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To: Celia Barry

Date: April 24, 2009

From: John Ghilarducci

RE: Transportation & Parks System Development Charge Study Status Report

Lane County contracted with the FCS GROUP project team in August 2008 to perform a transportation and parks system development charge (SDC) study. The County does not currently charge a transportation SDC; the existing parks SDC is \$404 per dwelling unit. System development charges are one-time fees paid by new development at the time of development, and are intended to represent a share of the system capacity needed to serve that new development.

The agreed-upon work plan for the study is summarized below. My comments about the status of each task are provided in boxed italics following each task description.

1. Collect and Review Data

- i. Provide a data needs list to the County. Meet with County staff to review initial data, discuss policy objectives, and kickoff the study. Collected data would include the County's information on other jurisdictions' SDC methodologies. Obtain preliminary direction on key policy questions.

We kicked off the study in October 2008, after furnishing a data needs list, and reviewed and discussed data sources at length at that meeting. We also discussed a number of key policy issues to address in the study, most notably the applicability of a reimbursement fee for the transportation SDC.

The reimbursement fee discussion led to some extra research and a follow-up meeting with County attorney Andy Clark to work through potential legal issues. At that meeting we agreed on a reimbursement fee cost basis that would include the cost of unused capacity in the County's road system that had been paid for by Federal timber and timber replacement receipts. County staff researched historical timber revenues for this purpose. That information, combined with information developed in a very thorough in-house analysis, will now be used to develop a transportation reimbursement fee.

2. Develop and Complete Technical Analyses

- i. Finalize SDC project lists. Using the Parks Master Plan, the Parks Inventory, the Capital Improvement Program, the Transportation System Plan, growth data, and County staff input, FCS GROUP and DKS Associates will finalize the lists of parks and transportation projects, respectively, and update costs to be used as the initial SDC improvement fee bases. The lists will include an estimate of the capacity-increasing portion of each project for inclusion in the improvement fee for each service.

Subconsultant DKS Associates has provided a draft transportation project list, with initial allocations of project costs to growth for inclusion in the transportation improvement fee. We only recently passed this list on to County staff for review.

FCS GROUP senior project manager Don Ganer is working with staff-provided parks project lists and other parks information to complete a preliminary master list of parks projects.

- ii. Estimate other key inputs. Refine growth estimates, and, in the case of parks, unit cost information to be used in estimating standards-based charges or supplemental projects intended to meet adopted parks standards.

We await population growth estimates. Population growth is a key factor in the calculation of the parks SDC. We understand that the County is close to finalizing its growth forecasts.

- iii. Set up a spreadsheet model (or models) for the SDC analyses, based on the preliminary policy direction from Task 1.

The spreadsheet models are set up and being utilized and updated as we receive and/or develop new information.

- iv. Meet with County staff to refine calculation inputs and discuss the impacts of policy direction.

This meeting may be combined with the meeting referenced in Task 2.vii..

- v. Calculate the reimbursement fees, as applicable, from information on the costs of existing infrastructure.

At the time of this briefing, we will likely have calculated a draft transportation reimbursement fee. The parks SDC will include only an improvement fee.

- vi. Calculate the improvement fees, again as applicable, from information on the costs of planned future facilities.

At the time of this briefing, we will likely have calculated a draft transportation improvement fee. We will calculate the parks improvement fee after resolving what population forecast assumptions to use.

- vii. Meet with County staff to review findings.

To occur in the coming weeks.

3. Documentation

- i. Prepare draft report describing policy recommendations, methodology, and results for review. The report will include guidelines for implementation and administration of the SDCs, including a strategy and process for future adjustments.
- ii. Provide final draft report integrating review comments.
- iii. Prepare draft ordinances reflecting the recommended fees and fee structures.
- iv. Provide final report after public process (Task 4).

4. Public Process

- i. Prepare for and meet up to four times with an advisory committee (or committees) of stakeholders to discuss the following topics:
 - Key SDC policy options and recommendations.
 - Analytical findings and results.
 - Implementation of recommended charges.
- ii. Prepare for and attend up to two meetings with the Board of Commissioners.

The May 6 meeting is the first of these two planned meetings.

Outstanding Issues for Consideration by the Board

There are a number of policy issues which will require the direction of the Board, either on May 6 or in the near future – with the likely availability of calculated fee alternatives.

Collaboration with Other Jurisdictions in the County. There are a number of options for how the transportation and parks SDC could be calculated and applied – in the “rural” County only, based on rural projects and forecasted rural growth; in the rural County and separately in the urban growth areas (UGAs) outside of cities; and in the rural County and separately in the urban growth boundaries (including within city boundaries as applicable). We understand that both Eugene and Springfield have permitting authority for their UGAs. Obviously, imposing a County charge in the UGAs and/or within city boundaries will require the cooperation of the cities for the simple reason that the County may not be able to collect the fee without an agreement with those cities. In any case, when calculating SDC alternatives, we take great care to ensure that the geographic area addressed by the project list (the numerator) is the same as the geographic area of the growth forecast (the denominator). This internal consistency is critical to developing an equitable fee structure.

Realistic Project List. The list of projects used to develop the SDC improvement fee should represent the list that would be accomplished if funding were not a constraint. In many cases, SDC funding may allow for projects that were partially funded to be constructed. Of course, the list of projects to be funded by SDCs will include many projects for which there will be an SDC-eligible portion and a non growth-related portion for which other funding will be necessary. The County should include projects on the list that it intends to construct during the planning period.

Population Forecasts. As stated previously, the population forecast is a critical input in the parks SDC calculation. It is important to note that the definition of a “conservative” assumption differs from a planning and a financial perspective. Planners use high growth estimates to be conservative and ensure planned facilities are sized sufficiently to meet growth needs. Meanwhile, financial analysts use low growth estimates to create conservative financial forecasts so that financial health can be sustained even in slow growth period.