

**Portland Parks and Recreation
Park System Development Charge Taskforce**

Meeting Summary

September 25, 2014

Attending:

Taskforce Members

Christe White, University of Portland
Debbie Aiona, League of Women Voters
Jim Sjulín, Community Member at Large
Justin Wood, Home Builders Association of Metropolitan Portland
Shawn Wood, Bureau of Planning and Sustainability
Nolan Lienhart, Community Member at Large
Raihana Ansary, Portland Business Alliance
Maryhelen Kincaid, Community Member at Large
Jill Sherman, Gerding Edlen

City Staff

Riley Whitcomb, Park SDC Program Manager
Maija Spencer, Park SDC Program Specialist
Todd Lofgren, Property and Business Development Manager

Consulting Team

Randy Young, Henderson, Young & Company
Kate Elliott, PRR

After an introduction of the Taskforce members, Randy Young provided a brief summary of topics covered in past Taskforce meetings and reviewed the agenda for this meeting. Randy reminded the Taskforce members that they would not make any specific recommendations at this meeting; recommendations will be reserved for the November or December meetings.

Cost per acre of park land and improvements used in calculating park SDCs

The Taskforce has been asked to review the previous methodology used to identify updates for System Development Charge program to maintain consistency with the requirements of Oregon law. Riley Whitcomb presented an overview of his research and analysis of updates to the portion of the 2008 methodology that uses the cost per acre of parkland to calculate SDCs. The proposed updates include:

1. Type of cost designation for trails. The City of Portland purchases trails by the mile, not by the acre as indicated in the 2008 methodology.
2. Dollar amount associated with the new designations. The 2008 update estimated the cost of land and improvements. The proposed update suggests averaging the cost of actual projects to determine the future cost of land and improvements.

Riley presented the list of improvement projects and the cost per acre associated with the land acquisition. The recent actual cost for each identified park was calculated using the actual cost of past projects. Riley noted that the calculations do not reflect inflation. Riley and Randy asked the group for their comments or questions:

- A Taskforce member asked Randy to confirm whether he considered that The Fields and other parks may have had varying funding sources at the time of purchase (e.g., donations) and whether the land costs vary or had been 'unfairly' marked up. He confirmed that The Fields may be exceptional in its funding sources at the time of purchase; however, it's only one on the list of many. Randy asked whether this case warrants addressing The Fields differently or if it is necessary to redefine the average cost of actual projects. Randy reminded the group that they are looking to define the average to apply across the board.
- One Taskforce member asked if the average could be based on the cost of the upcoming or future projects in the queue, rather than past projects that have old costs associated with them. Riley indicated that the list is diverse: For example, some are parks that are located downtown and have a higher cost per acre, while others are schools that would have low acquisition costs because the city already owns them. The idea is that the costs differ but ultimately average out under the new methodology. Riley agreed to provide the entire list of projects and associated costs so the Taskforce is able to review the spectrum of costs per acre.
- A few Taskforce members suggested that if the city did not have the funds, or was not funded by an SDC, the city would not purchase the land. Therefore, the SDC or other funds are needed to acquire land to fulfill the parks' needs. The question remains of where the land will come from.
 - One Taskforce member noted that the Director Park development, located in Downtown Portland, cost nearly 8 million dollars per acre, and another block (perhaps not in downtown) may have a lower cost. The member noted that if the city had not received a private donation, the city could not have developed the amenities provided in the park. The member questioned whether an SDC is needed as long as there are donation partnerships or other funding sources.
 - Another member responded that other funding sources vary tremendously and discussion occurring at the state level indicates that certain funds may not be available in the future. The member recommended that the Taskforce assume that those dollars will not be available moving forward. The member asked whether it is true that specific projects have a lower SDC rate. Both Randy and Riley indicated that some projects have a lower SDC rate, such as projects that have an Improvement Credit.

- A Taskforce member asked why the ‘Citywide list’ cost is less than non-central city costs, as indicated on slides 4 and 6. The Taskforce member expected it to be higher, somewhere between the cost of central city and non-central city. Randy said that he and Riley would take a closer look and find an explanation or further information.
- A Taskforce member asked if the issue is that the cost ends up being a function of the needs, which in turn establishes the SDC rate. Several members of the Taskforce expressed concern that the Taskforce is averaging the cost and may end up overestimating the SDC. One member asked to the average another step further to indicate, for example, in the past 10 years, 20 percent of Portland’s parks were not funded directly by the SDC. Randy confirmed that the methodology recognizes the full cost of the land, which the methodology uses to derive the SDC number. Randy noted that the costs of land do not depend on the source of the funding.
- A few Taskforce members noted that the last methodology update was completed in 2008 during the recession and asked whether the recession resulted in lower costs per acre. Riley confirmed that the actuals reflected in the presentation include some acquisition costs from the recession. For the sake of argument, the Taskforce concluded that even looking at the last 24 months would not provide a typical representation.
- A member asked if the Parks SDC made more money during the economic downturn because land was cheaper than estimated. Randy and Riley both noted that during the recession, the annual indexing of the SDCs caused Portland’s fees to go down for three consecutive years and then rose as the economy improved.

Randy concluded this portion of the agenda by noting that he will consider all of the questions that have been brought up and provide an update and responses at the next meeting. Maija Spencer reminded the Taskforce that the SDCs will be reviewed in five years.

Acres of park needed for levels of service

Randy provided a brief overview of material shared at the June 2013 meeting, which covered the number of acres of city-owned parkland compared to the level of service indicated by the Park SDC.

- Randy clarified that level of service (LOS) is a ratio of land to people and a recommended standard (e.g., 10 acres of parkland per 1,000 people).
- The SDC methodology uses the current ratio, rather than the Vision 2020 standard. The update is based on the 2010 inventory of parkland acreage and population, and forecasted population growth.
- With the updated LOS, the city should add 2,320 acres of parkland by 2035 to maintain the LOS.
- The universal reaction from the Taskforce to this information during a previous meeting was, “Does Portland have that much land in the city to acquire for parks?”

Randy then provided new information about the City of Portland’s current land stock.

- The city has 93,653 total acres of land.
- 86,967 acres are developed (including existing parks and all land with a zoned purpose).
- An estimated 6,686 acres is vacant land available for parks.

- If the city developed 2,320 acres as parks, then that would represent 35 percent of the current vacant land. Currently about 12 percent of all developed land is used for parks. To maintain parks' 12 percent share of this developed land ratio, the city would need to add 789 additional acres of parkland by 2035.

Randy mentioned some caveats with this methodology. For example, redevelopment of land can change the use and vacancy status, which in turn affects the developed land and the 12 percent ratio. He noted that the challenge with basing the LOS on acres per 1,000 people is that it is difficult to sustain this park development ratio in a highly developed city.

Randy invited the Taskforce to discuss the LOS methodology.

- The Taskforce discussed clarification of these data points:
 - One Taskforce member recommended that the group use new Oregon Metro population forecast data moving forward.
 - Randy clarified that all parcels being used as zoned for a use are considered “developed” for the purpose of this analysis of developed and vacant land.
 - A Taskforce member noted that Forest Park accounts for half of the parks inventory, which may skew the data because the intention is to have parks that are accessible to all residents and meet the needs of the growing population.
- The Taskforce agreed that the intention of the SDC is to maintain and build green space for health and equity. However, the current LOS is idyllic and does not address the cost to maintain the current system because the SDC does not cover maintenance.
- One Taskforce member noted that the vacant land available for new parks is often clustered in industrial areas. The member suggested that when developing land, developers should be required to set aside a certain measurable amount of land to build open space for that new development.

Randy noted that growth creates additional demand and encouraged the group to think about whether the current LOS addresses the growing demand.

Alternative level of service (LOS) methodology for park SDCs

Randy introduced a proposed alternative option to replace the 2008 LOS methodology.

- The proposed alternative identifies the *current* total dollar value of the entire parks system and divides the total by the population.
- The resulting number indicates the *investment per person in the city*.
- Randy walked the Taskforce through three examples of governments that use this method; including the City of Edmonds, WA; the City of Renton, WA; and Manatee County, FL.

Randy outlined the advantages of this alternative:

- Weighs improvements as important as land.
- Neither prohibits nor requires land acquisition.

- Provides flexibility for expenditures on future improvements.
- Is particularly suitable for cities with a limited inventory of vacant acres.

Randy noted that this methodology raises several topics for the group to consider:

- Level of detail provided (Manatee's detailed list of features versus Edmonds' short list)
- Sources of replacement costs
- Equivalent population

Randy opened up the discussion to the group.

- One Taskforce member asked whether the new method addresses the SDC as a replacement cost. In the prior methodologies, a newcomer is assessed by the current LOS, and does not account for the new LOS and associated costs. The member also asked how this associated cost addresses future improvements. Randy responded that the Portland investment per person in the city would need to be evaluated if the group proceeds with this alternative.
- Another Taskforce member asked if this method would contradict the Portland Master Plan process identified for parks. Randy said communities use their master plans to identify how they plan to spend the SDC dollars but often have to scale back their plans to match the dollars they will receive.
- Several members voiced approval for this method because it allows the Taskforce to identify all the amenities and features within the parks, not just the parks themselves. This capability does not exist in the current methodology. Several members said this process would give the parks the flexibility they may need moving to the future.
- One Taskforce member pointed out that the Taskforce needs to be sure that they can identify all of the assets that are not included because they have not been built yet. Riley shared that the state requires the Parks Department to have a capital plan that will identify budget needs and account for existing, planned, and desired facilities. This methodology and the capital plan will not identify where the city would obtain the land, but what it wants to have.
- One Taskforce member asked if there are other cities within this region use this method and noted the need to ensure competitive advantage for our region. Randy replied that there is still flexibility on what the group can charge, which would allow competitive advantage. He said this method is not used in the Portland metro area but has been used for quite a while elsewhere.
- Another Taskforce member asked if the inventory list tracked the number of, for example, community centers and the dollars allotted for building additional community centers. The member asked how to ensure that those allotted dollars will go to the construction of the intended community center.
- Randy noted that the City of Renton hired an appraiser to determine the dollar amount of certain specific and/or special features provided in the city. Renton also used their government's property value from their property tax system for dollar value for their parks, which may undervalue the land.
- Randy also pointed out the depth of information provided in each example, noting that the Manatee County example is very detailed. He also noted that the dollar amount is lower than

the others are, in which case a very long and detailed list does not correlate with a larger dollar amount per person.

- One Taskforce member commented that this method would deliver a certain amount of money but not a certain amount of space. Randy asked the group to consider what happens when Portland does not have any more available land, pointing to densely built Manhattan as an example.
- Riley noted that one benefit of this method is the ability to make improvements to increase capacity and be more resilient. For example, installing turf on soccer fields and adding lights, which allows the extended use of the parks throughout the seasons increases the capacity of those fields and reduces ongoing maintenance.
- A Taskforce member clarified that this method does not include maintenance, only capacity improvement projects.
- One Taskforce member asked how the method of totaling park acreage and dividing it by the population balances what the city wants or needs to build. The member wondered how this method accounts for higher costs to build parks in certain areas of need. Randy noted that this method identifies the total dollar amount. The Parks Department will collect the dollars and put them into an account, and the Capital Improvements group identifies area of need and allocates dollars from the fund.
- One Taskforce member added that he believes this method gets at the intent of the SDC and is a more equitable way to determine the SDC. In this method, the SDC can be viewed as a user fee for the parks.
- One Taskforce member stated that using county assessor's land value may not be the most appropriate value to use for this methodology. For example, the Waterfront Park had constraints, so it could not be built the way that other blocks in downtown can.
- One Taskforce member noted that this process seems more honest but voiced concerns about how it addresses equity across the city. Randy said he assumes this will be the same process with three areas: citywide, central city, and non-central city. Riley added that this process focuses on how to make improvements to existing parks or build new parks across the city.
- A few Taskforce members noted that they are interested to see how this method identifies and quantifies natural areas and parks. Some members suggested that it might be time to move to a new methodology for one portion and not the others. One member asked if there are any limitations restricting use of separate methodologies for different types of 'park' use (natural versus park). Randy said he had not seen that approach but could be explored.
- One Taskforce member noted that the overwhelming amount of growth (75 percent) is projected to be in the central city, which lacks vacant land for parks. This new system allows the city to build recreational facilities, such as community centers, which are also valuable but do not necessarily require vacant land. Randy added that this process also allows the Taskforce to include new park and recreation facilities that are not necessarily detailed in the plan.
- One Taskforce member asked how and if the Taskforce is aware of whether the City was identifying use for the 'vacant' acres in their Metro process. This will be important to note as the Taskforce identifies future parkland opportunities.

Randy asked the Taskforce if they would like to proceed in developing this alternative for the November meeting.

- The group indicated approval and provided a few recommendations:
 - One Taskforce member recommended that Randy consider the simple version of this list development, rather than the long version that addresses the minutia.
 - Several Taskforce members suggested that the county assessor's land value may not be accurate or fair and recommended that Randy consider other land valuation options.

Policy papers for SDC rate methodology for residential development, and college dorms

Randy offered to share a few findings from his work since the last meeting:

- Portland policies regarding college dorms and housing
- Cities that have decided not to use size of residences in their SDCs

Randy informed the Taskforce that he may provide this new information ahead of the next meeting for further discussion. Regarding the size of residences issue, a Taskforce member shared that there are a few cities in Oregon that have looked into this option and not gone with it because it was not viable. This discussion will continue at the November meeting.

New proposed schedule and meeting conclusion

Randy highlighted the next steps for the Taskforce, including looking into the new alternative for the park investment per capita and reporting his findings at the next meeting. He reviewed the proposed schedule and recommended that the Taskforce:

- Reconvene in early November to identify the proposed SDCs
- Make recommendations in early December

The meeting concluded with Randy thanking the Taskforce members for attending.