



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



City Council Work Session

March 12, 2024



Agenda

- Updated Park SDC
- Level of Service Approach
- Phased Implementation
- Exemptions and Updates
- Next Steps and Q&A



Cost per Person and Park SDC Rates

Park System Development Charge per Unit of Development (p. 19)

Type of Development	Adjusted Cost per Person		Population per Occupied Unit	Park SDC per Unit
Residential				
Less than 500 sq ft	\$4,740.96	x	1.22 dwelling unit =	\$5,802.55
500 to 999 sq ft	\$4,740.96	x	1.94 dwelling unit =	\$9,181.32
1,000 to 1,999 sq ft	\$4,740.96	x	2.53 dwelling unit =	\$12,016.84
2,000 to 2,999 sq ft	\$4,740.96	x	2.80 dwelling unit =	\$13,272.08
3,000 to 3,999 sq ft	\$4,740.96	x	3.04 dwelling unit =	\$14,433.39
4,000 or more sq ft	\$4,740.96	x	3.16 dwelling unit =	\$14,958.79
Nonresidential				
Industrial/Manufacturing	\$4,740.96	x	0.0006 square foot =	\$2.66
Warehousing	\$4,740.96	x	0.0002 square foot =	\$0.75
Retail/Restaurant/Hospitality	\$4,740.96	x	0.0007 square foot =	\$3.33
Office	\$4,740.96	x	0.0006 square foot =	\$2.84

Sources: U.S. Census American Community Survey 5-Year Estimates for the City of McMinnville and the U.S. Census America 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.

Park SDC Rates

SDCs for Sample Developments

15 Single Family Homes



2,000-2,999 sq ft per unit
(2.8 persons per unit)

Estimated Persons Housed:
42

Current SDC per unit: **\$2,617**
Total SDCs (Current): **\$39,255**
Estimated Cost per Person:
\$935

Draft SDCs per unit: **\$13,272**
Total SDCs (Draft): **\$199,081**
Estimated Cost per Person:
\$4,741

Park SDC Rates

SDCs for Sample Developments

15 Multifamily Units



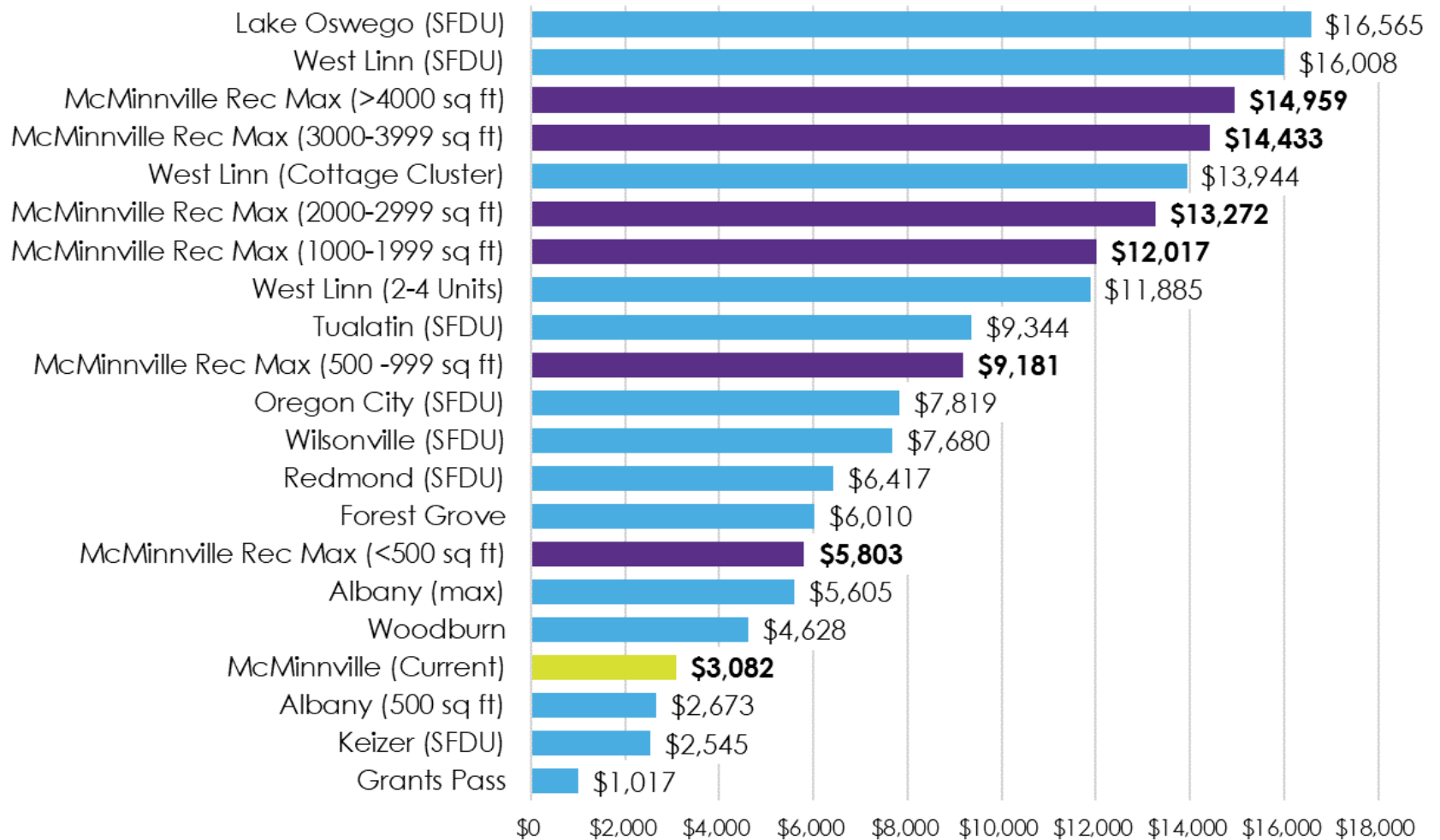
500 to 999 sq ft per unit
(1.9 persons per unit)
Estimated Persons Housed:
29

Current SDC per unit: **\$2,671**
Total SDCs (Current): **\$39,255**
Estimated Cost per Person:
\$1,351

Draft SDCs per unit: **\$9,181**
Total SDCs (Draft): **\$137,720**
Estimated Cost per Person:
\$4,741

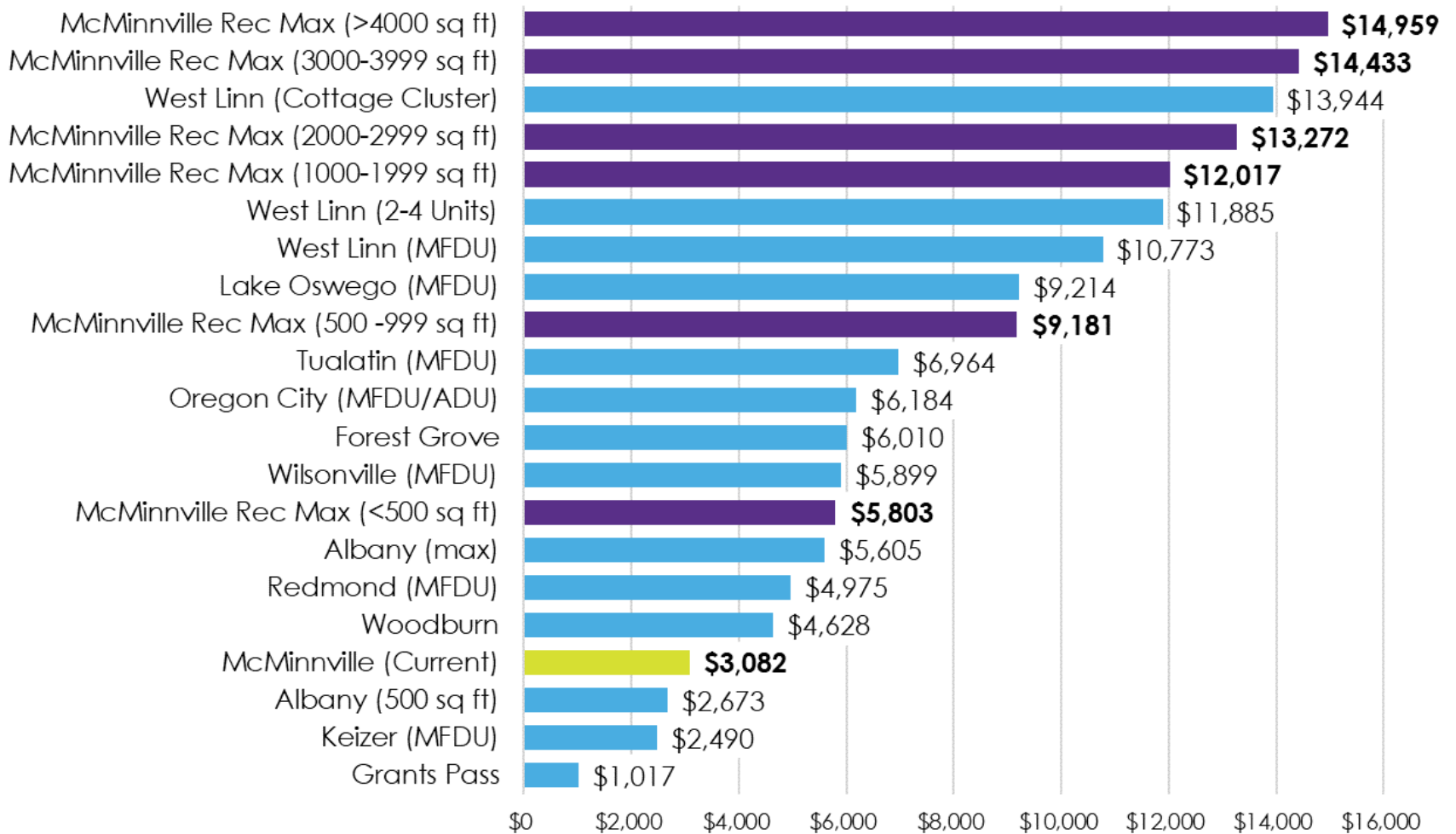
Rate Comparison

Single Family SDC Comparison by Selected Cities



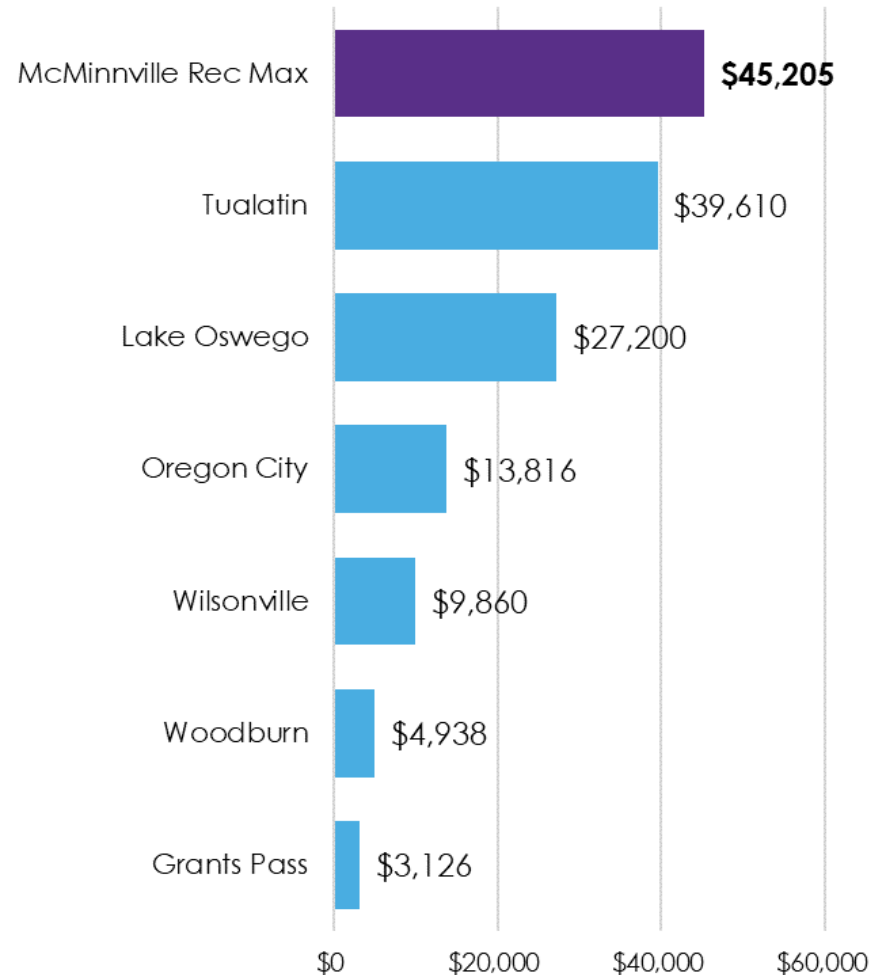
Rate Comparison

Multifamily SDC Comparison by Selected Cities



Rate Comparison

Industrial/Manufacturing SDC Comparison by Selected Cities



17,000 square feet of industrial space

34 parking spaces

(Grants Pass charges by parking spaces)

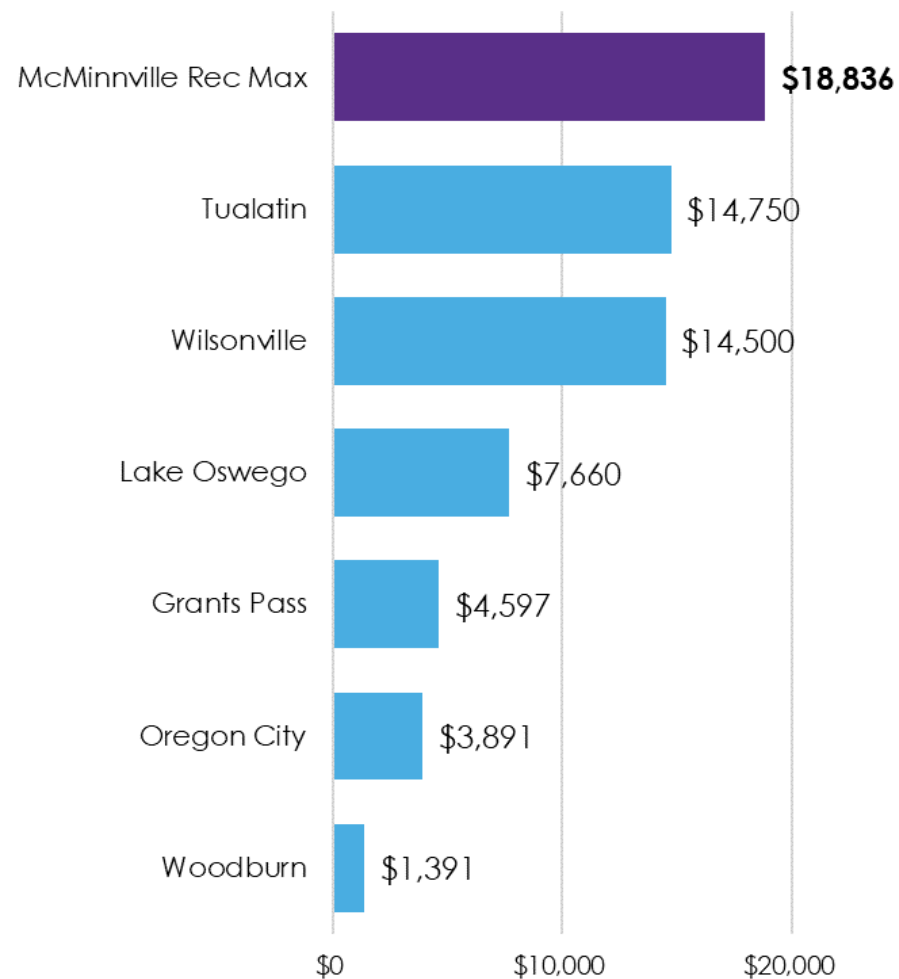
630 square feet per employee

(Woodburn, Oregon City and Lake Oswego charge based on Metro Employment Density data)

Excludes comparison cities that do not charge park SDCs to nonresidential development.

Rate Comparison

Warehousing SDC Comparison by Selected Cities



25,000 square feet of warehousing space

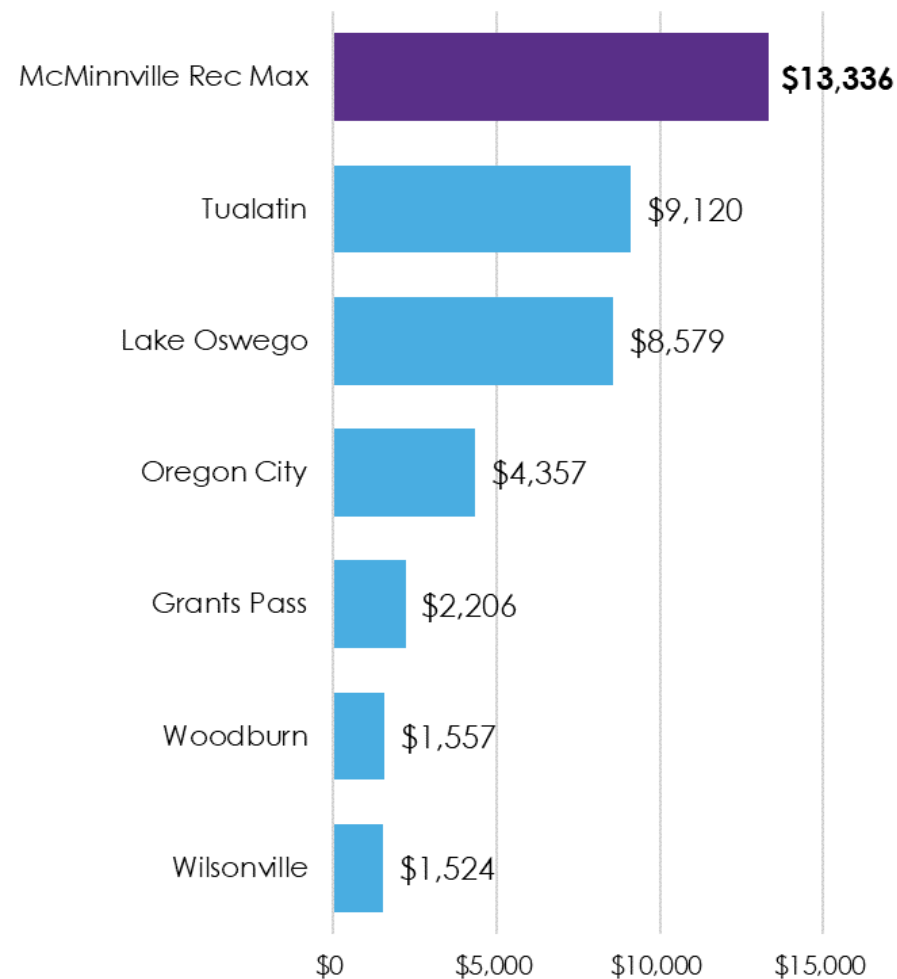
50 parking spaces
(Grants Pass charges by parking spaces)

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

Excludes comparison cities that do not charge park SDCs to nonresidential development.

Rate Comparison

Retail SDC Comparison by Selected Cities



4,000 square feet of industrial space

24 parking spaces

(Grants Pass charges by parking spaces)

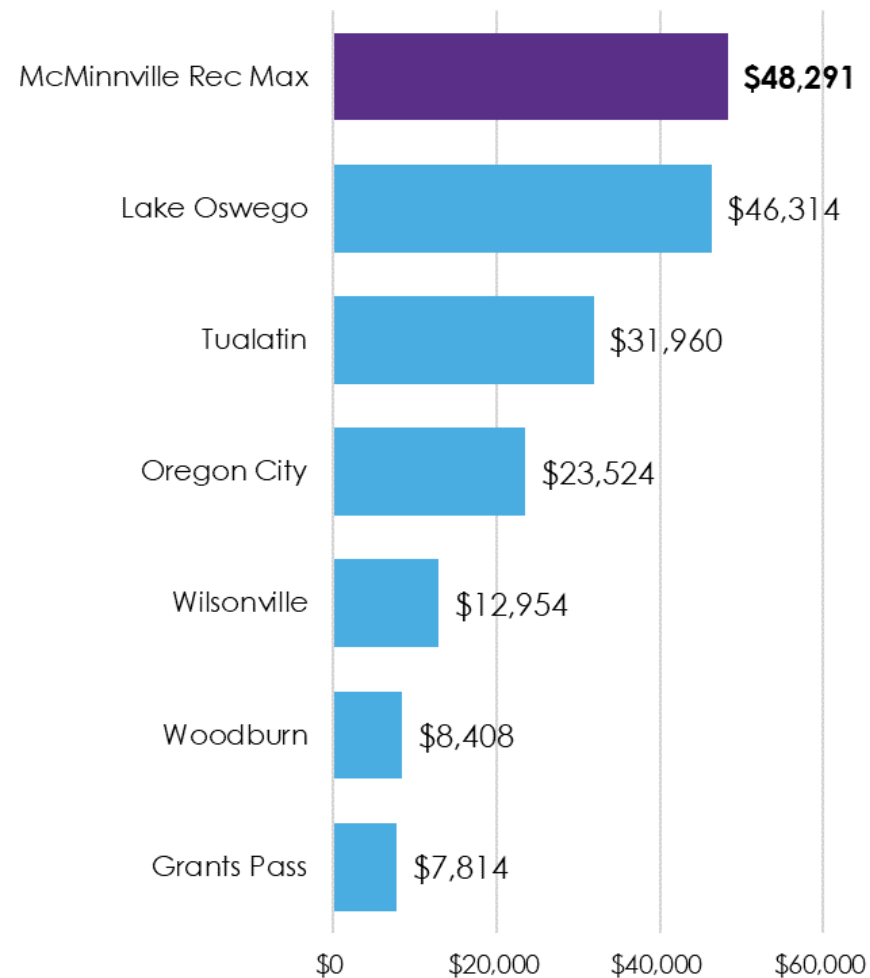
470 square feet per employee

(Woodburn, Oregon City and Lake Oswego charge based on Metro Employment Density data)

Excludes comparison cities that do not charge park SDCs to nonresidential development.

Rate Comparison

Office SDC Comparison by Selected Cities



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)

Excludes comparison cities that do not charge park SDCs to nonresidential development.

Revenue Forecast

Historic and Forecasted Park SDC Revenue

Year	Park SDC Receipts
2015	\$379,546
2016	\$301,180
2017	\$129,198
2018	\$204,412
2019	\$690,880
2020	\$620,594
2021	\$261,277
2022	\$401,250
2015-2022	\$2,988,337
2022-2041	\$71,151,596

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 \$71.1 million.

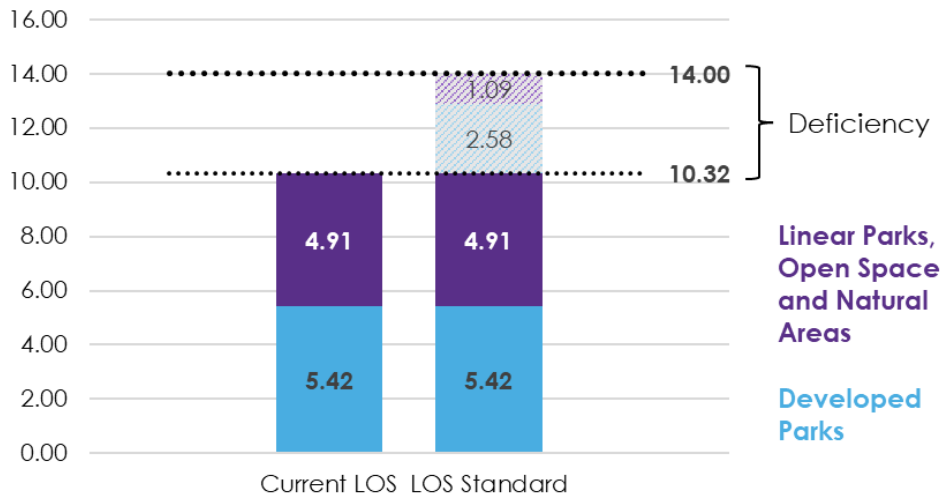
Forecasted annual receipts average \$3.7 million.

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Level of Service Approach

Current vs Level of Service Standards



- SDC Methodology cannot charge growth the value of the existing deficiency
 - » Methodology has to exclude the value of the existing deficiency
 - » Methodology would have to identify how the City will correct the existing deficiency
- Upon correction of the deficiency the SDC may charge at the Level of Service standard
- Identifying the existing deficiency may reduce flexibility in use of SDC funds

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Phased Implementation

Implementing rate increases through a phased approach is an option the City may consider.

Type of Development	Unit	Year 1 @ 33%	Year 2 @ 66%	Year 3 @100%
Residential				
Less than 500 sq ft	dwelling unit	\$1,934	\$3,868	\$5,803
500 to 999 sq ft	dwelling unit	\$3,060	\$6,121	\$9,181
1,000 to 1,999 sq ft	dwelling unit	\$4,006	\$8,011	\$12,017
2,000 to 2,999 sq ft	dwelling unit	\$4,424	\$8,848	\$13,272
3,000 to 3,999 sq ft	dwelling unit	\$4,811	\$9,622	\$14,433
4,000 or more sq ft	dwelling unit	\$4,986	\$9,973	\$14,959
Nonresidential				
Industrial/Manufacturing	square foot	\$0.89	\$1.77	\$2.66
Warehousing	square foot	\$0.25	\$0.50	\$0.75
Retail/Restaurant/Hospitality	square foot	\$1.11	\$2.22	\$3.33
Office	square foot	\$0.95	\$1.89	\$2.84
Revenue				
Estimated Annual SDCs		\$1,248,274	\$2,496,547	\$3,744,821
Estimated SDCs foregone (annual)		(\$2,496,547)	(\$1,248,274)	\$0
Estimated SDCs foregone (cumulative)		(\$2,496,547)	(\$3,744,821)	(\$3,744,821)

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Exemptions and Updates

Exemptions:

- Are not included in the methodology and SDC calculations
- Are included in the Municipal Code for System Development Charges
- Are a policy decision to serve public purposes
- Reduce potential SDC revenues, either by reducing or eliminating fees for selected types of development

Exemptions and Updates

SDC Update Best Practices

- ✓ Adopt process for annual inflation adjustments, so that SDCs keep pace with inflation in park capital costs
- Plan for SDC methodology updates:
 - » Review methodology with any update to the Parks, Recreation and Open Space Master Plan
 - » Review methodology with any major parks policy or planning changes
 - » Review methodology and rates with any significant changes to market
 - » At least every 3-5 years to ensure SDCs are in alignment with City parks policy and plans
 - » Include engagement process to adjust based on public feedback as needed

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Next Steps and Q&A

- Draft PROS Plan to DEIAC (March 21)
- City Council presentation on Draft PROS Plan (April 9)
- Public feedback
- Finalize PROS Plan and SDC Methodology

Q&A



Questions?