<b>15,008</b>

Sources: Equivalent population is discussed in Appendix A of the Methodology Report. Analysis uses data from 2020 U.S. Census OnTheMap, Portland State University Population Research Center, Bureau of Labor Statistics, U.S. Census American Community Survey 5-Year Estimates and City of McMinnville Economic Opportunities Analysis (September 2023), and system development charge methodologies developed by Don Ganer & Associates for Oregon cities.

# Cost per Person

## City of McMinnville Parks Inventory (Ex. B1-B2, p. 25-26)

	<b>Acres</b>
Mini-Parks/Playlots	2.3
Neighborhood Parks	18.2
Community Parks	163.7
Special Use Sites	3.6
Linear/Trail Parks	42.5
Natural Areas	123.4
Undeveloped	4.2
<b>Total</b>	<b>357.9</b>

Sources/Note: City of McMinnville Parks, Recreation and Open Space Master Plan, 2023.

# Cost per Person

## Level of Service Ratio (Ex. 5, p. 12)

Inventory	Current Population	Level of Service Ratio
357.9	÷ 42,089	= 8.5 acres per 1,000 pop

## Total Park Acres Needed for Growth (Ex. 6, p. 12)

Level of Service Ratio	2022-2041 Growth	Total Park Acres Needed for Growth	Acres to be Acquired or Improved
8.5 acres per 1,000 pop	x 15,008	= 127.6	227.2

# Cost per Person

## Park SDC Eligible Cost per Acre (Ex. 7, p. 13)

	<b>Eligible Cost</b>	<b>Acres</b>	<b>Cost per Acre</b>
Land Acquisition	\$14,610,000 ÷	48.7 =	\$300,000
Park Development	\$72,002,920 ÷	227.2 =	\$316,888
<b>Total</b>	<b>\$86,612,920</b>		<b>\$616,888</b>

## Investment Needed for Growth (Ex. 8, p. 14)

<b>Park Cost per Acre</b>		<b>Park Acres Needed for Growth</b>		<b>Investment Needed for Growth</b>
\$616,888	x	127.6	=	\$78,727,809

Sources/Note: City of McMinnville Parks, Recreation and Open Space Master Plan, 2023.



# Cost per Person

## SDC Eligible Park Cost per Person (Ex. 9, p. 14)

Investment Needed for Growth	Growth of Population	Cost per Equivalent Population
\$78,727,809 ÷	15,008	= \$5,245.78

## Adjustment per Person (Ex. 10, p. 16)

	Adjustment	2022-2041 Growth	Adjustment per Equivalent Person
Compliance costs	\$7,872,781		
Fund Balance	-\$401,250		
Other Revenue	-\$13,163,291		
Total	-\$5,691,760 ÷	15,008	= -\$379.25

# Cost per Person

## Net Cost per Person (Ex. 11, p. 16)

	<b>Cost per Equivalent Population</b>
Total Cost per Person	\$5,245.78
Total Adjustment	-\$379.25
<b>Net Cost per Person</b>	<b>\$4,866.52</b>

# Cost per Person

## Adjustment for Consistency with CIP (Ex. 12, p. 18)

Unfunded Cost of CIP Capacity Projects	Investment Needed for Growth	Adjustment %
\$86,612,920	÷ \$78,727,809 =	110.0%

## Adjustment Net Cost per Equivalent Person (Ex. 13, p. 18)

Net Cost per Person	Adjustment %	Adjusted Cost per Person
\$4,866.52	x 100.0% =	\$4,866.52

# Cost per Person

## Park System Development Charge per Unit of Development (Ex. 14, p. 19)

Type of Development	Adjusted Cost per Person		Population per Occupied Unit		Park SDC per Unit
<b>Residential</b>					
Less than 500 sq ft	\$4,866.52	x	1.22 dwelling unit	=	\$5,956.23
500 to 999 sq ft	\$4,866.52	x	1.94 dwelling unit	=	\$9,424.49
1,000 to 1,999 sq ft	\$4,866.52	x	2.53 dwelling unit	=	\$12,335.11
2,000 or more sq ft	\$4,866.52	x	2.88 dwelling unit	=	\$14,030.41
<b>Nonresidential</b>					
Industrial/Manufacturing	\$4,866.52	x	0.0006 square foot	=	\$2.73
Warehousing	\$4,866.52	x	0.0002 square foot	=	\$0.77
Retail/Restaurant/Hospitality	\$4,866.52	x	0.0007 square foot	=	\$3.42
Office	\$4,866.52	x	0.0006 square foot	=	\$2.92

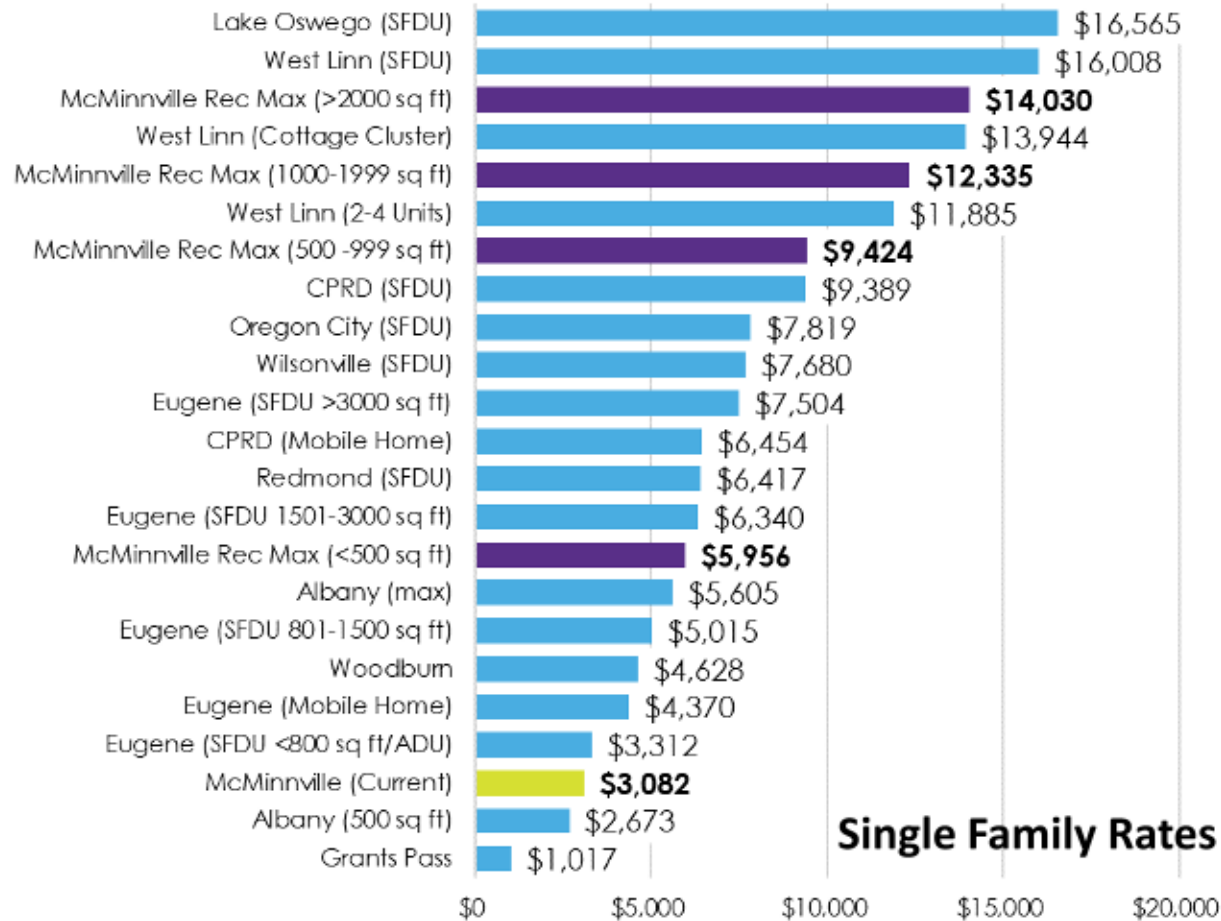
Sources: U.S. Census American Community Survey 5-Year Estimates for the City of McMinnville and the U.S. Census American Housing Survey, 2019 for the Portland MSA and City of McMinnville, and Observed Building Densities from Table 4 in the Metro 1999 Employment Density Study.

Note: Office includes healthcare, education, finance and professional service types of development.

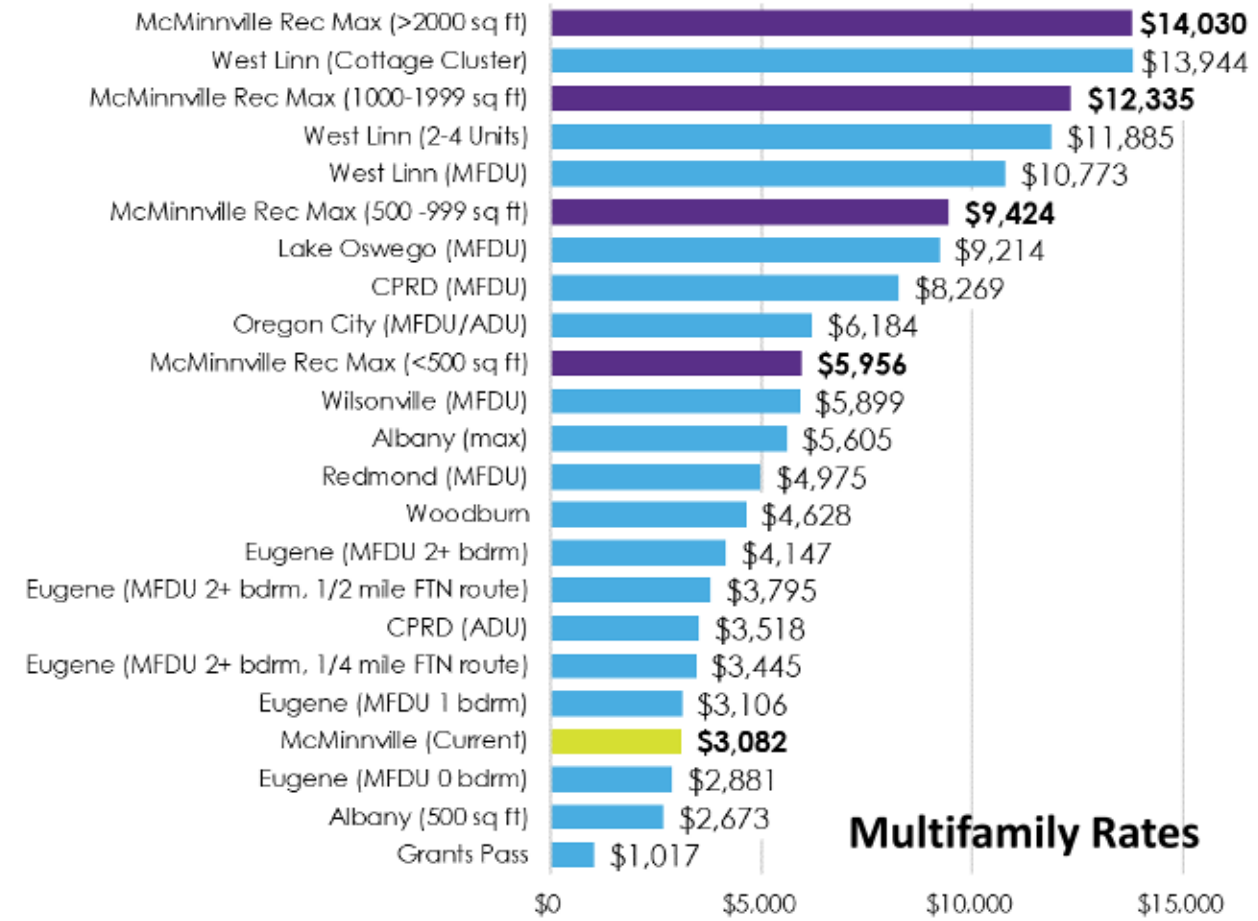


# Rate Comparison

## SDC Comparison by Selected Cities



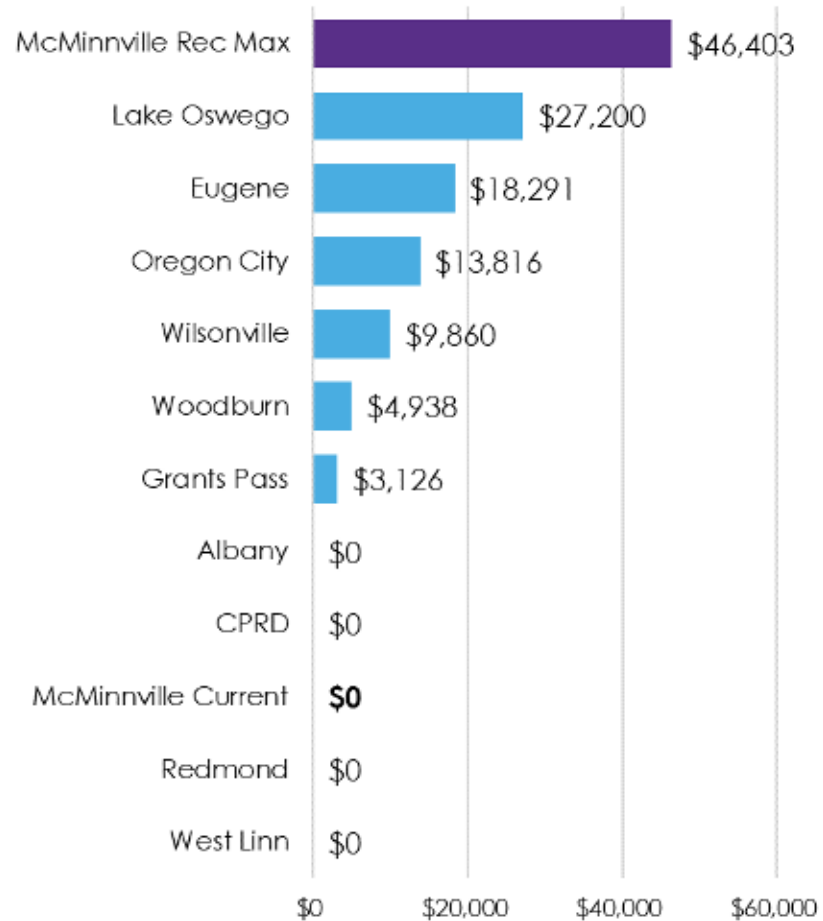
Single Family Rates



Multifamily Rates

# Rate Comparison

## SDC Comparison by Selected Cities

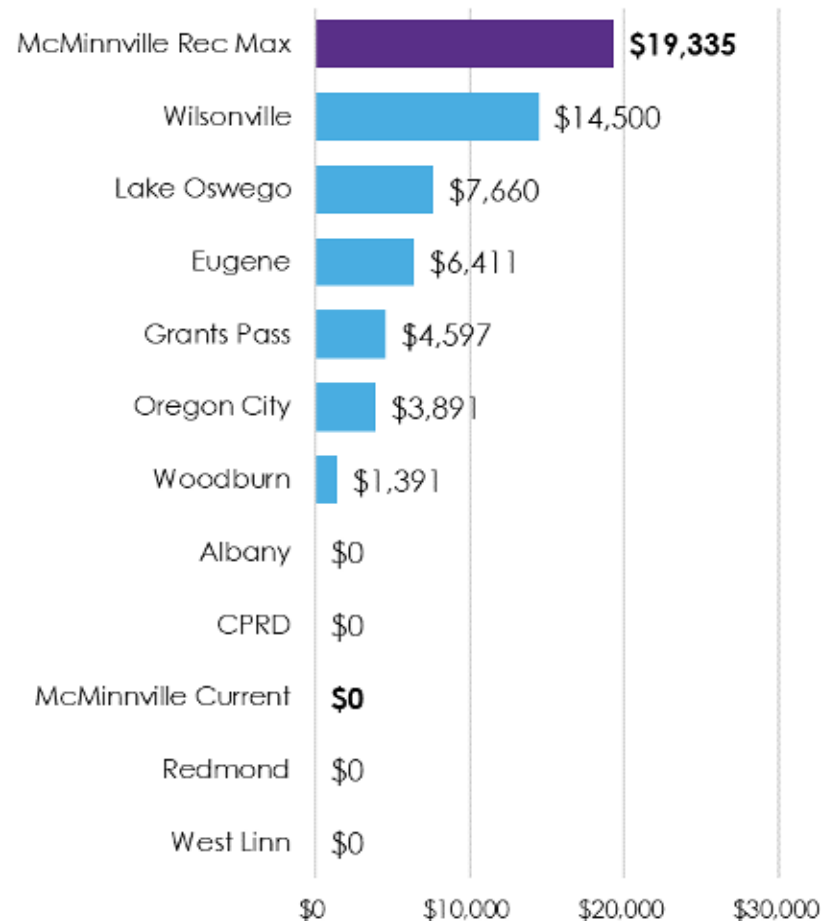


### Industrial/ Manufacturing

**17,000 square feet of industrial space**

**34 parking spaces**  
(Grants Pass charges by parking spaces)

**630 square feet per employee**  
(Woodburn, Oregon City and Lake Oswego charge based on Metro Employment Density data)



### Warehousing

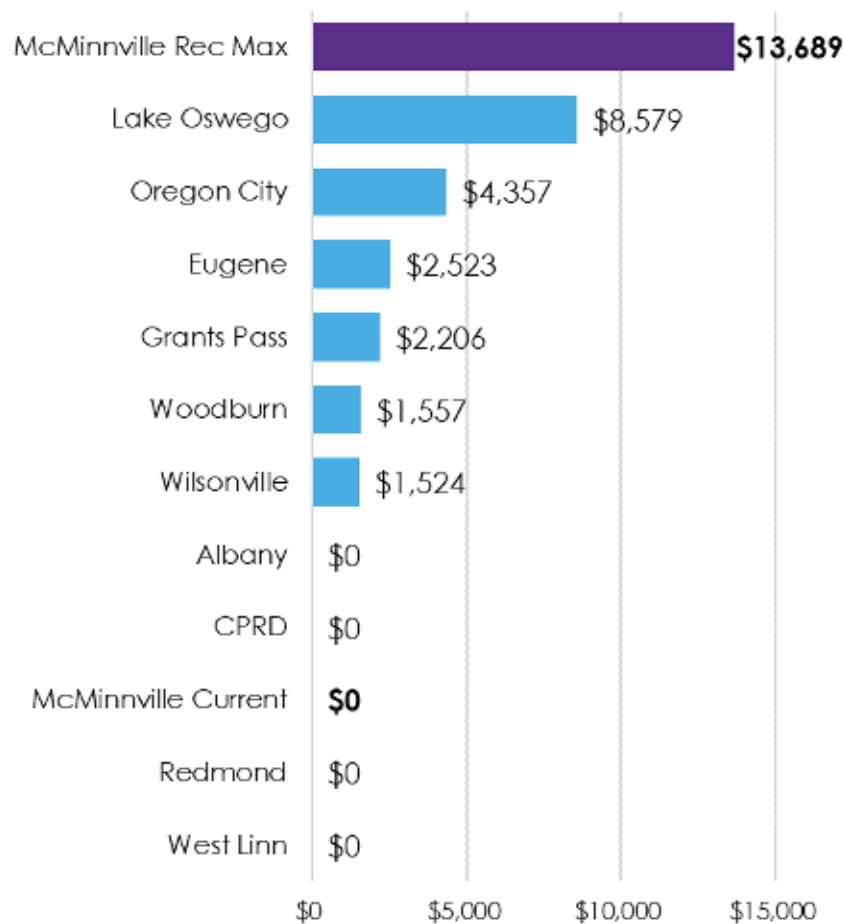
**25,000 square feet of warehousing space**

**50 parking spaces**  
(Grants Pass charges by parking spaces)

**3,290 square feet per employee**  
(Woodburn, Oregon City and Lake Oswego charge based on Metro Employment Density data)

# Rate Comparison

## SDC Comparison by Selected Cities

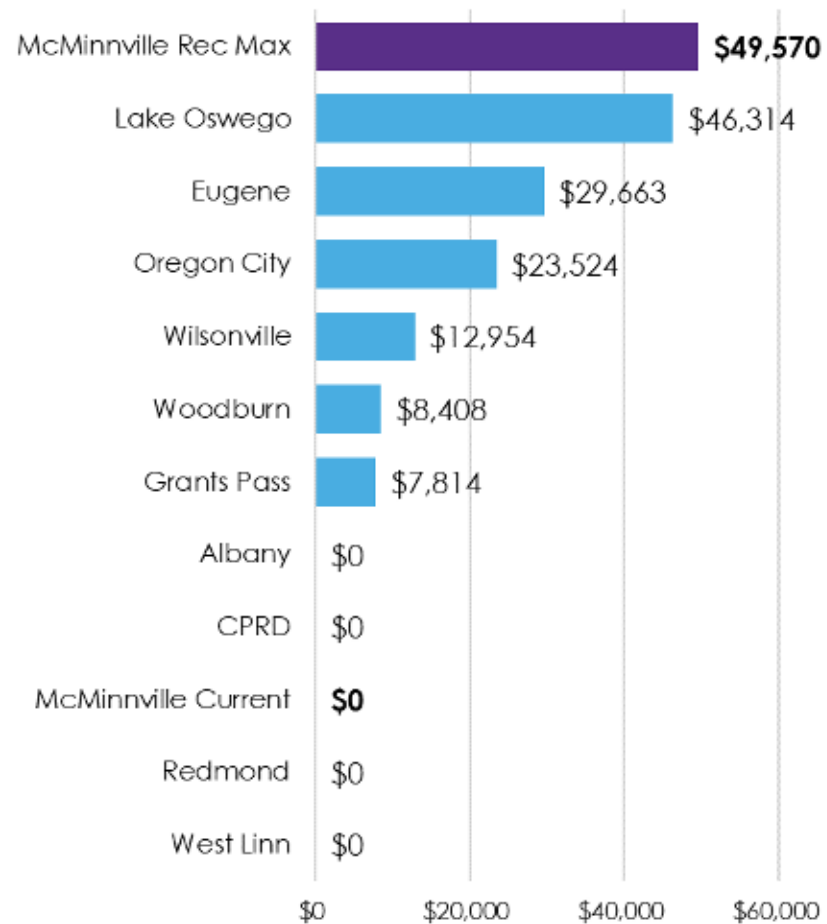


### Retail

**4,000 square feet of industrial space**

**24 parking spaces**  
(Grants Pass charges by parking spaces)

**470 square feet per employee**  
(Woodburn, Oregon City and Lake Oswego charge based on Metro Employment Density data)



### Office

**17,000 square feet of warehousing space**

**85 parking spaces**  
(Grants Pass charges by parking spaces)

**370 square feet per employee**  
(Woodburn, Oregon City and Lake Oswego charge based on Metro Employment Density data)

# Revenue Forecast

## Historic and Forecasted Park SDC Revenue

<b>Year</b>	<b>Park SDC Receipts</b>
2015	\$379,546
2016	\$301,180
2017	\$129,198
2018	\$204,412
2019	\$690,880
2020	\$620,594
2021	\$261,277
2022	\$401,250
<b>2015-2022</b>	<b>\$2,988,337</b>
<b>2022-2041</b>	<b>\$73,036,048</b>

Total park SDC receipts between 2015 and 2022 are nearly \$3.0 million.

Annual receipts average nearly \$373,500.

Forecasted park SDC revenues, based on the maximum allowable rates between 2023 and 2041 are \$73.0 million.

Forecasted annual receipts average \$3.8 million.



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# SDC Option: Residential Only

## Residential Only SDC Fee Calculations

1. Exclude employment data, use population only for growth estimates
2. No equivalent population analysis is required, use population growth estimates alone
3. Remove equivalent population per square foot for nonresidential development
4. Recalculate fees to develop alternative maximum allowable park SDCs

# SDC Option: Residential and Nonresidential

## Maximum Residential Only SDC Fee Comparison

Type of Development	Park SDC (Residential Only)	Park SDC (Res and Nonres)	per Unit	\$ Difference	% Difference
<b>Residential</b>					
Less than 500 sq ft	\$7,233.09	<b>\$5,956.23</b>	dwelling unit	(\$1,276.86)	82%
500 to 999 sq ft	\$11,444.86	<b>\$9,424.49</b>	dwelling unit	(\$2,020.36)	82%
1,000 to 1,999 sq ft	\$14,979.43	<b>\$12,335.11</b>	dwelling unit	(\$2,644.33)	82%
2,000 or more sq ft	\$17,038.17	<b>\$14,030.41</b>	dwelling unit	(\$3,007.75)	82%
<b>Nonresidential</b>					
Industrial/Manufacturing		<b>\$2.73</b>	square foot		
Warehousing		<b>\$0.77</b>	square foot		
Retail/Restaurant/Hospitality		<b>\$3.42</b>	square foot		
Office		<b>\$2.92</b>	square foot		



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- System Development Charge Overview
- Calculation of Park SDCs
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- **SDC Option: Unit type vs Unit Size**
  - » Maximum Allowable SDC Rate by Type
  - » Maximum Allowable SDC Rate by Size of Unit
- Next Steps and Q&A

# Maximum Allowable SDC Rate by Type

## Maximum Allowable SDC Rate by Type and Combined Nonresidential

Type of Development	Park SDC per Unit of Development
<b>Residential</b>	
Single-Family	\$12,935.72 dwelling unit
Multi-Family	\$10,724.62 dwelling unit
<b>Nonresidential</b>	
Nonresidential	\$2.27 square foot



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- Discussion and Q&A

# Discussion and Q&A

- Do you want to move forward with the non-residential park SDC?
- Do you support the tiered fee structure based on size of unit?
- Do you want to charge the maximum allowable SDC, or if not, what level of reduction would you support?
- Do you want to consider a phased implementation?  
(increase fees over a period of time to the maximum allowed)



November 14, 2023

# Questions?