

ORDINANCE NO. 1805

(An ordinance adding Chapter 13.56 to the Hood River Municipal Code – providing for system development charges for the installation, construction and extension of capital improvements pertaining to transportation)

WHEREAS, ORS Chapter 223 authorizes cities to assess System Development Charges (SDCs) for transportation systems;

WHEREAS, the City of Hood River does not have SDCs in place for transportation systems;

WHEREAS, the City's transportation system is in need of certain capital improvements;

WHEREAS, the City's transportation system needs a source of funds to pay for the installation, construction, and extension of capital improvements for the transportation system, including associated administrative expenses for the construction, operation and administration of the transportation system;

WHEREAS, Economic & Financial Analysis has prepared a report (i.e., *City of Hood River Transportation Systems Development Charge, October 30, 2000*), which proposes a transportation SDC based on the needed capital improvements to the City's transportation system and the number of new vehicle trips that will use the improvements;

WHEREAS, the City Council has reviewed the report in a public hearing and wishes to adopt the report;

WHEREAS, this ordinance is necessary to implement the transportation SDC;

WHEREAS, an emergency exists because the City does not have funds for needed capital improvements to the transportation system, and new developments are being approved regularly;

NOW, THEREFORE, THE CITY OF HOOD RIVER ORDAINS AS FOLLOWS:

Chapter 13.56 is added to the Hood River Municipal Code:

CHAPTER 13.56 TRANSPORTATION SYSTEMS DEVELOPMENT CHARGES

13.56.010 Definitions.

“Capital improvement” means facilities or assets used for transportation, but does not include costs of the operation or routine maintenance of the capital improvements.

“City” means the City of Hood River.

“City Engineer” includes the city engineer or his designee.

“Council” means the Hood River City Council.

“Developer” means a person who applies for a permit.

“Development” means the construction of a building or other structure, making a physical change in the use or appearance of a structure or land, or creating or terminating a right of access.

“Improvement fee” means a fee for costs associated with capital improvements to be constructed.

“Parcel of land” means a lot, parcel, block or other tract of land that is occupied or may be occupied by a structure or structures or use, and includes the yards and other open spaces required under the zoning, subdivision or other development ordinances.

“Permit” includes: (1) a building permit; (2) a permit for development not requiring the issuance of a building permit, including a land use permit and conditional use permit; (3) a permit to access the city street system.

“Qualified public improvement” means a capital improvement that is required as a condition of development approval, identified in the plan adopted pursuant to this chapter, as the plan may hereafter be amended, and either (a) not located on or contiguous to property that is the subject of development approval; or (b) located in whole or in part on or contiguous to property that is the subject of development approval and required to be built larger or with greater capacity than is necessary for the particular development project to which the improvement fee is related.

“Reimbursement fee” means a fee for costs associated with capital improvements already constructed or under construction.

“System development charge” means a reimbursement fee, an improvement fee or a combination thereof assessed or collected at the time of increased usage of a capital improvement or issuance of a development permit, building permit or connection to the capital improvement. System development charge does not include any fees assessed or collected as part of a local improvement district or a charge in lieu of a local improvement district assessment, or the cost of complying with requirements or conditions imposed upon a land use decision, expedited land division or limited land use decision.

“Transportation system” means all facilities and improvements located within the public right of way designed or intended for the movement of pedestrians or motorized and non-motorized vehicles.

13.56.020 Purpose. System development charges are intended to create a source of funds to pay for the installation, construction and extension of capital improvements pursuant to ORS 223.297 - 223.314 and shall be collected at the time development increases the use of capital improvements and generates a further need for those facilities.

13.56.030 Scope. System development charges may include an improvement fee, reimbursement fee, or both an improvement and reimbursement fee. The system development charges imposed by this chapter are separate from and in addition to any tax, assessment, charge, or fee otherwise provided by law or imposed as a condition of development.

13.56.040 System Development Charge Imposed; Method for Establishment Created.

(1) Transportation systems development charges shall be established and may be revised by resolution of the council. The resolution shall set the amount of the charge, the type of permit to which the charge applies, the methodology used to set the amount of the charge and, if the charge applies to a geographic area smaller than the entire city, the geographic area subject to the charge.

(2) Transportation systems development charges shall be utilized for costs associated with capital improvements associated with development which increases the demand on the transportation system.

(3) Transportation systems development charges shall be paid prior to issuance of a permit for new construction, expansion, remodel or exterior alterations of any building or structure, change of use, or upon placement of any improvement, including mobile homes and trailers, which result in added trips as determined by the city engineer.

13.56.050 Methodology. (1) The methodology used to establish the reimbursement fee shall consider the cost of the existing facility or facilities, prior contributions by existing users, the value of unused capacity, rate-making principles employed to finance publicly owned capital

improvements and other relevant factors identified by the local government imposing the fee. The methodology shall promote the objective of future system users contributing no more than an equitable share to the cost of existing facilities.

(2) The methodology used to establish the improvement fee shall consider the cost of projected capital improvements needed to increase the capacity of the system to which the fee is related and other relevant factors identified by the council.

(3) The methodology used to establish the improvement fee or the reimbursement fee, or both, shall be adopted by resolution. The methodology for establishing such fees shall be available for public inspection.

(4) The city shall maintain a list of persons who have made written requests for notification prior to adoption or amendment of the methodology for the transportation systems development charge. Written notice shall be mailed to persons on the list at least 45 days prior to the first hearing to adopt or amend the system development charge, and the methodology supporting the adoption or amendment shall be available at least 30 days prior to the first hearing to adopt or amend. The failure of a person on the list to receive a notice that was mailed shall not invalidate the action of the city. The city may periodically delete names from the list, but at least 30 days prior to removing a name from the list, must notify the person whose name is to be deleted that a new written request for notification is required if the person wishes to remain on the notification list.

13.56.060 Authorized Expenditures. (1) Reimbursement fees shall be spent only on capital improvements associated with the systems for which the fees are assessed including expenditures relating to repayment of indebtedness.

(2) Improvement fees shall be spent only on capacity increasing capital improvements, including expenditures relating to repayment of debt for such improvements. An increase in system capacity may be established if a capital improvement increases the level of performance or service provided by existing facilities or provides new facilities. The portion of such improvements funded by improvement fees must be related to current or projected development.

(3) A capital improvement being funded wholly or in part from revenue derived from the improvement fee shall be included in the City of Hood River Transportation Systems Development Charge report adopted by the city pursuant to section .080 of this chapter.

(4) Notwithstanding subsections (1), (2) and (3) of this section, system development charge revenues may be expended on the direct costs of complying with the provisions of ORS Chapter 223 and this chapter, including the costs of developing system development charge methodologies and providing an annual accounting of system development charge expenditures.

13.56.070 Expenditure Restrictions. (1) System development charges shall not be expended for costs associated with the construction of administrative office facilities that are more than an incidental part of other capital improvements.

(2) System development charges shall not be expended for costs of the operation or routine maintenance of capital improvements.

13.56.080 Project Report. The Council shall adopt by resolution the City of Hood River Transportation Systems Development Charge report. This report:

(1) Lists the capital improvements that may be funded with improvement fee revenues; and

(2) Allocates capital improvements to existing and future developments based on the estimated number of new trips that the new development will generate. In adopting this plan the council may incorporate by reference all or a portion of any transportation systems plan, master plan, capital improvements plan or similar plan that contains the information required by this section. The city may modify this project plan at any time through the adoption of an appropriate resolution.

13.56.090 Collection of Charge. (1) The system development charge shall be due from the developer prior to the issuance of a permit.

(2) If development is commenced without an appropriate permit, the system development charge is immediately payable upon the earliest date that a permit was required.

13.56.100 Installment Payment. (1) When a system development charge is due and payable, the developer may apply for payment in twenty (20) semi-annual installments, secured by a lien on the property upon which the development is to occur, to include interest on the unpaid balance pursuant to ORS Chapter 223.

(2) If the developer chooses to utilize the installment payment method, the developer shall waive all rights to contest the validity of the lien, except for the correction of computational errors.

(3) A developer requesting installment payments shall have the burden of demonstrating the developer's authority to assent to the imposition of a lien on the property and that the interest of the developer is adequate to secure payment of the lien.

(4) The lien shall be recorded in the Hood River County Real Property Records, shall be enforceable pursuant to ORS Chapter 223, and shall be superior to other liens as provided in ORS 223.230(3). Developer shall pay all recording fees.

13.56.110 Exemptions. (1) Structures and uses lawfully existing and established on or before the effective date of the resolution which sets the amount of the system development charge are exempt from the system development charge to the extent the structure and use are lawfully established and existing on that date.

(2) Additions to single-family dwellings that do not constitute the addition of a dwelling unit, as defined by the Hood River Municipal Code, are exempt from all portions of the system development charge.

13.56.120 Credits. (1) When a qualified public improvement is required as a condition of permit approval or issuance, a credit shall be given to the developer for the cost of the qualified public improvement following acceptance by the City of the improvement.

(2) Calculation of Credit. The credit for the cost of a qualified public improvement shall only be for the improvement fee charged for the type of improvement being constructed, and credit for qualified public improvements may be granted only for the cost of that portion of such improvement that exceeds the city's minimum standard facility size or capacity needed to serve the particular development project or property. The portion of transportation improvement that is excess to a development equals the ratio of expected number of trips in the proposed development divided by the trip capacity the improvement is designed to accommodate. The request for credit shall be filed in writing no later than 60 days after acceptance of the improvement by the City.

(3) Transferability of Credit. When the construction of a qualified public improvement gives rise to a credit amount greater than the improvement fee that would otherwise be levied against the project receiving development approval, the excess credit may only be applied against improvement fees that accrue as the result of subsequent development on the same parcel of land. Credits shall not be transferable from one type of system development charge to another.

(4) Credits shall be indivisible.

(5) Credits shall be used within two years from the date credit is given.

(6) Nothing in this title shall be construed to require the city to make a cash payment to a developer for any credit accrued.

13.56.130 Method for Obtaining Exemption and Credits. (1) A developer shall have the burden of proving, with verifiable data and documentation that an exemption or credit applies.

(2) Prior to qualifying for a credit, all systems development charges shall be paid in advance, prior to the issuance of a permit.

(3) The decision whether an exemption or credit applies shall be initially made by the city engineer. If a developer disagrees with the decision of the city engineer, the developer may file an appeal with the city manager, provided that it is filed within 10 days of the city engineer's decision.

(4) An appeal of the city manager's decision may be filed with the council, provided that it is filed within 30 days of the city manager's decision.

(5) An appeal fee set by council resolution shall be paid at the time that an appeal is filed.

13.56.140 Challenge to Expenditure of System Development Charge Revenues.

(1) Any citizen or other interested party may challenge an expenditure of system development charge revenues by the city.

(2) Such a challenge must be filed within two years of the expenditure of the systems development charges revenues.

(3) The challenge shall be made in writing and shall include the basis and background information upon which the challenger relies.

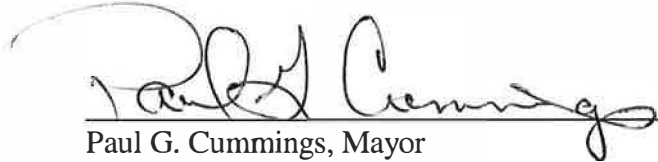
(4) The city manager shall respond to the challenge in writing within sixty days of the date the challenge is filed. If the challenger is not satisfied with the response of the city manager, an appeal may be filed with the council, provided that the appeal of the city manager's decision is filed with the council within sixty days of the date of the city manager's decision. The decision of the council may be reviewed only as provided in ORS 34.010 to 34.100.

(5) If the council determines that there has been an improper expenditure of system development charge revenues, the council shall direct that a sum equal to the improper expenditure be deposited within one year of the date of that determination to the account from which it was spent.

13.56.150 Segregation and Use of Revenue. (1) All funds derived from a particular type of system development charge are to be segregated by accounting practices from all other funds by the City. That portion of the system development charge calculated and collected on account of a specific facility system shall be used for no purpose other than those set forth in this title.


(2) The City Manager shall provide an annual accounting, based on the City's fiscal year, of system development charges showing the total amount of system development charge revenues collected for each type of charge and the projects funded from each account.

Read for the first time and second times and passed: October 30, 2000, to become effective immediately.



Paul G. Cummings, Mayor

ATTEST:



Anita R. Smith, City Recorder

**City of Hood River
Transportation Systems Development Charge**

October 30, 2000

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Background

In 1989 the Oregon Legislature amended Oregon Revised Statutes Chapter 223 (ORS 223) which authorizes cities to assess Systems Development Charges (SDC) on new real estate developments for water, wastewater, storm water, parks, and transportation. Except the 1997 Legislature, every Legislature since 1989 has amended this legislation.

The amended ORS defines the SDC as:

"(4)(a) . . . a reimbursement fee, an improvement fee or a combination thereof assessed or collected at the time of increased usage of a capital improvement or issuance of a development permit, building permit or connection to the capital improvement."

"(b) "Systems Development Charge" does not include any fees assessed or collected as part of a local improvement district assessment, or the cost of complying with requirements or conditions imposed upon a land use decision or limited land use decision."

The SDC may consist of a reimbursement fee, an improvement fee, or both.

The reimbursement fee is a capital charge for *existing excess capacity*. A reimbursement fee "...means a fee for costs associated with capital improvements already constructed or under construction." [ORS 223.314 (3)]. It represents the average cost of excess capacity in the transportation system. In rough terms, this fee equals the capital value of the transportation system divided by the physical capacity of the transportation system.

The improvement fee is a capital charge for needed *future capacity* that the City must build to meet future demands. The planned improvements must be on a list of capital improvements that the City Council adopts and which the City Council by resolution may modify over time. In rough terms, this fee equals the expected cost of capital improvements needed to meet forecast demands divided by the number of trips (per day or per peak hour) the planned improvements are designed to handle. Notice that this fee cannot include capital improvements that repair existing problems. And if a specific capital improvement both fixes an existing problem and adds capacity, then the cost and capacity of the project are prorated so that the improvement fee includes only the capacity increasing portion.

Also, the SDC statutes require the city to have a credit policy for the improvement fee (but not for the reimbursement fee). Usually, when a developer builds an improvement on the list of capital improvements used to create the improvement fee, then the city must credit the developer for the cost of making the improvement. The credit reduces the amount of the improvement fee owing on the development.

To qualify for a credit, a capital improvement must meet three conditions:

First, the improvement must be on the list of capital improvements. If a project proposed for credit by a developer is not on the list then the project does NOT qualify for a credit. The City Council may amend the list of capital improvements by resolution.

Second, the city must require the public improvement to be built as a condition of development approval. That is, the city must specifically state to the developer (preferably in writing) that unless the developer builds the improvement, the city will deny the proposed development permits to build.

Third, the public improvement (or portions of it) must either be off-site of the proposed development, or on-site but with excess capacity.

The City can use the SDC revenues only for capital improvements. The revenue from the reimbursement fee may be used on any transportation-related capital improvement, including replacing existing capital. The statutes restrict the City's use of revenue from the improvement fee to those improvements on the capital improvement's list. The City cannot use improvement-fee revenue simply to replace existing facilities such as a roadway.

In the following analysis we develop the methodology for the transportation improvement fee and present the list of capital improvements that becomes the basis of charging the improvement fee and for spending improvement-fee revenues. In addition we develop and recommend a credit policy.

Improvement Fee

The basis for the transportation improvement fee is the list of capital improvements to be built to meet growth, and the number of new trips that will use the improvements. Table 1 shows the list of capital improvements, the allocation of each capital improvement to existing and future developments, and the improvement fee per trip per project. The allocation of cost to current and future trips is based on surrounding land uses and quality of the existing roadway. For those projects that repair an existing problem, zero percent of the cost is allocated to future development. For projects that will be built only if development occurs, 100 percent of the cost is allocated to future development. Projects between zero and 100 percent are based on the ratio of surrounding development and vacant usable land. Projects that show zero benefit to current and future development were excluded because they are either a low priority or benefit only very localized areas.

The improvement fee per trip equals the growth related costs divided by the number of new trips shown in Table 2. The number of trips was estimated from the City's transportation plan and from a separate consultant contract to forecast trip generation by land use.

Table 1: List of Capital Improvements

No.	Project Name	1999 Dollars	2000 Dollars	% Existing	% Growth	Growth-Related Costs	SDC Improvement Fee/Project
			1.03				
T 1	Multi-Modal Transit Center	\$ 450,000	\$ 463,500	34%	66%	\$ 305,236	\$ 6.81
T 2	Bus Route System	200,000	206,000	34%	66%	\$ 135,660	\$ 3.03
T 3	Park-and-Ride facility @Hwy 35 & HCRH)	60,000	61,800	34%	66%	\$ 40,698	\$ 0.91
T 4	4 Passenger Shelters	3,000	3,090	34%	66%	\$ 2,035	\$ 0.05
T 5	Transit kiosks & marketing program	40,000	41,200	34%	66%	\$ 27,132	\$ 0.61
T 6	Transit phone system upgrade	10,000	10,300	34%	66%	\$ 6,783	\$ 0.15
T 7	Maintenance & parking shelter for 10 buses	300,000	309,000	34%	66%	\$ 203,490	\$ 4.54
T 8	Vehicle replacement, Annual	90,000	92,700	34%	66%	\$ 61,047	\$ 1.36
	Total Transit Projects	\$ 1,153,000	\$ 1,187,590	\$ 3	\$ 1,187,587	\$ 782,081.67	\$ 17.45
V 1	City of Hood River & UGA		0				
V 2	12th & Pacific	\$ 400,000	\$ 412,000	25%	75%	\$ 309,000	\$ 6.90
V 3	Cascade Avenue & Rand Road		350,000	25%	75%	\$ 262,500	\$ 5.86
V 4	13th Street	25,000	25,750	0%	0%	\$ 0	\$ 0.00
V 5	Front Street @ State	1,000	1,030	50%	50%	\$ 515	\$ 0.01
V 6	OR 35 South of I84 & OR 35 @US 30	50,000	51,500	25%	75%	\$ 38,625	\$ 0.86
V 7	Eugene Street	100,000	103,000	0%	0%	\$ 0	\$ 0.00
V 8	Historic Columbia River Highway	50,000	51,500	0%	0%	\$ 0	\$ 0.00
V 9	12th & 13th	500,000	515,000	0%	0%	\$ 0	\$ 0.00
V 10	13th & Oak	100,000	103,000	60%	40%	\$ 41,200	\$ 0.92
V 11	12th, 13th & May	200,000	206,000	60%	40%	\$ 82,400	\$ 1.84
V 12	I 84 & OR 35	300,000	309,000	60%	40%	\$ 123,600	\$ 2.76
V 13	Substandard Streets	6,471,610	6,665,758	0%	0%	\$ 0	\$ 0.00
V 14	13th & Oak Avenue	25,000	25,750	0%	0%	\$ 0	\$ 0.00
V 15	Street Classification		0	0%	0%	\$ 0	\$ 0.00
V 16	Improve Rand Road	2,500,000	2,575,000	0%	0%	\$ 0	\$ 0.00
V 17	20th & Cascade Avenue	400,000	412,000	60%	40%	\$ 164,800	\$ 3.68
V 18	OR 35 South of I 84	500,000	515,000	80%	20%	\$ 103,000	\$ 2.30
V 19	OR 35 @ US 30	75,000	77,250	80%	20%	\$ 15,450	\$ 0.34
V 20	Fairview Drive and US 30	2,400,000	2,472,000	20%	80%	\$ 1,977,600	\$ 44.14
V 21	Extension of Sherman Avenue	2,000,000	2,060,000	100%	0%	\$ 0	\$ 0.00
V 22	18th & May	20,000	20,600	0%	0%	\$ 0	\$ 0.00
V 23		4,000	4,120	0%	0%	\$ 0	\$ 0.00
	Safety study of free right turn stop signs						
V 24	Historic Columbia River Highway Interpretive Sites	130,000	133,900	0%	0%	\$ 0	\$ 0.00
	Total Vehicle Projects	\$ 16,251,610	\$ 17,089,158	\$ 6	\$ 6	\$ 3,118,690	\$ 69.60
	Total All Projects	\$ 17,404,610	\$ 18,276,748	\$ 9	\$ 1,187,593	\$ 3,900,772	\$ 87.06
	SDC/trip--Vehicle Projects	\$ 69.60					
	SDC/trip--Transit Projects	\$ 17.45					
	SDC/Trip	\$ 87.06					

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Table 2: Current and Future Total Trip Ends

	Population	Percent	Trips
1999	6,783	34%	23,232
2015	19,865	100%	68,039
Growth	13,082	66%	44,807

The improvement fee can be designed to recover both the transit and the roadway project costs allocated to future development. Since the City does not have a transit system of its own, we recommend using only the roadway projects. That produces a trip rate of \$69.60 per new trip.

Implementation

The traffic data are based on equivalent length new daily trips (ELNDT) that accounts for trip length and linked trips. Some trips are single purpose trips that go only from origin to final destination, such as from home to work, or work to home. Other trips, most trips, are linked or combined trips that involve multiple destinations (home to gas station to laundry to shopping to home).

These adjustments are made in the Appendix Table A to show how the trip rate of \$69.60 is applied to a range of land uses. For example, single family houses produce 9.57 trips per day, therefore, the TSDC for a new house is \$666.07 ($\69.60×9.57 trips). A service station generates about 168 trips per fueling station per day, however, the trip to the service station is short because it is part of a linked trip so it is reduced to 7 percent for trip length and another 77 percent because it is linked. The resulting TSDC per fueling station is therefore \$632.34 per fueling station ($168.56 \text{ trips} \times \$69.60 \times .07 \times .77$). The appendix table should provide the TSDC calculations for over 90 percent of the applications the City will receive from future developments. Those not covered by this table will have to use the ITE manual, 6th Edition as a guide to determining an appropriate TSDC.

If in applying the TSDC, no directly comparable use exists in either Appendix Table A or the ITE manual, the City shall follow one of the following procedures.

1. Select a use from either Appendix Table A or the ITE manual that approximates the number of trips per day the proposed use likely will generate, and use this as a surrogate measure of trips upon which to calculate the TSDC. If the applicant will not accept this calculation, then,
2. The City shall assess an SDC immediately that equals 50 percent of the SDC calculated in procedure 1, above, and require the applicant to install a traffic counter at the driveways to the development a suitable number of months after the development has been completed and is in full use. The City will then use the data collected from the traffic counter(s) to assess the total SDC owing less the amount paid.

The TSDC will be triggered by a building or other land development permit. Permit applicants who are re-developing land that has been in urban use will get credit against the current TSDC for the number of trips the prior use generated. The prior use has to be the last known use of the land. For example, if an applicant wants to convert a house that was built as a single-family residence and later converted to a 4-plex as its last known use, to an office building, the TSDC would be calculated as follows:

TSDC credit for 4-Plex (notice the credit is based on the last known use):

$$4 \times \$447.60 = \$1,790.40$$

TSDC for the proposed 5,000 square foot office building

$$5 \times \$498.09 = \$2,490.45$$

Net TSDC owing on the proposed use:

$$\$2,490.45 - \$1,790.40 = \$700.05$$

It shall be incumbent upon the applicant to provide verifiable data on the last land use upon which the prior-use credit is to be based, and any supporting data for the credit. For example, if the credit is to be based on a use that went out of business due to a fire that left the lot vacant, the applicant would have to find information that verified the size of the destroyed building (or such other measure appropriate to the TSDC to calculate the credit). The use to be credited has to have been an urban use. For example, if the only prior use was the site of a dairy barn, the barn would not qualify as an urban use, and no credit would be owing. All primary agricultural and mining uses are excluded for the purposes of calculating this prior-use credit.

The City should adjust the TSDC annually by the rate of inflation in construction costs. The periodical *ENR* (formerly, Engineering News Record) published by McGraw Hill, Inc. contains a construction cost index (CCI) applicable to public works projects. McGraw Hill, Inc. statistically reports inflation in the construction industry and published the results in their periodical. The City should use the *ENR*'s CCI to annually adjust the TSDC. EFA recommends this adjustment be made effective in November each year to avoid increasing rates during the construction season.

Credit Policy

Oregon's SDC law allows for a range of credits for developer-contributions. Whenever an applicant for a development or building permit offers to build a roadway improvement on the capital improvements list, the City must provide a credit for the value of the improvement. For example, if a developer builds a roadway improvement identified in the Plan, then the developer would be given credit against the TSDC that otherwise would be owing on the proposed development. The credit may not exceed the value of the TSDC improvement fee. No credit may be given for the reimbursement portion of the TSDC. However, since the proposed Transportation SDC is only an improvement fee, potentially 100 percent of the SDC may be credited under certain circumstances.

ORS 223.304 (3) and (4) define credits. A credit is owing when the developer builds a "qualified public improvements" (QPI). A QPI is a project that is (a) on the transportation capital improvements list, (b) required as a condition of development approval, and either (c) off-site of the proposed development, or (d) on-site but required to be built larger than would satisfy the transportation needs of just the proposed development (excess capacity).

The value of the credit is equal to (a) the cost of that portion of the improvement that exceeds the minimum standard facility size or capacity needed by the development, and (b) no more than the amount of the improvement fee. The portion of transportation improvement that would be excess to a development would equal the ratio of expected number of trips in the proposed development divided by the trip capacity of the roadway is designed to accommodate. For example, if a 50-unit single-family development proposes to build the Cascade Avenue & Rand Road at an estimated cost of \$262,500, the excess capacity would be calculated as follows:

- _ Determine the proposed development's population:
 $479 \text{ trips} = 50 \text{ housing units} \times 9.57 \text{ trips/day/housing unit}$
- _ Determine population design capacity of the roadway
 $44,906 \text{ trips} = 66 \text{ percent of the trips are allocable to the roadway for future development and the system will carry } 68,039 \text{ trips per day}$
- _ Determine the excess capacity as the ratio of the difference between the roadway's capacity (44,906) and the development's trips (479 population),
 $99 \text{ percent} = (44,906 - 479) / 44,906$

Therefore, 99 percent of the cost of the roadway improvement is the value of the credit. Therefore the developer would get a credit worth \$259,875 (99 percent of the cost). The credit would apply against the TSDCs owing, \$33,304 (50 housing units x \$666.07/housing unit). The credit is worth more than the TSDCs owing. This is defined as the excess credit.

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In this circumstance, the state statute allows that “When the construction of a qualified public improvement gives rise to a credit amount greater than the improvement fee” then the City may (but it does not have to provide for any of these credits) apply the remaining excess credit against subsequent phases of the original development.

For example, assume that the proposed 50-unit development is phase 1 of a two-phase project, and that the second phase will consist of another 50 housing units. The SDC owing on the 50 housing units would be \$33,304. The excess credits from phase 1 would fully offset the SDCs owing on phase 2, so the developer would not pay any SDC on either phase of the development.

It is recommended that the City allow this transfer of excess credits. The transfer stays with the original developer (unless he or she sells it to another) and with the same parcel of land. Further, it is recommended that the excess credit be valued in current dollars, which means that the excess credit’s value would escalate with the SDC. Each year, the City would increase the SDC by the rates of inflation, and it is recommended that the excess credits also increase by the same percentage. This policy will keep the developer’s excess credits growing with inflation.

Notice that an excess credit still exists even after phase 2 of the above development -- a value of \$193,265. Normally, the developer could not use that excess credit, because the law does not require the City to extend credits beyond a development; however, the statute goes on to “...not prohibit a unit of government from providing a greater credit, or from establishing a system providing for the transferability of credits, or from providing credit for a capital improvement not identified in the plan adopted pursuant to ORS 223.309.”

Notwithstanding the ambiguities in this language, it is recommended that the first and third provisions “providing a greater credit” and “providing credits for a capital improvement not identified in the plan” should not be adopted. These provisions defeat the purpose of developing a sound plan and taking the necessary steps to fund it.

The middle provision, a system of transferability of [excess] credits, has merit if the City wants to encourage developers to build the roadways on the capital improvements list. This provision implies that the City may allow the excess credits to be transferred from the original developer and from the original parcel of land being developed to other developers of other parcels of land.

The only difference between transferability between phases and this broader transferability is that the transfer goes to another developer and to another parcel of land. Over time these transfers can create several administrative problems because the City will have to create a record-keeping system and some form of written credit report that one developer can sell to another. A few of the most significant potential problems are: forgery of the credit report, loss of the report, subdivision and resale of the original excess credit, valuation of the aged credits, and record keeping. Quite clearly, this administrative record keeping becomes more complicated (a) as time passes between issuing and using the excess credit, and (b) as the excess credit is divided and resold to other developers.

The state statute must have anticipated some of these difficulties by allowing that “Credits shall be used in the time specified in the ordinance but not later than 10 years from the date the credit is given (ORS 223.304(4)(c).” Because of the potential problems with transferring excess credits, and to

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simplify and eliminate potential problems, it is recommended that (a) excess credits be transferable only in exceptional cases, so that the City Council explicitly considers each request for these transfers, (b) excess credit transfers must be collected within 5 years, (c) the excess credits can be transferred a maximum of once, and (d) the excess credits would be indivisible. These conditions would constitute the system of transferability referred to in the state statutes and limit their use to a few specific cases. This 5-year collection period also would apply to the transfer between phases of the same project.

Appendix Table A

Land Use	Notes	ITE Land Use Code	Average Weekday ITE Trip Rate	Unit(*)	Equivalent Length New Daily Trip (ELNDT) Adjustment Factors			TSDC Improvement Fee
					Trip Length	Linked Trip	# Units	
RESIDENTIAL								
Single Family		210	9.57	Dwelling Unit	1	1	1	\$666.07
Multi-Family		220	6.63	Dwelling Unit	0.97	1	1	\$447.60
Low Rise Apartments (1-2 Floors)		221	6.59	Occupied Dwelling	0.97	1	1	\$444.90
High Rise Apartments (10+ Floors)		222	4.20	Dwelling Unit	0.97	1	1	\$283.55
Residential Condominium (Rental Townhouse)		230	5.86	Dwelling Unit	0.97	1	1	\$395.62
Mobile Home Park		240	4.81	Occupied Dwelling Unit	0.97	1	1	\$324.73
Retirement Community	1	250	2.76	Occupied Dwelling Unit	0.97	1	1	\$186.33
Elderly Housing-Detached	1, 7	251	4.28	Occupied Dwelling Unit	0.97	1	1	\$288.95
Congregate Care Facility	1	252	2.15	Occupied Dwelling Unit	0.97	1	1	\$145.15
Elderly Housing-Attached	1, 7	253	2.51	Occupied Dwelling Unit	0.97	1	1	\$169.46
Recreational Home	1	260	3.16	Dwelling Unit	1	1	1	\$219.94
Recreational PUD		270	7.50	Dwelling Unit	1	1	1	\$522.00
INSTITUTIONAL								
Truck Terminals	1	30	9.85	1,000 sf GFA	1	1	1	\$685.56
Bus Depot	5		25.00	1000 sf GFA	1	1	1	\$1,740.00
City Park	1	411	1.59	Acre	0.9	1	1	\$99.60
County Park	1	412	2.28	Acre	0.9	1	1	\$142.82
State Park	2	413	0.65	Acre	0.9	1	1	\$40.72
Waterslide Park	1	414	1.67	Acre	0.9	1	1	\$104.61
Beach Park	2	415	29.81	Acre	0.9	1	1	\$1,867.30
Campground/Recreational Vehicle Park	1	416	74.38	Acre	0.9	1	1	\$4,659.16
Regional Park	1	417	4.57	Acre	0.9	1	1	\$286.26
Marina	1	420	20.93	Acre	0.9	1	1	\$1,311.06

Land Use	Notes	ITE Land Use Code	Average Weekday ITE Trip Rate	Unit(*)	Equivalent Length New Daily Trip (ELNDT) Adjustment Factors			TSDC
					Trip Length	Linked Trip	# Units	Improvement Fee
Neighborhood (undeveloped) Park	5		5.00	Acre	0.9	1	1	\$313.20
Amusement (Theme) Park	5		80.00	Acre	0.9	1	1	\$5,011.20
Golf Course	2	430	5.04	Acre	0.91	1	1	\$319.21
Multi-Purpose Recreational Facility	1	435	90.38	Acre	0.9	1	1	\$5,661.40
Movie Theater	1	443	1.76	Seats	0.46	1	1	\$56.35
Casino/Video Lottery Establishment	2	473	13.43	1,000 sf GFA	1	1	1	\$934.73
Tennis Club	1	491	16.26	Acre	0.51	1	1	\$577.16
Racquet Club	2	492	17.14	1,000 sf GFA	0.51	1	1	\$608.40
Racquetball	5		40.00	1,000 sf GFA	0.51	1	1	\$1,419.84
Military Base		501	1.78	Employee	1	1	1	\$123.89
Elementary School	2	520	12.03	1,000 sf GFA	1	1	1	\$837.29
Middle/Junior High School	2	522	11.92	1,000 sf GFA	1	1	1	\$829.63
High School	2	530	13.27	1,000 sf GFA	1	1	1	\$923.59
Junior/Community College	1, 3	540	19.36	1,000 sf GFA	1	1	1	\$1,347.46
Church	2	560	9.11	1,000 sf GFA	1	1	1	\$634.06
Day Care Center/Preschool	2	565	79.26	1,000 sf GFA	0.23	1	1	\$1,268.79
Prison	7	571	7.27	1,000 sf GFA	1	1	1	\$505.99
Library		590	54.00	1,000 sf GFA	0.49	1	1	\$1,841.62
Hospital		610	16.78	1,000 sf GFA	0.95	1	1	\$1,109.49
Nursing Home	6	620	4.00	1,000 sf GFA	0.95	1	1	\$264.48
BUSINESS & COMMERCIAL								
Hotel	1	310	8.92	Occupied Room	0.69	0.75	1	\$321.28
All Suite Hotel	1	311	6.24	Occupied Room	0.69	0.75	1	\$224.75
Business Hotel	1	312	7.27	Occupied Room	0.69	0.75	1	\$261.85
Motel	1	320	9.11	Occupied Room	0.69	0.75	1	\$328.12
Resort Hotel	1	330	9.73	Occupied Room	0.69	0.75	1	\$350.46
Building Materials/Lumber		812	39.71	1,000 sf GFA	0.49	0.75	1	\$1,015.70
Free-Standing Discount Superstore	1	813	46.96	1,000 sf GFA	0.49	0.75	1	\$1,201.14
Specialty Retail Center	2	814	40.67	1,000 sf GFA	0.49	0.75	1	\$1,040.26
Free-Standing Discount Stores		815	56.63	1,000 sf GFA	0.49	0.75	1	\$1,448.48

Land Use	Notes	ITE Land Use Code	Average Weekday ITE Trip Rate	Unit(*)	Equivalent Length New Daily Trip (ELNDT) Adjustment Factors			TSDC
					Trip Length	Linked Trip	# Units	Improvement Fee
Hardware/Paint Stores	1, 2	816	51.29	1,000 sf GFA	0.49	0.75	1	\$1,311.90
Nursery-Retail (Garden Center)	2	817	36.08	1,000 sf GFA	0.49	0.75	1	\$922.85
Nursery-Wholesale	7	818	29.90	1,000 sf GFA	0.49	0.75	1	\$764.78
Shopping Center		820	49.92	1,000 sf GFA	0.4	0.61	1	\$847.76
Factory Outlet Center	2	823	26.59	1,000 sf GFA	0.49	0.75	1	\$680.12
Quality Restaurant	2	831	89.95	1,000 sf GFA	0.19	0.75	1	\$892.12
High Turnover Sit-Down Restaurant	2	832	130.34	1,000 sf GFA	0.19	0.75	1	\$1,292.71
Fast Food Restaurant w/ Drive-Through	2	834	496.12	1,000 sf GFA	0.09	0.51	1	\$1,584.92
Quick Lubrication	1	837	40.00	Servicing Position	0.4	0.61	1	\$679.30
Auto Care Center	1, 7	840	15.86	1,000 sf GFA	0.4	0.61	1	\$269.34
New Car Sales	2	841	37.50	1,000 sf GFA	0.6	0.75	1	\$1,174.50
Auto Parts Sales		843	61.91	1,000 sf GFA	0.4	0.61	1	\$1,051.38
Gasoline/Service Station w/ Convenience	2	845	162.78	Fueling Position	0.07	0.77	1	\$610.66
Market								
Self-Service Car Wash	1	847	108.00	Wash Stall	0.07	0.77	1	\$405.16
Tire Store		848	24.87	1,000 sf GFA	0.4	0.61	1	\$422.35
Wholesale Tire Store	2	849	20.36	1,000 sf GFA	0.4	0.61	1	\$345.76
Supermarket	1, 2	850	111.51	1,000 sf GFA	0.14	0.46	1	\$499.81
Convenience Market	2	851	737.99	1,000 sf GFA	0.08	0.35	1	\$1,438.19
Discount Supermarket	1, 7	854	91.41	1,000 sf GFA	0.14	0.46	1	\$409.72
Wholesale Market	1	860	6.73	1,000 sf GFA	0.14	0.46	1	\$30.17
Discount Club	2	861	41.80	1,000 sf GFA	0.14	0.46	1	\$187.36
Home Improvement Superstore		862	35.05	1,000 sf GFA	0.49	0.75	1	\$896.51
Electronics Superstore	1, 2	863	45.05	1,000 sf GFA	0.49	0.75	1	\$1,152.29
Toy/Children's Superstore	1, 6	864	19.43	1,000 sf GFA	0.49	0.75	1	\$496.98
Apparel Store	1	870	66.40	1,000 sf GFA	0.49	0.75	1	\$1,698.38
Pharmacy/Drug Store		880	90.06	1,000 sf GFA	0.49	0.75	1	\$2,303.55
Furniture Store	2	890	5.06	1,000 sf GFA	0.49	0.75	1	\$129.42
Video Rental	6	896	186.80	1,000 sf GFA	0.14	0.46	1	\$837.28
Bank/Savings: Walk-in	1	911	156.48	1,000 sf GFA	0.17	0.75	1	\$1,388.60

Land Use	Notes	ITE Land Use Code	Average Weekday ITE Trip Rate	Unit(*)	Equivalent Length New Daily Trip (ELNDT) Adjustment Factors			TSDC
					Trip Length	Linked Trip	# Units	Improvement Fee
Bank/Savings: Drive-in	1	912	265.21	1,000 sf GFA	0.17	0.55	1	\$1,725.88
RV Park	8		4.00	space	1	1	1	\$278.40
OFFICE								
Clinic	1, 2	630	31.45	1,000 sf GFA	0.53	1	1	\$1,160.13
General Office		710	11.01	1,000 sf GFA	0.65	1	1	\$498.09
Corporate Headquarters		714	7.72	1,000 sf GFA	0.65	1	1	\$349.25
Single Tenant Office	1	715	11.54	1,000 sf GFA	0.65	1	1	\$522.07
Medical-Dental Office Building		720	36.13	1,000 sf GFA	0.53	1	1	\$1,332.76
Government Office Bldg.	1	730	68.93	1,000 sf GFA	0.96	1	1	\$4,605.63
State Motor Vehicles Dept	1	731	166.02	1,000 sf GFA	0.96	1	1	\$11,092.79
U.S. Post Office	2	732	108.19	1,000 sf GFA	0.96	1	1	\$7,228.82
Office Park		750	11.42	1,000 sf GFA	0.65	1	1	\$516.64
Research Center		760	8.11	1,000 sf GFA	0.67	1	1	\$378.19
Business Park		770	12.76	1,000 sf GFA	0.67	1	1	\$595.02
INDUSTRIAL								
General Light Industrial		110	6.97	1,000 sf GFA	1	1	1	\$485.11
General Light Industrial		110	51.80	Acre	1	1	1	\$3,605.28
General Heavy Industrial	1	120	1.50	1,000 sf GFA	1	1	1	\$104.40
General Heavy Industrial	1	120	6.75	Acres	1	1	1	\$469.80
Industrial Park	2	130	6.96	1,000 sf GFA	1	1	1	\$484.42
Manufacturing		140	3.82	1,000 sf GFA	1	1	1	\$265.87
Warehouse		150	4.96	1,000 sf GFA	1	1	1	\$345.22
Warehouse		150	57.23	Acre	1	1	1	\$3,983.21
Mini-Warehouse		151	2.50	1,000 sf GFA	0.47	1	1	\$81.78
Mini-Warehouse		151	0.28	Storage Unit	0.47	1	1	\$9.16
Mini-Warehouse		151	38.87	Acre	0.47	1	1	\$1,271.52
Utilities	1, 6	170	69.30	Acre	1	1	1	\$4,823.28

Land Use	Notes	ITE Land Use Code	Average Weekday ITE Trip Rate	Unit(*)	Equivalent Length New Daily Trip (ELNDT) Adjustment Factors			TSDC
					Trip Length	Linked Trip	# Units	Improvement Fee
PORT and TERMINAL								
Waterport/Marine Terminal		10	11.93	Acre	1	1	1	\$830.33
Commercial Airport	1	21	122.21	Commercial Flights	1	1	1	\$8,505.82
General Aviation Airport	2	22	5.01	Based Aircraft	1	1	1	\$348.70
Truck Terminal	1	30	81.90	Acre	1	1	1	\$5,700.24
Park and Ride Lot with Bus Service	1	90	372.32	Acre	1	1	1	\$25,913.47
Light Rail Transit Station w/ Parking	1	93	2.51	Parking Space	1	1	1	\$174.70

* Abbreviations include: GFA = Gross Floor Area and sf = square feet.

The ratio between GFA and gross leasable area (GLA), as cited for shopping center in ITE Trip Generation is 1.5 : 1.
The ITE Trip Generation rates are factored up by 14% to derive GFA weekday rates.

- Notes:
- (1) The ITE Trip Generation has less than 5 studies supporting this average rate. Applicants are strongly encouraged to conduct, at their own expense, independent trip generation studies in support of their application.
 - (2) The fitted relationship between the number of units and the average weekday trip generation as noted in ITE Trip Generation has a coefficient of correlation (R2) of less than 0.70. Applicants are strongly encouraged to conduct, at their own expense, independent trip generation studies in support of their application.
 - (3) The rate shown has been approximated from the published p.m. peak hour trip generation rate. Applicants are strongly encouraged to conduct, at their own expense, independent trip generation studies in support of their application.
 - (4) Average of elementary and high school trip generation rates.
 - (5) San Diego Traffic Generators, San Diego Association of Governments, March 1993.
 - (6) Estimated weekday traffic based on reported peak hour data (only).
 - (7) Estimated weekday traffic based on reported Saturday data (only).
 - (7) Oregon Department of Transportation.