

Sam  
Adams  
Commissioner

Susan D.  
Keil  
Director

Don  
Gardner  
Engineering &  
Development

Lavinia  
Gordon  
System  
Management

Suzanne  
Kahn &  
Eric  
Peterson  
Maintenance

John  
Rist  
Business  
Services

Paul  
Smith  
Planning

## System Development Charge (SDC) Questions From the Development Review Advisory Committee (DRAC)

### 1. What is the history of the Transportation SDC and how was it established?

The Oregon legislature created laws allowing System Development Charge programs in 1991 – see Oregon Revised Statutes 223.297 – 223-314. The stated purpose is to provide:

- a uniform framework for the imposition of SDC charges by local governments
- equitable funding for orderly growth and development in Oregon's communities
- that the charges may only be used for capital improvements

Portland established a Policy Advisory Committee (PAC) in 1996 to explore development of a Transportation SDC (TSDC) program with stakeholders representing large and small business associations, home builders, utilities, retailers, as well as housing and land-use advocates. The TSDC program was adopted by Council in July 1997 and became effective in October 1997. It is based on the idea that new development should contribute to funding capacity-increasing improvements across the City's multi-modal transportation system to support freight and vehicular movement, transit and bicycle and pedestrian facilities.

Key issues were geographic balance, affordable housing exemptions, cumulative City SDC charges on development, and discounts for Transit Oriented Development (TOD) to promote mixed-use, high-density development adjacent to frequent service transit.

### 2. Where are the SDC funds allocated, and are they discretionary (policy) or mandatory (Federal or State)?

The TSDC funds are allocated to specific projects through the City's annual budget process. (Under state law, these funds cannot be spent on maintenance, elimination of existing deficiencies, or acquisition of rolling stock, for example, streetcars.) To receive TSDC funding, a project must be on the Council adopted TSDC Capital Improvement Project List, which currently includes 43 projects across the City. About one-quarter of the projects' costs will be paid with TSDC revenues. Fully funding any project on the list requires the receipt of other local, state and federal matching funds.

### 3. How the SDC's are calculated for each development?

The TSDC rate is based on the amount of money needed over 10 years to help fund the 43 eligible projects and the projected amount of growth in households and employment over the next 10 years. To calculate the TSDC fee, the rate per trip is multiplied by the number of trips the proposed development will generate, based on nationally compiled statistics. The result is the fee schedule shown below.

**TSDC rates effective July 1, 2008 - June 30, 2009**

**Definitions:**

*GFA: Gross Floor Area*

*GLA: Gross Leasable Area*

*VFP: Vehicle Fueling Position*

<b>Type of Development</b>	<b>Unit of Measure</b>	<b>TSDC Per Unit</b>
<b>Residential</b>		
Single Family (1 to 3 units)	dwelling	\$2,180.00
Multiple Family (4 or more units)	dwelling	\$1,577.00
Senior Housing	dwelling	\$756.00
Accessory Dwelling Unit	dwelling	\$1,092.00
Rowhouse/Townhouse/Condo	dwelling	\$1,375.00
Nursing Home	bed	\$459.00
Congregate Care/Asst Living	dwelling	\$391.00
<b>Commercial - Services</b>		
Bank	sq ft/GFA	\$19.93
Day Care	student	\$193.00
Library	sq ft/GFA	\$6.73
Post Office	sq ft/GFA	\$13.48
Hotel/Motel	room	\$2,001.00
Service Station/Gasoline Sales	VFP	\$11,201.00
Movie Theater	screen	\$24,329.00
Carwash	wash stall	\$11,420.00
Health Club	sq ft/GFA	\$6.35
Marina	berth	\$570.00
<b>Commercial - Institutional</b>		

School, K-12	student	\$225.00
University/College	student	\$451.00
Church	sq ft/GFA	\$2.03
Hospital	sq ft/GFA	\$4.17
Park	acre	\$378.00
<b>Commercial - Restaurant</b>		
Restaurant	sq ft/GFA	\$15.13
Quick Service Restaurant (Drive-through)	sq ft/GFA	\$35.01
<b>Commercial - Retail</b>		
Miscellaneous Retail	sq ft/GLA	\$3.68
Shopping Center	sq ft/GLA	\$4.64
Supermarket	sq ft/GFA	\$11.03
Convenience Market	sq ft/GFA	\$39.37
Free Standing Discount Store	sq ft/GFA	\$7.05
Car Sales New/Used	sq ft/GFA	\$7.07
<b>Commercial - Office</b>		
Administrative Office	sq ft/GFA	\$2.80
Medical Office/Clinic	sq ft/GFA	\$7.38
<b>Industrial</b>		
Light Industrial/Manufacturing	sq ft/GFA	\$1.77
Warehousing/Storage	sq ft/GFA	\$1.26
Self Storage	sq ft/GFA	\$0.68
Truck Terminal	acre	\$23,148.00

#### **4. Who reviews the SDC's?**

The TSDC Operations Manager, Rich Eisenhauer, along with Finance staff and the Engineering and Development Manager provide internal oversight of the program. Citizen review has been provided by the Citizen's Advisory Committee (CAC) that was established in 2006 to review the program and make recommendations to Council for the 2007 TSDC program update. The CAC recommendations focused on the next 10-year TSDC project list, geographic and modal equity, the future of TOD discounts, and TSDC rates.

Beginning in January 2009, the City will undertake an annual review to determine the amount of TOD discount provided by district. In the fall of 2009, the City will undertake a review to determine the total TSDC's assessed and collected by transportation district and the total TSDC's expended and programmed by transportation district and project.

#### **5. How often are they updated, and what is the schedule?**

TSDC fees are adjusted annually based on the Oregon Composite Construction Cost Index. The TSDC rate study and methodology was established in 1997, and most recently updated in 2007. The next methodology review should be completed in 2017.

#### **6. How are the impacts of SDC funded projects measured?**

The effectiveness of the program can be measured by the number of TSDC eligible projects funded over 10 years, as well as the amount of other funds leveraged to construct these improvements. About 70% of TSDC eligible projects received funding in the first 10-years of the program. In 2006, an analysis showed that expending \$14 million on nine projects leveraged improvements valued at \$119 million. The completed projects include N Marine Drive, Lower Albina and N Lombard R/R Overcrossings, SE Water Avenue Extension, Central City Street Car, SE Tacoma Street, SE Foster Road Intersections, SW Capitol Highway, and the Steel Bridge Pedestrian Way.

#### **7. What is the feasibility of a one stop shop location to identify and calculate SDC's for a given project?**

A one-stop location currently exists for larger projects through the Major Projects Group and Process Management programs. Please contact Nora Mullane of the Bureau of Development Services at 503-823-4281. For smaller projects, Transportation staff is available through the 1900 Building Permit Center to review and estimate SDC charges for development proposals. PDOT staff is also available by phone at 503-823-7002. Contact information is also listed on both BDS and PDOT websites: <http://www.portlandonline.com/bds/index.cfm?c=34186> and <http://www.portlandonline.com/transportation/index.cfm?c=46210>.

#### **8. How does the bureau respond if SDC revenue drops sharply in a given year?**

The purpose of the Transportation SDC program is to meet the needs created by growth. If there is limited growth, the need for additional system capacity is also limited.

**9. How are items determined to be fees rather than SDC's?**

The TSDC is a one-time fee assessed to new development and changes in use to help pay for transportation improvements that will serve development.