REQUEST FOR COUNCIL ACTION

DATE ACTION REQUESTED: May 2, 2017				
Order No. ___	**Ordinance No.** ___	**Resolution No. 2017-3375** XX	**Motion** ___	**Information** ___
SUBJECT: A Resolution to approve the Transportation System Development Charge Methodology and increase the charge		**Contact Person (Preparer) for this Motion: Kaaren Hofmann, PE, City Engineer Dept.: Public Works - Engineering File No.:**		

HEARING TYPE: ADMINISTRATIVE

RECOMMENDATION:

Adopt Resolution No. 2017-3375

EXECUTIVE SUMMARY:

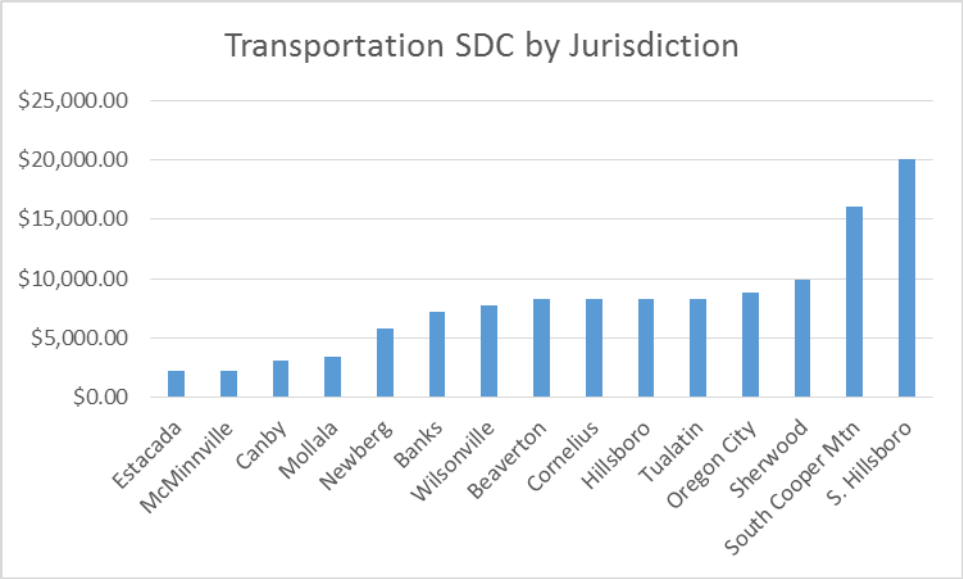
System Development Charges (SDCs) is a fee assessed or collected at the time of increased usage of a capital improvement, at the time of issuance of a development permit or building permit, or at the time of connection to the capital improvement. The purpose of the system development charges is to impose a portion of the cost of capital improvements upon those developments that create the need for or increase the demands on capital improvements in the City.

Per Newberg Municipal Code 13.05.080, the City Council shall adopt a plan that lists the capital improvements that may be funded, and that lists the estimated cost and time of construction and describes the process for modifying the plan. The City Council adopted the updated Transportation System Plan in December 2016. This plan has the proposed list of capital projects and their costs.

The proposed Transportation SDC methodology is included as Attachment A. Development of the SDC charges for capacity projects was completed by FCS Group. The City's prior Transportation SDC calculation was based on average weekday vehicle trip ends. The proposed methodology utilizes a PM peak hour person trip-end (PMPHPT) basis for calculating future trip growth. This appropriately accounts for a balanced transportation system with a mix of motor vehicle, bicycle and pedestrian facilities. Based on the National Household Travel Survey, the conversion of PM peak hour vehicle trips to person trips is 1.68.

NMC 13.05.040 and 13.05.050 note that changes to the fee and methodology shall be adopted by the City Council in a resolution. Oregon Revised Statutes dictate that the methodology for establishing or modifying improvement or reimbursement fees shall be available for public inspection. The local government must maintain a list of persons who have made a written request for notification prior to the adoption or amendment of such fees. The notification requirements for changes to the fees that represent a modification to the methodology are 90-day written notice prior to first public hearing, with the SDC methodology available for review 60 days prior to public hearing. On February 1, 2017, a notification (Attachment B) was sent to the parties noted in Attachment C and was posted on the City website. The methodology report was made available on the City's webpage on March 2, 2017.

Staff did meet with the Home Builder's Association and there were no concerns raised on this proposal. A comparison of Transportation SDCs with other cities is in the chart below.



FISCAL IMPACT:

The proposed SDCs for transportation will be increasing by approximately $2,226 for a single family residence. This is mainly due use of the person trips instead of vehicular trips. This will allow for the SDCs collected to be used for capacity increases for all modes of travel rather than just vehicular movements.

The proposed SDC per unit is below:

	Reimbursement Fee	Improvement Fee	Compliance Fee	Total
Transportation SDC	$283	$3,074	$15	$3,371

Table 9 in the methodology report is shown for some land uses but is not the comprehensive list. The total SDC obligation is calculated by multiplying the total SDC by the peak hour person trips estimated for each land use.

SDC = $3,371 x PMPHPT

For example:

Single Family Detached Housing = $3,371 x 1.71 = $5,764.41
General Light Industrial (per 1000 SF) = $3,371 x 1.81 = $6,101.51

RESOLUTION NO. 2017-3375

A RESOLUTION TO APPROVE THE TRANSPORTATION SYSTEM DEVELOPMENT CHARGE METHODOLOGY AND INCREASE THE CHARGE

RECITALS:

1. System Development Charges (SDCs) is a fee assessed or collected at the time of increased usage of a capital improvement, at the time of issuance of a development permit or building permit, or at the time of connection to the capital improvement. The purpose of the system development charges is to impose a portion of the cost of capital improvements upon those developments that create the need for or increase the demands on capital improvements.

2. The City Council adopted the updated Transportation System Plan in December 2016. This plan has the proposed list of capital projects and their costs.

3. After the Transportation Master Plan was adopted, the SDC methodology and fees were evaluated and updated. The Transportation SDC methodology report is included as Attachment A.

4. The proposed methodology utilizes a PM peak hour person trip-end (PMPHPT) basis for calculating future trip growth.

5. On February 1, 2017, notification was sent to interested parties and was posted on the website.

6. The methodology report was made available on the City's webpage on March 2, 2017.

THE CITY OF NEWBERG RESOLVES AS FOLLOWS:

1. The City Council approves the per unit SDC schedule as follows:

	Reimbursement Fee	Improvement Fee	Compliance Fee	Total
Transportation SDC	$283	$3,074	$15	$3,371

2. The City Council adopts the Transportation SDC methodology of

SDC = $3,371 x PMPHPT

3. The system development charges will be effective on any permit application not yet issued on the effective date shown below.

- **EFFECTIVE DATE** of this resolution is the day after the adoption date, which is: May 3, 2017.

ADOPTED by the City Council of the City of Newberg, Oregon, this 2nd day of May, 2017.

_____
Sue Ryan, City Recorder

ATTEST by the Mayor this 5th day of May, 2017.

_____
Bob Andrews, Mayor

City of Newberg

TRANSPORTATION SYSTEM DEVELOPMENT CHARGE METHODOLOGY REPORT

DRAFT REPORT
March 2017

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Appendix A – Improvement Fee Project List

Section I. INTRODUCTION

This section describes the policy context and project scope upon which the body of this report is based.

I.A. SYSTEM DEVELOPMENT CHARGES

Oregon Revised Statutes (ORS) 223.297 to 223.314 authorize local governments to establish system development charges (SDCs), one-time fees on new development paid at the time of development. SDCs are intended to recover a fair share of the cost of existing and planned facilities that provide capacity to serve future growth.

ORS 223.299 defines two types of SDCs:

- A reimbursement fee designed to recover "costs associated with capital improvements already constructed, or under construction when the fee is established, for which the local government determines that capacity exists"
- An improvement fee designed to recover "costs associated with capital improvements to be constructed"

ORS 223.304(1) states, in part, that a reimbursement fee must be based on "the value of unused capacity available to future system users or the cost of existing facilities" and must account for prior contributions by existing users and any gifted or grant-funded facilities. The calculation must "promote the objective of future system users contributing no more than an equitable share to the cost of existing facilities." A reimbursement fee may be spent on any capital improvement related to the system for which it is being charged (whether cash-financed or debt-financed) and on the costs of compliance with Oregon's SDC law.

ORS 223.304(2) states, in part, that an improvement fee must be calculated to include only the cost of projected capital improvements needed to increase system capacity for future users. In other words, the cost of planned projects that correct existing deficiencies or do not otherwise increase capacity for future users may not be included in the improvement fee calculation. An improvement fee may be spent only on capital improvements (or portions thereof) that increase the capacity of the system for which it is being charged (whether cash-financed or debt-financed) and on the costs of compliance with Oregon's SDC law.

I.B. UPDATING THE TRANSPORTATION SDC

The City of Newberg (City) contracted with FCS Group to perform an SDC update. We conducted the study using the following general approach:

- **Policy Framework for Charges**. In this step, we worked with City staff to identify and agree on the approach to be used and the components to be included in the analysis.
- **Technical Analysis**. In this step, we worked with City staff and DKS Associates to isolate the recoverable portion of facility costs and calculate SDC rates.
- **Methodology Report Preparation**. In this step, we documented the calculation of the SDC rates included in this report.

I.C. CALCULATION OVERVIEW

In general, SDCs are calculated by adding a reimbursement fee component and an improvement fee component—both with potential adjustments. Each component is calculated by dividing the eligible cost by growth in units of demand. The unit of demand becomes the basis of the charge. **Table 1** shows this calculation in equation format:

Table 1. SDC Equation

Eligible costs of available capacity in existing facilities / Units of growth in demand	+	Eligible costs of capacity-increasing capital improvements / Units of growth in demand	+	Pro-rata share of costs of complying with Oregon SDC law	=	SDC per unit of growth in demand

I.C.1. Reimbursement Fee

The reimbursement fee is the cost of available capacity per unit of growth that such available capacity will serve. In order for a reimbursement fee to be calculated, unused capacity must be available to serve future growth. For facility types that do not have available capacity, no reimbursement fee may be calculated.

I.C.2. Improvement Fee

The improvement fee is the cost of planned capacity-increasing capital projects per unit of growth that those projects will serve. The unit of growth becomes the basis of the fee. In reality, the capacity added by many projects serves a dual purpose of both meeting existing demand and serving future growth. To compute a compliant improvement fee, growth-related costs must be isolated, and costs related to current demand must be excluded.

We have used the capacity approach to allocate costs to the improvement fee basis.[1] Under this approach, the cost of a given project is allocated to growth by the portion of total project capacity that represents capacity for future users. That portion, referred to as the improvement fee eligibility percentage, is multiplied by the total project cost for inclusion in the improvement fee cost basis.

[1] Two alternatives to the capacity approach are the incremental approach and the causation approach. The incremental requires the computation of hypothetical project costs to serve existing users. Only the incremental cost of the actual project is included in the improvement fee cost basis. The causation approach, which allocates 100 percent of all growth-related projects to growth, is vulnerable to legal challenge.

I.C.3. Adjustments

Two cost basis adjustments are applicable to the SDC calculation: fund balance and compliance costs.

I.C.3.a Fund Balance

All accumulated SDC revenue currently available in fund balance is also deducted from its corresponding cost basis. This practice prevents a jurisdiction from double-charging for projects that were in the previous methodology's improvement fee cost basis but have not yet been constructed. The fund balance deduction will be from the improvement fee cost basis.

I.C.3.b Compliance Costs

ORS 223.307(5) authorizes the expenditure of SDCs for "the costs of complying with the provisions of ORS 223.297 to 223.314, including the costs of developing system development charge methodologies and providing an annual accounting of system development charge expenditures." To avoid spending monies for compliance that might otherwise have been spent on growth-related projects, this report includes an estimate of compliance costs in the SDC calculation.

Section II. SDC CALCULATIONS

This section provides the rationale and calculations supporting the proposed transportation SDCs. As discussed previously, an SDC can include three components: a reimbursement fee, an improvement fee, and compliance cost recovery. Below we provide detailed calculations for each component of the charge.

II.A. GROWTH CALCULATION

Growth is the denominator in both the improvement and reimbursement fee calculations, measured in units that most directly reflect the source of demand. For transportation SDCs, the most applicable and administratively feasible unit of growth is trips.

Newberg's prior transportation SDC growth calculation was based on average weekday vehicle trip-ends. The proposed SDC methodology utilizes a P.M. peak hour person trip-end (PMPHPT) basis for calculating future trip growth. The City desired to reflect the impacts of the P.M. peak hour traffic on transportation system planning. Whereas P.M. peak hour vehicle trips would only include vehicle trips, PMPHPTs include vehicle trips as well as non-motor vehicle trips that utilize bicycle and pedestrian facilities as well as transit. This appropriately accounts for a balanced transportation system with a mix of motor vehicle, bicycle, and pedestrian facilities. **Table 2** shows projected growth in PMPHPTs during the planning period based on the Newberg Transportation System Plan. The Transportation System Plan calculated growth in terms of vehicle trips. P.M. peak hour vehicle trips are converted to PMPHPTs using a factor of 1.68, based on the National Household Travel Survey.

Table 2. Transportation Customer Base

	2012	2017	2035	Growth	Growth as a % of Future Customers	Compound Annual Growth Rate
P.M. Peak Hour Vehicle Trips	16,544	18,565	28,109	9,544	33.95%	2.33%
P.M. Peak Hour Person Trips	27,794	31,189	47,223	16,034	33.95%	2.33%

Source: DKS Associates and National Household Travel Survey.

II.B. REIMBURSEMENT FEE COST BASIS

The reimbursement fee cost basis is the cost of capacity available in the existing system. Calculation of the reimbursement fee begins with the historical cost of assets or recently completed projects that have unused capacity to serve future users. For each asset or project, the historical cost is adjusted by that portion of the asset or project that is available to serve future users. To avoid charging future development for facilities provided at no cost to the City or its ratepayers, the reimbursement fee cost

basis may be reduced by any grants or contributions used to fund the assets or projects included in the cost basis. Furthermore, unless a reimbursement fee will be specifically used to pay debt service, the reimbursement fee cost basis should be reduced by any outstanding debt related to the assets or projects included in the cost basis to avoid double charging for assets paid for by other means. These reductions result in the gross reimbursable cost.

The estimated cost of unused capacity in the City transportation system is determined based on previous expenditures for SDC-funded projects. By definition, these expenditures created new capacity that would serve future users. After adjusting for the growth that has occurred since these monies were expended, we can reasonably assume that most of the added capacity still exists and may serve as a valid reimbursement fee cost basis. For this analysis, we further assume any project built with SDC monies will reach capacity 20 years after construction. **Table 3** shows the reimbursement fee basis calculation.

Table 3. Reimbursement Fee Basis Calculation

Fiscal Year Ending 6/30:	Expenditures in Year	Remaining Capacity
2007	$958,580	$479,290
2008	$3,330,353	$1,831,694
2009	$323,068	$193,841
2010	$385,545	$250,604
2011	$411,818	$288,273
2012	$726,100	$544,575
2013	$53,522	$42,818
2014	$551,134	$468,464
2015	$206,315	$185,684
2016	$257,580	$244,701
Total	**$7,204,016**	**$4,529,943**

Source: City of Newberg.
Note: Capacity increasing capital expenditures and SDC improvement fee expenditures included in reimbursement fee cost basis.

II.C. IMPROVEMENT FEE COST BASIS

The improvement fee cost basis is based on a specific list of planned capacity-increasing capital improvements. The portion of each project that can be included in the improvement fee cost basis is determined by the extent to which each new project creates capacity for future users. **Table 4** shows the total improvement fee-eligible cost basis (see **Appendix A** for a complete list of the projects and eligibility by project). The eligible portion shown in the exhibit is a weighted average of all project allocations.

Table 4. Improvement Fee Basis Summary

	Total
Total Cost of Projects	$ 116,252,730
Total Eligible Portion	45%
SDC-Eligible Cost	$ 52,230,743
Number of Projects	*116*

Source: Appendix B.

II.C.1. Fund Balance Adjustment

After calculating the total improvement fee-eligible cost, we reduce the cost basis by available SDC fund balances. **Table 5** shows the total fund balance deduction of $2.84 million.

Table 5. Ending Fund Balance Adjustment

Ending Fund Balance 6/30/2016	$2,837,140

Source: City of Newberg.

II.D. COMPLIANCE COST BASIS

ORS 223.307(5) authorizes the expenditure of SDCs on "the costs of complying with the provisions of ORS 223.297 to 223.314, including the costs of developing system development charge methodologies and providing an annual accounting of system development charge expenditures." This SDC methodology assumes two components of the compliance cost estimates: the cost of administering the SDC and the cost of completing SDC studies. We calculate the cost of administering the SDC based on four hours per month at a loaded rate of $98.61 per hour. Multiplying the loaded rate by the number of hours per month, number of months in a year, and years in the analysis period results in the total administrative costs over the analysis period. The second portion of the compliance cost is the cost of SDC studies during the analysis period. This total cost, $150,000, assumes the City will conduct an SDC study every five years. See **Table 6** for the total compliance cost estimate.

Table 6. Compliance Cost Estimate

		Estimate
Hours per Month Administering SDC		4
Loaded Rate per Hour	$	98.61
Administrative Costs per Month	$	394
Administrative Costs per Year	$	4,733
Administrative Costs Over Analysis Period	$	89,932
SDC Studies Over Analysis Period	$	150,000
Total Compliance Costs Over Analysis Period	$	239,932

Source: City of Newberg.

Section III. Conclusion

III.A. Calculated SDC

Dividing the sum of the net cost bases described previously by the projected PMPHPT growth produces the proposed transportation SDC. **Table 7** summarizes the SDC component calculations. As noted above, fund balance revenues are deducted from the improvement fee cost basis.

Table 7. Transportation SDC

Transportation SDC Calculation			
Reimbursement Fee			
SDC Funded Infrastructure	$	4,529,943	
Reimbursement Fee Cost Basis	$	4,529,943	
Growth to End of Planning Period		16,034	PM Peak Person Trip
Reimbursement Fee	$	282.51	per PM Peak Person Trip
Improvement Fee			
Capacity Expanding CIP	$	52,230,743	
Less: SDC Fund Balances		(2,837,140)	
Improvement Fee Cost Basis	$	49,393,603	
Growth to End of Planning Period		16,034	PM Peak Person Trip
Improvement Fee	$	3,080.48	per PM Peak Person Trip
Compliance Fee			
Costs of Compliance	$	239,932	
Growth to End of Planning Period		16,034	PM Peak Person Trip
Compliance	$	14.96	per PM Peak Person Trip
Total System Development Charge			
Reimbursement Fee	$	282.51	per PM Peak Person Trip
Improvement Fee	$	3,080.48	per PM Peak Person Trip
Compliance Fee	$	14.96	per PM Peak Person Trip
Total SDC per PM Peak Person Trip	**$**	**3,378**	per PM Peak Person Trip

III.B. Credits, Exemptions, and Waivers

The City will continue to establish local policies for issuing credits, exemptions, and other administrative procedures.

III.B.1. Credits

A credit is a reduction in the amount of the SDC for a specific development. ORS 223.304 requires that SDC credits be issued for the construction of a qualified public improvement which is: required as a condition of development approval; identified in the City's adopted SDC project list; and either

"not located on or contiguous to property that is the subject of development approval," or located "on or contiguous to such property and is required to be built larger or with greater capacity than is necessary for the particular development project…."

Additionally, a credit must be granted "only for the cost of that portion of an improvement which exceeds the minimum standard facility size or capacity needed to serve" the particular project up to the amount of the improvement fee. For multi-phase projects, any "excess credit may be applied against SDCs that accrue in subsequent phases of the original development project."

III.B.2. Exemptions & Waivers

The City may exempt or waive specific classifications of development from the requirement to pay transportation SDCs. However, to do so it must have a cost or demand-based justification. The City may not arbitrarily exempt customers or customer types from SDCs.

The City currently exempts minor additions and temporary structures from SDC consideration and waives the SDC for affordable housing and downtown development. As noted in the issue paper about SDC reductions, we recommend the City charge downtown development SDCs and waive SDCs for affordable housing in compliance with state law.

III.C. INDEXING

Oregon law (ORS 223.304) also allows for the periodic indexing of system development charges for inflation, as long as the index used is:

> "(A) A relevant measurement of the average change in prices or costs over an identified time period for materials, labor, real property or a combination of the three;
> (B) Published by a recognized organization or agency that produces the index or data source for reasons that are independent of the system development charge methodology; and
> (C) Incorporated as part of the established methodology or identified and adopted in a separate ordinance, resolution or order."

We recommend that the City index its charges to the Engineering News Record Construction Cost Index for the City of Seattle and adjust its charges annually. There is no comparable Oregon-specific index.

III.D. FEE BASIS

The transportation SDC is based on the number of PMPHPTs that a land use generates. The Institute of Transportation Engineers (ITE) *Trip Generation Manual* contains vehicle trip rates based on studies conducted nationwide and provides the base data of unadjusted counts of trips generated by various types of land use. The trip rates include all traffic entering or leaving a location but do not account for traffic that passes by or interrupts a primary trip between origin and destination. We have taken the step of removing pass-by and diverted-linked trips because they would occur regardless of development activity. We have also converted ITE P.M. Peak Hour Vehicle Trips to PMPHPTs using a factor of 1.68 as noted in the growth calculation.

We calculate the number of net new PMPHPTs generated per day for each type of land use with the following formula:

$$\textit{ITE P.M. Peak Hour Vehicle Trip Rate} \times (1 - \%\ \textit{Pass-by Trips and Diverted-Linked Trips}) \times \textit{PMPHPT Conversion Factor} = \textit{New PMPHPT}$$

The SDC per unit of development is calculated for each type of land use by multiplying the new PMPHPT for each land use by the SDC per PMPHPT.

$$\textit{SDC per PMPHPT} \times \textit{New PMPHPT by Land Use} = \textit{SDC by Land Use}$$

Table 8 shows the SDC by component. The total is multiplied by the PMPHPT estimate by land use to derive the total SDC obligation.

Table 8. Transportation SDC by Fee Component

	Reimbursement Fee	Improvement Fee	Compliance Fee	Total
Transportation SDC	$283	$3,074	$15	$3,371

Source: Previous tables.

Table 9 shows the fee per land use for the transportation SDC. It is important to note that the *Trip Generation Manual* may not contain some land use categories or may not include trip rates or number of net new trips generated. For such land use categories without data, the City SDC Administrator shall use her/his judgment to calculate the transportation SDC.

Table 9. Transportation SDC by Land Use

ITE Code	Land Use	Unit	P.M. Peak Hour Vehicle Trips	Primary Trip Adjustments as a Percent of Total[1]	Adjusted P.M. Peak Hour Vehicle Trips	Number of P.M. Peak Hour Person Trips[1]	Reimbursement Fee	Improvement Fee	Compliance Fee	Total SDC per Unit
21	Commercial Airport	CFD	8.20	100%	8.20	13.78	$3,892	$42,437	$206	**$46,535**
30	Intermodal Truck Terminal	Acre	7.24	100%	7.24	12.16	$3,436	$37,468	$182	**$41,087**
110	General Light Industrial	1,000 SFGFA	1.08	100%	1.08	1.81	$513	$5,589	$27	**$6,129**
130	Industrial Park	1,000 SFGFA	0.84	100%	0.84	1.41	$399	$4,347	$21	**$4,767**
140	Manufacturing	1,000 SFGFA	0.75	100%	0.75	1.26	$356	$3,881	$19	**$4,256**
151	Mini-Warehouse	1,000 SFGFA	0.29	100%	0.29	0.49	$138	$1,501	$7	**$1,646**
160	Data Center	1,000 SFGFA	0.14	100%	0.14	0.24	$66	$725	$4	**$794**
210	Single-Family Detached Housing	Dwelling unit	1.02	100%	1.02	1.71	$484	$5,279	$26	**$5,788**
220	Apartment	Dwelling unit	0.67	100%	0.67	1.13	$318	$3,467	$17	**$3,802**
230	Residential Condominium/Townhouse	Dwelling unit	0.52	100%	0.52	0.87	$247	$2,691	$13	**$2,951**
240	Mobile Home Park	ODU	0.60	100%	0.60	1.01	$285	$3,105	$15	**$3,405**
254	Assisted Living	Bed	0.35	100%	0.35	0.59	$166	$1,811	$9	**$1,986**
310	Hotel	Room	0.61	100%	0.61	1.02	$290	$3,157	$15	**$3,462**
320	Motel	Room	0.56	100%	0.56	0.94	$266	$2,898	$14	**$3,178**
417	Regional Park	Acre	0.26	100%	0.26	0.44	$123	$1,346	$7	**$1,475**
430	Golf Course	Acre	0.39	100%	0.39	0.66	$185	$2,018	$10	**$2,213**
444	Movie Theater with Matinee	Movie screen	50.84	100%	50.84	85.41	$24,129	$263,097	$1,278	**$288,504**
492	Health/Fitness Club	1,000 SFGFA	4.06	100%	4.06	6.82	$1,927	$21,011	$102	**$23,040**
495	Recreational Community Center	1,000 SFGFA	3.35	100%	3.35	5.63	$1,590	$17,337	$84	**$19,011**
520	Elementary School	1,000 SFGFA	3.11	59%	1.83	3.08	$871	$9,496	$46	**$10,413**
522	Middle School/Junior High School	1,000 SFGFA	2.52	59%	1.49	2.50	$706	$7,694	$37	**$8,438**
530	High School	1,000 SFGFA	2.12	59%	1.25	2.10	$594	$6,473	$31	**$7,098**
540	Junior/Community College	1,000 SFGFA	2.64	100%	2.64	4.44	$1,253	$13,663	$66	**$14,982**
560	Church	1,000 SFGFA	0.94	100%	0.94	1.58	$446	$4,865	$24	**$5,334**
565	Day Care Center	1,000 SFGFA	13.75	33%	4.54	7.62	$2,154	$23,482	$114	**$25,750**
590	Library	1,000 SFGFA	7.20	100%	7.20	12.10	$3,417	$37,261	$181	**$40,860**
610	Hospital	1,000 SFGFA	1.16	100%	1.16	1.95	$551	$6,003	$29	**$6,583**
620	Nursing Home	1,000 SFGFA	1.01	100%	1.01	1.70	$479	$5,227	$25	**$5,732**
710	General Office Building	1,000 SFGFA	1.49	100%	1.49	2.50	$707	$7,711	$37	**$8,456**
720	Medical-Dental Office Building	1,000 SFGFA	4.27	100%	4.27	7.17	$2,027	$22,098	$107	**$24,232**
731	State Motor Vehicles Department	1,000 SFGFA	19.93	100%	19.93	33.48	$9,459	$103,142	$501	**$113,102**
732	United States Post Office	1,000 SFGFA	14.67	100%	14.67	24.65	$6,963	$75,920	$369	**$83,252**
750	Office Park	1,000 SFGFA	1.48	100%	1.48	2.49	$702	$7,659	$37	**$8,399**
760	Research and Development Center	1,000 SFGFA	1.07	100%	1.07	1.80	$508	$5,537	$27	**$6,072**

ITE Code	Land Use	Unit	P.M. Peak Hour Vehicle Trips	Primary Trip Adjustments as a Percent of Total[1]	Adjusted P.M. Peak Hour Vehicle Trips	Number of P.M. Peak Hour Person Trips[1]	Reimbursement Fee	Improvement Fee	Compliance Fee	Total SDC per Unit
770	Business Park	1,000 SFGFA	1.26	100%	1.26	2.12	$598	$6,521	$32	**$7,150**
812	Building Materials and Lumber Store	1,000 SFGFA	5.56	100%	5.56	9.34	$2,639	$28,774	$140	**$31,553**
813	Free-Standing Discount Superstore	1,000 SFGFA	4.40	72%	3.17	5.32	$1,504	$16,395	$80	**$17,978**
814	Variety Store	1,000 SFGFA	6.99	48%	3.34	5.61	$1,584	$17,273	$84	**$18,941**
815	Free-Standing Discount Store	1,000 SFGFA	5.57	48%	2.66	4.47	$1,262	$13,764	$67	**$15,094**
816	Hardware/Paint Store	1,000 SFGFA	4.74	45%	2.11	3.54	$1,001	$10,916	$53	**$11,970**
817	Nursery (Garden Center)	1,000 SFGFA	9.04	100%	9.04	15.19	$4,291	$46,784	$227	**$51,302**
820	Shopping Center	1,000 SFGLA	3.71	50%	1.86	3.13	$883	$9,627	$47	**$10,557**
826	Specialty Retail Center	1,000 SFGLA	5.02	100%	5.02	8.43	$2,383	$25,980	$126	**$28,488**
841	Automobile Sales	1,000 SFGFA	2.80	100%	2.80	4.70	$1,329	$14,491	$70	**$15,890**
843	Automobile Parts Sales	1,000 SFGFA	6.44	44%	2.83	4.76	$1,345	$14,664	$71	**$16,081**
848	Tire Store	1,000 SFGFA	3.26	69%	2.24	3.76	$1,062	$11,585	$56	**$12,704**
850	Supermarket	1,000 SFGFA	8.37	39%	3.24	5.45	$1,539	$16,785	$82	**$18,406**
851	Convenience Market (Open 24 Hours)	1,000 SFGFA	53.42	33%	17.38	29.19	$8,247	$89,922	$437	**$98,606**
857	Discount Club	1,000 SFGFA	4.63	100%	4.63	7.78	$2,198	$23,961	$116	**$26,275**
862	Home Improvement Superstore	1,000 SFGFA	3.17	44%	1.39	2.34	$662	$7,218	$35	**$7,915**
880	Pharmacy/Drugstore without Drive-Through	1,000 SFGFA	11.07	42%	4.69	7.87	$2,224	$24,253	$118	**$26,595**
881	Pharmacy/Drugstore with Drive-Through	1,000 SFGFA	9.72	38%	3.69	6.21	$1,753	$19,115	$93	**$20,961**
890	Furniture Store	1,000 SFGFA	0.53	37%	0.19	0.33	$92	$1,006	$5	**$1,103**
911	Walk-in Bank	1,000 SFGFA	12.13	100%	12.13	20.38	$5,757	$62,775	$305	**$68,837**
912	Drive-in Bank	1,000 SFGFA	26.69	27%	7.30	12.26	$3,463	$37,755	$183	**$41,400**
925	Drinking Place	1,000 SFGFA	15.49	100%	15.49	26.02	$7,352	$80,164	$389	**$87,905**
931	Quality Restaurant	1,000 SFGFA	9.02	43%	3.83	6.44	$1,819	$19,839	$96	**$21,755**
932	High-Turnover (Sit-Down) Restaurant	1,000 SFGFA	18.49	40%	7.35	12.35	$3,488	$38,037	$185	**$41,710**
933	Fast-Food Restaurant without Drive-Through	1,000 SFGFA	52.40	40%	20.83	34.99	$9,886	$107,794	$524	**$118,204**
934	Fast-Food Restaurant with Drive-Through	1,000 SFGFA	47.30	41%	19.37	32.54	$9,192	$100,227	$487	**$109,906**
936	Coffee/Donut Shop without Drive-Through	1,000 SFGFA	25.81	40%	10.26	17.24	$4,869	$53,095	$258	**$58,222**
937	Coffee/Donut Shop with Drive-Through	1,000 SFGFA	36.16	41%	14.81	24.87	$7,027	$76,622	$372	**$84,021**

ITE Code	Land Use	Unit	P.M. Peak Hour Vehicle Trips	Primary Trip Adjustments as a Percent of Total[1]	Adjusted P.M. Peak Hour Vehicle Trips	Number of P.M. Peak Hour Person Trips[1]	Reimbursement Fee	Improvement Fee	Compliance Fee	Total SDC per Unit
938	Coffee/Donut Kiosk	1,000 SFGFA	96.00	17%	16.32	27.42	$7,746	$84,459	$410	**$92,615**
944	Gasoline/Service Station	VFP	15.65	35%	5.48	9.20	$2,600	$28,347	$138	**$31,085**
945	Gasoline/Service Station with Convenience Market	VFP	13.57	13%	1.73	2.91	$823	$8,974	$44	**$9,840**
946	Gasoline/Service Station with Car Wash	VFP	14.52	24%	3.47	5.83	$1,646	$17,951	$87	**$19,685**

Source: ITE Trip Generation Manual, 9th Edition, compiled by FCS GROUP
1 Person trips calculated with 1.68 P.M. Peak Hour Person Trips per P.M. Peak Hour Vehicle Trip.
Abbreviations
CFD - commercial flights per day
ODU - occupied dwelling unit
SFGFA - square feet of gross floor area
SFGLA - square feet of gross leasable area
VFP - vehicle fueling position

III.E. COMPARISON

We have calculated the maximum defensible SDCs in this methodology. The City can choose to implement lower SDCs, though this will result in a funding deficit for the SDC-eligible project list.

The maximum defensible transportation SDCs calculated in this methodology are higher than the current SDCs being charged. **Table 10** shows the current and maximum defensible transportation SDCs for common land use development types. The exhibit shows the SDC by select land uses. SDCs by land use do not increase equally across the board because of the trip basis difference between the previous and current methodologies.

Table 10. Transportation SDC Comparison by Select Land Use

ITE Code	Land Use	Current	Proposed	Percent Increase
210	Single-Family Detached Housing per Dwelling	**$3,053**	**$5,279**	**73%**
110	General Light Industrial per 1,000 SFGFA	**$2,223**	**$5,589**	**151%**
710	General Office Building per 1,000 SFGFA[1]	**$4,297**	**$7,711**	**79%**
820	Shopping Center per 1,000 SFGFA[2]	**$6,389**	**$9,627**	**51%**

Source: Previous tables and City of Newberg.
1 Assumes an office building between 100,000-199,999 sf GFA
2 Assumes a shopping center between 200,000-299,999 sf GLA

APPENDIX A – IMPROVEMENT FEE PROJECT LIST

Proj. #	Project Name	Description	Total Cost	Grants or Other Agencies	Total Costs Eligible for SDC	Portion of Project Providing Capacity for New Users	SDC-Eligible Costs	Project Lead	Timing	Source
E01*	OR 240 Minor Arterial Improvement	Reconstruct OR 240 for approximately 0.36 miles between the west edge of the Urban Growth Boundary and Main Street to full, 3-lane minor arterial street standards.	$2,160,000	$ -	$2,160,000	42.01%	$907,482	ODOT	11-20 Years	Newberg Transportation System Plan
E03*	N Main Street (OR240) Arterial Improvement	Reconstruct to full minor arterial standards between Illinois and 1st to include three travel lanes, bike lanes, and sidewalks.	1,350,000	-	1,350,000	5.85%	78,999	ODOT	11-20 Years	Newberg Transportation System Plan
E04*	Blaine St Extension	Construct new street between 9th St and River St to major collector standards.	1,682,200	-	1,682,200	100.00%	1,682,200	City	11-20 Years	Newberg Transportation System Plan
E05*	College St Arterial Improvement	Reconstruct to minor arterial street standards between 1st St and Bell Rd to include sidewalks and bicycle lanes on each side of College Street.	8,835,750	-	8,835,750	37.05%	3,273,947	ODOT	0-10 Years	Newberg Transportation System Plan
E06*	Rogers Landing Rd Extension	Construct Rogers Landing Rd from Willamette River to UGB to major collector standards.	1,215,000	-	1,215,000	100.00%	1,215,000	City	11-20 Years	Newberg Transportation System Plan
E07*	Foothills Dr Extension	Construct Foothills Dr from Aldersgate to Villa Rd.	342,150	-	342,150	100.00%	342,150	Developer	0-10 Years	Newberg Transportation System Plan
E08*	Villa Rd Extension	Construct Villa Rd from Mountainview Dr to Aspen Way and construct to major collector standards with sidewalks and bike lanes.	2,835,000	-	2,835,000	100.00%	2,835,000	Developer	0-10 Years	Newberg Transportation System Plan

Proj. #	Project Name	Description	Total Cost	Grants or Other Agencies	Total Costs Eligible for SDC	Portion of Project Providing Capacity for New Users	SDC-Eligible Costs	Project Lead	Timing	Source
E11a*	Mountainview Dr Arterial Improvement	Safety Improvement: Reconstruct Mountainview Dr between Villa Rd and Alice Way to minor arterial standards. Include bike lanes and sidewalks on both sides.	1,023,000	-	1,023,000	35.79%	366,173	Developer	0-10 Years	Newberg Transportation System Plan
E11b*	Mountainview Dr Arterial Improvement	Reconstruct Mountainview Dr between Alice Way and Aspen Way to minor arterial standards. Include bike lanes and sidewalks on both sides.	1,404,000	-	1,404,000	37.24%	522,826	Developer	0-10 Years	Newberg Transportation System Plan
E14*	Crestview Dr Extension	Extend Crestview Dr from southern terminus to OR 99W. Construct to major collector standards (Other Crestview Dr projects S18, S40)	1,830,000	-	1,830,000	100.00%	1,830,000	Developer	1-5 Years	Newberg Transportation System Plan
E15*	Hayes St Extension	Construct Hayes St from its eastern terminus at Deborah St to Springbrook St to minor collector street standards	540,000	-	540,000	100.00%	540,000	Developer	6-10 Years	Newberg Transportation System Plan
E18*	OR219 Arterial Improvement	Reconstruct OR219 to arterial standards between 1st Street and the UGB to include sidewalks and bicycle lanes on each side of OR219.	7,965,000	-	7,965,000	48.03%	3,825,416	ODOT	11-20 Years	Newberg Transportation System Plan
S01*	Dayton Ave Collector Improvement	Restripe Dayton Avenue to major collector street standards between 5th Street and Newberg city limits to include bicycle lanes on each side of Dayton Avenue	13,500	-	13,500	34.01%	4,592	City	11-20 Years	Newberg Transportation System Plan
S02*	3rd St Collector Improvement	Reconstruct 3rd Street to minor collector street standards between OR 99W and Main Street to include sidewalks and on-street parking on each side of 3rd Street	110,250	-	110,250	34.67%	38,222	City	11-20 Years	Newberg Transportation System Plan

Proj. #	Project Name	Description	Total Cost	Grants or Other Agencies	Total Costs Eligible for SDC	Portion of Project Providing Capacity for New Users	SDC-Eligible Costs	Project Lead	Timing	Source
S03*	OR 99W Arterial Improvement	Reconstruct OR 99W to major arterial street standards between Harrison Street and 3rd Street to include sidewalks and bicycle lanes on each side of OR 99W.	1,741,600	-	1,741,600	100.00%	1,741,600	ODOT	11-20 Years	Newberg Transportation System Plan
S07	Downtown Road Diet	Pending (and contingent upon) coordination and agreement with ODOT, implement components of the downtown road diet. Specific details to be developed through coordination with ODOT[1] and the recommendations of the Newberg Downtown Improvement Plan. This concept would generally remove one lane each from Hancock St and 1st St to use for additional enhancement to pedestrian, bicycle, or other amenities. Enhancements could include improved crossings, wider sidewalks, and curb extensions on 1st St and Hancock St. The road diet and related improvements in the downtown area may be implemented after completion of the Phase 1 Bypass on a temporary basis pending future capacity needs and some locations may retain the existing cross section.	6,000,000	-	6,000,000	0.00%	-	ODOT	0-10 Years	Newberg Transportation System Plan
S08*	S Main St Collector Improvement	Restripe to major collector street standards between 1st St and 5th St to include bicycle lanes on each side.	27,000	-	27,000	31.68%	8,554	City	11-20 Years	Newberg Transportation System Plan
S09*	2nd St Collector Improvement	Reconstruct 2nd St to major collector street standards between Main St and River St to include sidewalks, bicycle lanes, and on-street parking on each side of 2nd Street	2,141,600	-	2,141,600	33.95%	727,173	City	11-20 Years	Newberg Transportation System Plan

Proj. #	Project Name	Description	Total Cost	Grants or Other Agencies	Total Costs Eligible for SDC	Portion of Project Providing Capacity for New Users	SDC-Eligible Costs	Project Lead	Timing	Source
S10*	Blaine St Collector Improvement	Reconstruct Blaine St to major collector street standards between Hancock St and 9th St to include sidewalks and bicycle lanes on each side of Blaine Street.	2,025,000	-	2,025,000	14.71%	297,866	City	0-10 Years	Newberg Transportation System Plan
S11*	Chehalem Dr Collector Improvement	Reconstruct Chehalem Dr between OR240 and North Valley Rd to major collector street standards to include bicycle lanes and sidewalks on both sides of the street. Yamhill County and City of Newberg jurisdictions.	4,428,000	-	4,428,000	50.05%	2,216,290	Developer	0-10 Years	Newberg Transportation System Plan
S12*	N Main St Collector Improvement	Reconstruct to full major collector street standards between Illinois St and Mountainview Dr to include sidewalks and bicycle lanes on each side of Main St.	1,350,000	-	1,350,000	63.96%	863,393	City	11-20 Years	Newberg Transportation System Plan
S13*	Illinois St Collector Improvement	Reconstruct Illinois St between Main St and College St to major collector street standards to include on-street parking, bicycle lanes, and sidewalks on each side of the street.	945,000	-	945,000	69.20%	653,964	City	11-20 Years	Newberg Transportation System Plan
S14*	Columbia Dr Collector Improvement	Reconstruct Columbia Dr between Chehalem Dr and College St to minor collector street standards to include a travel lane in each direction, and sidewalks and on-street parking on both sides of the street.	1,512,000	-	1,512,000	83.95%	1,269,288	Developer	0-10 Years	Newberg Transportation System Plan
S15	OR 219 Routing	Add signs for routing traffic using OR 219 through Newberg to reduce neighborhood cut through	25,000	-	25,000	0.00%	-	ODOT	0-10 Years	Newberg Transportation System Plan
S16	North Valley Rd Collector Improvement	Reconstruct North Valley Rd to major collector street standards between College St and Chehalem Dr to include sidewalks and bicycle lanes on each side of North Valley Rd.	2,295,000	-	2,295,000	0.00%	-	Developer	11-20 Years	Newberg Transportation System Plan

Proj. #	Project Name	Description	Total Cost	Grants or Other Agencies	Total Costs Eligible for SDC	Portion of Project Providing Capacity for New Users	SDC-Eligible Costs	Project Lead	Timing	Source
S17*	Foothills Dr Collector Improvement	Reconstruct to major collector street standards between Main St and Aldersgate Dr to include sidewalks and bicycle lanes on each side.	3,240,000	-	3,240,000	33.95%	1,100,131	City	11-20 Years	Newberg Transportation System Plan
S18*	Crestview Dr Collector Improvement	Reconstruct Crestview Dr to minor collector street standards between College St and Villa Rd to include sidewalks and on-street parking. (Other Crestview Dr projects E14, S40)	1,620,000	-	1,620,000	61.96%	1,003,784	City	11-20 Years	Newberg Transportation System Plan
S20*	Vermillion St Collector Improvement	Reconstruct Vermillion St between Meridian St and College St to major collector standards to provide bicycle lanes and sidewalks on each side of the street.	405,000	-	405,000	43.12%	174,625	City	11-20 Years	Newberg Transportation System Plan
S21*	Fulton St Collector Improvement	Reconstruct Fulton St between Meridian St and Villa Rd to major collector standards, providing bicycle lanes and sidewalks on each side of the street.	174,050	-	174,050	36.44%	63,418	City	11-20 Years	Newberg Transportation System Plan
S22*	River St Collector Improvements	Reconstruct to major collector street standards between 1st St and Rogers Landing Rd to include sidewalks and bicycle lanes on each side of River St.	3,105,000	-	3,105,000	35.06%	1,088,680	City	11-20 Years	Newberg Transportation System Plan
S23*	Rogers Landing Rd Collector Improvement	Reconstruct Rogers Landing Rd to major collector street standards between River St and the Willamette River to include sidewalks and bicycle lanes on each side of the street.	540,000	-	540,000	100.00%	540,000	City	11-20 Years	Newberg Transportation System Plan
S24	Villa Rd Wayfinding	Improve wayfinding on OR219 directing traffic bound for 99W onto Villa Rd	5,000	-	5,000	0.00%	-	City	11-20 Years	Newberg Transportation System Plan

Proj. #	Project Name	Description	Total Cost	Grants or Other Agencies	Total Costs Eligible for SDC	Portion of Project Providing Capacity for New Users	SDC-Eligible Costs	Project Lead	Timing	Source
S25*	Villa Rd Collector Improvement	Reconstruct Villa Rd to major collector street standards between OR 99W and Fulton St to include sidewalks and bicycle lanes on each side of Villa Rd.	1,080,000	-	1,080,000	25.89%	279,571	Developer	11-20 Years	Newberg Transportation System Plan
S26*	Villa Rd Collector Improvement	Reconstruct to major collector street standards between Fulton St and Crestview Dr to include sidewalks and bicycle lanes on each side of Villa Rd.	2,920,000	-	2,920,000	85.00%	2,482,000	City	1-5 Years	Newberg Transportation CIP
S27*	Haworth Ave Collector Improvement	Reconstruct Haworth Ave to major collector street standards between Villa Rd and Springbrook St to include sidewalks and bicycle lanes on each side of Haworth St.	1,682,200	-	1,682,200	27.02%	454,566	City	11-20 Years	Newberg Transportation System Plan
S28	Villa Rd Collector Improvement	Reconstruct Villa Rd to major collector street standards between Aspen Way and UGB to include sidewalks and bicycle lanes on each side of Villa Rd.	405,000	-	405,000	0.00%	-	Developer	11-20 Years	Newberg Transportation System Plan
S29*	Aspen Way Collector Improvement	Reconstruct Aspen Way to minor collector standards between Villa Rd and Mountainview Dr to include sidewalks and on-street parking on each side of Aspen Way	4,995,000	-	4,995,000	100.00%	4,995,000	Developer	11-20 Years	Newberg Transportation System Plan
S32*	Elliott Rd Collector Improvement	Reconstruct to full, major collector street standards between OR 99W and Newberg High School to include sidewalks and bicycle lanes on each side of Elliot Rd.	1,850,000	-	1,850,000	60.76%	1,123,997	City	0-10 Years	Newberg Transportation System Plan; costs based on CIP project
S33*	Hayes St Collector Improvement	Reconstruct Hayes Street to minor collector street standards between Elliott Road and Deborah Street to include sidewalks and on-street parking on each side of Hayes Street	87,000	-	87,000	33.95%	29,541	City	11-20 Years	Newberg Transportation System Plan

Proj. #	Project Name	Description	Total Cost	Grants or Other Agencies	Total Costs Eligible for SDC	Portion of Project Providing Capacity for New Users	SDC-Eligible Costs	Project Lead	Timing	Source
S35*	Fernwood Rd Collector Improvement	Reconstruct Fernwood Rd between Springbrook Rd and Creek to major collector standards to include bicycle lanes and sidewalks on each side of the street	972,000	-	972,000	94.42%	917,718	Developer	11-15 Years	Newberg Transportation System Plan
S36*	OR 99W Arterial Improvement	Reconstruct OR 99W to major arterial street standards between Vittoria Way and Harmony Ln to include sidewalks and bicycle lanes on each side of OR 99W.	270,000	-	270,000	28.40%	76,691	ODOT	1-5 Years	Newberg Transportation System Plan
S37*	Wynooski St Collector Improvement	Reconstruct Wynooski Street to major collector street standards between River Street and Bypass to include sidewalks and bicycle lanes on each side of Wynooski Street	4,050,000	-	4,050,000	60.83%	2,463,620	City	11-20 Years	Newberg Transportation System Plan
S38*	Zimri Dr Collector Improvement - in UGB	Improve Zimri Dr within the UGB to major collector standards, providing bicycle lanes and sidewalks on each side of the street	2,160,000	-	2,160,000	100.00%	2,160,000	Developer	6-10 Years	Newberg Transportation System Plan
S40*	Crestview Drive Improvements	Reconstruct Crestview Drive to collector street standards between Springbrook and the City limits. (Other Crestview Dr projects E14, S18)	1,180,400	740,000	440,400	87.04%	383,345	Developer	1-5 Years	Newberg Transportation System Plan
S41	Local System Bypass Monitoring and Enhancements	Monitor traffic use and performance on local system adjacent to bypass (south of OR 99W and east of Springbrook Road) to determine if unintended cut-through traffic between OR 99W and bypass require mitigation. Potential mitigation (placeholder project) may include traffic-calming and/or capacity enhancements, depending on the nature of the impacts	500,000	-	500,000	0.00%	-	ODOT	0-10 Years	Newberg Transportation System Plan

Proj. #	Project Name	Description	Total Cost	Grants or Other Agencies	Total Costs Eligible for SDC	Portion of Project Providing Capacity for New Users	SDC-Eligible Costs	Project Lead	Timing	Source
S42	Hancock Street Arterial Improvement	Reconstruct Hancock Street to major arterial street standards between Harrison Street and Main Street to include sidewalks and bicycle lanes on each side of Hancock Street.	1,113,600	-	1,113,600	0.00%	-	ODOT	11-20 Years	Newberg Transportation System Plan
I01	College St/Illinois St Intersection Safety	Bar left turns or add bypass lane to prevent queuing vehicles from going across RR tracks	100,000	-	100,000	0.00%	-	City	0-10 Years	Newberg Transportation System Plan
I02*	Foothills Dr/College St Intersection	Intersection control upgrade (roundabout or traffic signal) to address mobility needs	825,000	-	825,000	52.07%	429,540	City	6-10 Years	Newberg Transportation System Plan
I03*	Mountainview Dr/Villa Rd Intersection Improvement	Add traffic signal and left turn lanes on all approaches.	860,000	-	860,000	100.00%	860,000	Developer	6-10 Years	Newberg Transportation System Plan
I04*	Villa/Haworth Intersection Improvements	Add southbound left turn lane and northbound right turn lane on Villa to improve safety and operations. Monitor for control upgrade (roundabout or traffic signal)	320,000	-	320,000	28.28%	90,495	City	11-15 Years	Newberg Transportation System Plan
I05*	Villa/Fulton Intersection Improvements	Add SB right turn lane and NB left turn lane on Villa Rd. Monitor for control upgrade (roundabout or traffic signal)	345,000	-	345,000	26.11%	90,093	City	11-15 Years	Newberg Transportation System Plan
I07*	Mountainview Dr/Zimri Dr Intersection Improvements	Add SB left turn lane to Zimri Dr	135,000	-	135,000	100.00%	135,000	Developer	0-10 Years	Newberg Transportation System Plan
I08*	Springbrook Rd/Mountainview Dr Intersection Improvement	Traffic Signal.	270,000	-	270,000	100.00%	270,000	Developer	0-10 Years	Newberg Transportation System Plan
I09*	Springbrook Rd/Haworth Ave	Traffic Signal and left turn lanes on Haworth	400,000	-	400,000	30.22%	120,863	City	0-10 Years	Newberg Transportation System Plan

Proj. #	Project Name	Description	Total Cost	Grants or Other Agencies	Total Costs Eligible for SDC	Portion of Project Providing Capacity for New Users	SDC-Eligible Costs	Project Lead	Timing	Source
	Intersection Improvement									
I10*	Springbrook Rd/Hayes St Intersection Improvement	Traffic Signal. Add 4th leg on west side of Springbrook.	270,000	-	270,000	38.72%	104,535	Developer	11-15 Years	Newberg Transportation System Plan
I11	Vittoria Way/OR 99W Intersection Improvement	Modify intersection to restrict turning movements to RIRO	27,000	-	27,000	0.00%	-	ODOT	0-10 Years	Newberg Transportation System Plan
I12*	Crestview Dr/OR 99W Intersection Improvement	Traffic signal modification to add north leg of Crestview when extended to north.	380,000	-	380,000	33.86%	128,664	Developer	1-5 Years	Newberg Transportation System Plan
I13*	Everest Rd/1st St Intersection Improvements	Traffic Signal and left turn lanes on all approaches. Additional improvements may be needed at the adjacent intersection of 1st/Villa in order ensure mobility along OR 219, including modify control and/or turn restrictions.	735,000	-	735,000	38.77%	284,950	ODOT	0-10 Years	Newberg Transportation System Plan
I14*	Main St/ Illinois St	Perform special study to determine appropriate intersection improvements to address future safety and mobility needs triggered by future growth. Possible alternatives include traffic signal, roundabout, or four-way stop control. Realignment of the intersection may be required; alternatively, closure of either the north or east approach may be considered.	500,000	-	500,000	67.89%	339,432	City	0-10 Years	Newberg Transportation System Plan
P02*	OR 99W Sidewalks	From UGB to 3rd Street	174,150	-	174,150	100.00%	174,150	ODOT	0-10 Years	Newberg Transportation System Plan
P03*	1st St Sidewalks	From UGB to Ore 99W	74,250	-	74,250	70.18%	52,110	City	0-10 Years	Newberg Transportation System Plan

Proj. #	Project Name	Description	Total Cost	Grants or Other Agencies	Total Costs Eligible for SDC	Portion of Project Providing Capacity for New Users	SDC-Eligible Costs	Project Lead	Timing	Source
P08*	9th St Sidewalks	From Blaine St to River St	66,150	-	66,150	57.38%	37,958	City	0-10 Years	Newberg Transportation System Plan
P09*	14th St Sidewalks	From College St to River St	63,180	-	63,180	33.95%	21,453	Developer	0-10 Years	Newberg Transportation System Plan
P12*	11th St Sidewalks	From River St to Wynooski St	59,400	-	59,400	33.95%	20,169	City	0-10 Years	Newberg Transportation System Plan
P13*	College St Sidewalks	From 9th St to 14th St	171,450	-	171,450	71.21%	122,082	City	0-10 Years	Newberg Transportation System Plan
P15*	Meridian St Sidewalks	From Hancock Street to 2nd Street	45,900	-	45,900	19.48%	8,943	City	0-10 Years	Newberg Transportation System Plan
P23*	Meridian St Sidewalks	From Crestview Dr to Fulton St	133,650	-	133,650	33.95%	45,380	City	0-10 Years	Newberg Transportation System Plan
P33*	Crestview Dr Sidewalks	From Emery St to Springbrook St	2,483,100	-	2,483,100	78.26%	1,943,296	Developer	0-10 Years	Newberg Transportation System Plan
P34*	Emery St Sidewalks	From Crestview Drive to Douglas Ave	1,724,300	-	1,724,300	33.95%	585,480	City	11-20 Years	Newberg Transportation System Plan
P35	Douglas Ave Sidewalks	From Emery St to Springbrook Way	1,843,200	-	1,843,200	0.00%	-	City	11-20 Years	Newberg Transportation System Plan
P36	Springbrook Rd Sidewalks	100 ft section between Douglas Ave and Cedar St, beginning at Douglas Ave to 100 ft S of Douglas Ave	104,800	-	104,800	0.00%	-	City	0-10 Years	Newberg Transportation System Plan
P38*	Springbrook Rd Sidewalks	From Crestview Drive to Ore 99W	112,050	-	112,050	29.45%	32,994	Developer	0-10 Years	Newberg Transportation System Plan
P42*	Hayes St Sidewalks	From Springbrook Rd to Burl St	166,050	-	166,050	78.26%	129,952	Developer	0-10 Years	Newberg Transportation System Plan

Proj. #	Project Name	Description	Total Cost	Grants or Other Agencies	Total Costs Eligible for SDC	Portion of Project Providing Capacity for New Users	SDC-Eligible Costs	Project Lead	Timing	Source
P44*	S Elliott Rd Sidewalk Infill	From OR 99W to 2nd St	295,000	-	295,000	33.95%	100,166	City	0-10 Years	Newberg Transportation System Plan
P48*	OR 99W Sidewalk Infill	From Brustcher Street to Vittoria Way	86,400	-	86,400	28.40%	24,541	ODOT	0-10 Years	Newberg Transportation System Plan
B02*	Main St Bike Lanes - with S12, E03, S08	From 5th St to Mountainview Dr.	3,760,000	-	3,760,000	32.73%	1,230,611	City	11-20 Years	Newberg Transportation System Plan
B05*	9th St Bike Boulevard	From Blaine St to River St	102,600	-	102,600	57.38%	58,874	City	0-10 Years	Newberg Transportation System Plan
B12	Jaquith Park Path	New pedestrian/bicycle pathway adjacent to Jaquith Park between Main St and College St	135,000	-	135,000	0.00%	-	CPRD	11-20 Years	Newberg Transportation System Plan
B19*	11th St Bike Boulevard	East of River St	103,950	-	103,950	33.95%	35,296	City	0-10 Years	Newberg Transportation System Plan
B20	Hess Creek Path	New pedestrian/bicycle pathway along Hess Creek can serve recreational and school bicyclists and pedestrians.	580,500	-	580,500	0.00%	-	CPRD	11-20 Years	Newberg Transportation System Plan
B22	New Willamette River Pedestrian-Bicycle Bridge	Extended from Rogers Landing Drive across to Champoeg Park. This new connection would link the Newberg bicycle-pedestrian system with that of Champoeg Park and Marion County	1,215,000	-	1,215,000	0.00%	-	CPRD	0-10 Years	Newberg Transportation System Plan
B25*	Springbrook Road Bike Lanes - Partially with E16	South of OR 99W on west side and north of OR 99W between Haworth and Middlebrook	60,000	-	60,000	41.51%	24,905	City	6-10 Years	Newberg Transportation System Plan
B27	Hancock St Bike Lanes	West of Springbrook	32,400	-	32,400	0.00%	-	City	0-10 Years	Newberg Transportation System Plan
B29*	Vittoria Way Bike Lanes	From Springbrook to OR 99W	145,800	-	145,800	33.95%	49,506	City	11-20 Years	Newberg Transportation System Plan

Proj. #	Project Name	Description	Total Cost	Grants or Other Agencies	Total Costs Eligible for SDC	Portion of Project Providing Capacity for New Users	SDC-Eligible Costs	Project Lead	Timing	Source
B30*	Aspen Way Bike Lanes	From Mountainview Dr to Springbrook	130,950	-	130,950	78.26%	102,483	City	0-10 Years	Newberg Transportation System Plan
B31	Benjamin Rd Bike Lanes	From the railroad to UGB	37,800	-	37,800	0.00%	-	City	11-20 Years	Newberg Transportation System Plan
B100	Path Improvement	Improve existing path from Hancock to Fulton	183,750	-	183,750	0.00%	-	CPRD	11-20 Years	Newberg Transportation System Plan
B101	Trail	Add connection from Ewing Young Park to 14th St	160,550	-	160,550	0.00%	-	CPRD	11-20 Years	Newberg Transportation System Plan
CH01	Central Newberg Trail Segment	Bicycle boulevard connections to the Chehalem Cultural Center, Newberg Library, Newberg City Hall, city center shops, George Fox University, local parks, and other places. Includes Sheridan, Howard, and Meridian Street. This portion of the project includes signage and pavement markings.	50,000	-	50,000	0.00%	-	City	11-20 Years	Newberg Transportation System Plan
CH03	Dayton Ave	Combination of bicycle boulevards, bike lanes/bike shoulders, and multi-use paths to connect Memorial Park in Newberg to Billick Park in Dundee.	80,900	-	80,900	0.00%	-	CPRD	11-20 Years	Newberg Transportation System Plan
CH05	Hess Creek Path	Off-street multi-use trail along Hess Creek	9,941,100	-	9,941,100	0.00%	-	CPRD	11-20 Years	Newberg Transportation System Plan
CH06	Chehalem Glenn	Multi-use path that connects the Willamette riverfront with Ewing Young Park	157,100	-	157,100	0.00%	-	CPRD	11-20 Years	Newberg Transportation System Plan
CH07	Bypass and river trail system	Coordinate with CPRD, ODOT, and other stakeholders to identify and implement trail connections to and along the river and adjacent to the Newberg-Dundee bypass alignment.	250,000	-	250,000	0.00%	-	CPRD	11-20 Years	Newberg Transportation System Plan

Proj. #	Project Name	Description	Total Cost	Grants or Other Agencies	Total Costs Eligible for SDC	Portion of Project Providing Capacity for New Users	SDC-Eligible Costs	Project Lead	Timing	Source
T01	Bus Stop Improvements	Amenities and improved pedestrian crossings at bus stops along 99W	70,000	-	70,000	0.00%	-	City	0-10 Years	Newberg Transportation System Plan
T02	Route 5 and 7 Expansion	Expand routes 5 and 7 to new urban growth areas	15,000	-	15,000	0.00%	-	YCTA	0-10 Years	Newberg Transportation System Plan
T03	Rider Information	Enhance information available to riders, including placement of route information and stop location descriptions. Information may include a combination of posted material at stops and brochures for riders.	20,000	-	20,000	0.00%	-	YCTA	0-10 Years	Newberg Transportation System Plan
T05	Transit Amenities [Placeholder Project]	Placeholder project to update/install various transit amenities (signs, benches, shelters, etc.)	100,000	-	100,000	0.00%	-	City	0-10 Years	Newberg Transportation System Plan
BY1	Wilsonville Rd Reroute	Wilsonville Road is to be rerouted to connect to OR 219. Create cul-de-sac section of Wilsonville Road between new extension and Springbrook Road	-	-	-	0.00%	-		1-5 Years	Newberg Transportation System Plan
BY2	Springbrook/Fernwood Traffic Signal	New traffic signal at Springbrook Rd and Fernwood Rd	-	-	-	0.00%	-		1-5 Years	Newberg Transportation System Plan
BY3	Benjamin Closure	Concurrent with the construction of the interchange at OR 99W and the bypass as part of Phase 2, Benjamin Road will be closed at OR99W and reconnected to a new road that will go under the bypass and connect Crestview to Corral Creek Road (reconnection outside of UGB).	-	-	-	0.00%	-		11-20 Years	Newberg Transportation System Plan
BY4	Fernwood Road Crossing	As part of Phase 2, Fernwood Road to be reconnected over the Bypass.	-	-	-	0.00%	-		11-20 Years	Newberg Transportation System Plan

Proj. #	Project Name	Description	Total Cost	Grants or Other Agencies	Total Costs Eligible for SDC	Portion of Project Providing Capacity for New Users	SDC-Eligible Costs	Project Lead	Timing	Source
BY5	Wynooski Realignment	When the bypass interchange at OR 219 is constructed as part of Phase 2, Wynooski Road will be closed at its current location and rerouted south to create a 4-way intersection with realigned Wilsonville Road (BY17).	-	-	-	0.00%	-		11-20 Years	Newberg Transportation System Plan
BY6	Phase 1 Bypass Crossings	Phase 1 crossing locations include Blaine Street, College Street, River Street, Wynooski Street, at milepoint 59.26	-	-	-	0.00%	-		1-5 Years	Newberg Transportation System Plan
BY7	RIRO at OR219/2nd	RIRO at OR 219/2nd to limit through traffic, improve intersection safety	-	-	-	0.00%	-		1-5 Years	Newberg Transportation System Plan
BY8	Newberg-Dundee Bypass Bike Path	New bicycle facility to be developed in conjunction with the Newberg Dundee Bypass. As part of ND Phase 1G-Springbrook Rd, some areas will have a multi-use path as part of a trail system that CPRD, City of Newberg, City of Dundee and Yamhill County are developing (CH07). ODOT has agreed to allow part of the trail to be constructed within ODOT (Bypass) right of way with the agreement when additional funding is secured to build the other half of the Bypass, the trail will need to move. In the Phase D and E construction contracts, the grading work for the trail has been included.	-	-	-	0.00%	-		1-5 Years	Newberg Transportation System Plan
BY9	OR99W/Springbrook Rd	Construct second westbound left turn lane and second southbound receiving lane on Springbrook Road extending 300 feet from Oregon 99W	-	-	-	0.00%	-		1-5 Years	Newberg Transportation System Plan
BY14	14th St Realignment	Preserve access to properties on 14th Street when bypass is built	-	-	-	0.00%	-		1-5 Years	Newberg Transportation

Proj. #	Project Name	Description	Total Cost	Grants or Other Agencies	Total Costs Eligible for SDC	Portion of Project Providing Capacity for New Users	SDC-Eligible Costs	Project Lead	Timing	Source
										System Plan
BY18	College St Realignment	Realign College St to create a 3-way intersection with realigned 14th St (BY14)	-	-	-	0.00%	-		1-5 Years	Newberg Transportation System Plan
BY19	Frontage Road	Construct frontage road north of the Bypass from College Street to about ½ west with a cul-de-sac.	-	-	-	0.00%	-		1-5 Years	Newberg Transportation System Plan
BY20	Waterfront Rd Extension	Extend Waterfront Rd about 450 feet west with a cul-de-sac.	-	-	-	0.00%	-		1-5 Years	Newberg Transportation System Plan
BY21	Phase 2 Bypass Crossings	Phase 2 crossing locations include Springbrook Creek	-	-	-	0.00%	-		11-20 Years	Newberg Transportation System Plan
BY22	Bypass/Wilsonville Rd Traffic Signal	New Traffic Signal at Bypass and Wilsonville Rd	-	-	-	0.00%	-		1-5 Years	Newberg Transportation System Plan
BY23	OR219 Widening	Widen OR219 between Wilsonville Rd and Springbrook Rd to include a 7-lane cross section, bike lane, median and shoulder	-	-	-	0.00%	-		1-5 Years	Newberg Transportation System Plan
BY24	OR 219 Widening	Widen OR219 between Springbrook Rd and 2nd St to include a 6-lane cross section, bike lane, median and shoulder	-	-	-	0.00%	-		1-5 Years	Newberg Transportation System Plan
BY25	Springbrook Rd Widening	Widen Springbrook Rd between Wilsonville Rd to OR 99W to include a 3-lane cross section, bike lanes, planter strips and sidewalks on both sides.	-	-	-	0.00%	-		1-5 Years	Newberg Transportation System Plan

Proj. #	Project Name	Description	Total Cost	Grants or Other Agencies	Total Costs Eligible for SDC	Portion of Project Providing Capacity for New Users	SDC-Eligible Costs	Project Lead	Timing	Source
BY26	Extend Bypass from OR 219 to OR 99W	Obtain right of way (only currently partially funded through STIP) and construct extension of east end of bypass from Phase 1 terminus at OR 219 and extend northeast to OR 99W. The extension will include a new interchange at OR 219 and at OR 99W.	-	-	-	0.00%	-		11-20 Years	Newberg Transportation System Plan
	Total		**$116,252,730**	**$740,000**	**$115,512,730**		**$52,230,743**			

Source: Newberg Transportation System Plan, Transportation CIP, and DKS associates.

ISSUE PAPER #1

SDC Charge Bases

Issue

The charge basis of a system development charge (SDC) is a way of quantifying the impact of a development on the use of public infrastructure. There are a number of different, valid charge bases for transportation SDCs. This issue paper analyzes a selection of charge bases that are used widely by local governments today.

The City of Newberg's current transportation system development charges are based on Equivalent Length New Daily Trips (ELNDTs), an estimate of average daily vehicle trips, adjusted for pass-by (and diverted/linked) trips and estimated trip length.

Alternatives

The most defensible charge bases are some version of the trip-end. A trip-end is an estimate of the number of trips that either begin from or end at a particular site during a specified period of time. The following are the most commonly used types of trip-ends (hereafter simply "trips"):

- Peak-hour vehicle trips
- Average daily vehicle trips
- Average daily person trips

We also examine the following adjustments to trips:

- Pass-by trips
- Diverted/linked trips
- Trip length

Analysis

TRIP TYPES

Peak-Hour Vehicle Trips

Peak-hour vehicle trips include the number of vehicles travelling to and from a site during peak traffic. There are many ways to measure peak-hour vehicle trips:

- Trips generated per peak hour of the generator (the site being measured)
- Trips generated per peak hour of adjacent street traffic
- Trips generated per during the traditional morning commuting peak period of 7 am to 9 am (AM peak)
- Trips generated per during the traditional afternoon commuting peak period 4 pm to 6 pm (PM peak)

Transportation engineers commonly use PM peak-hour trip estimates to assess transportation performance and determine road system needs. Peak-hour trips are a proxy for the maximum demand on the road system.

Average Daily Vehicle Trips

Average daily vehicle trips are defined as the average 24-hour total of all vehicle trips to and from a site. This basis includes peak-hour and non-peak-hour trip counts. Average daily trips represent the average demand for the road system of a land use and more accurately reflect the total impact of a land use on the road system. This is the City's current practice.

Average Daily Person Trips

Person trips are defined as the number of people that either begin or end a trip at a site, regardless of transportation mode. This includes vehicle trips captured in average daily trips (multiplied by the number of people in the vehicle) as well as trips for people who utilize bicycle, pedestrian, and transit facilities. The person trip count is the fullest measure of traffic impact because it measures demand for all transportation infrastructure types.

Measuring demand for all transportation infrastructure types allows a city to include all types of transportation infrastructure projects in a TSDC capital improvement list. Adding multi-modal projects in a TSDC based on average daily person trips allows for a full proportional allocation of project costs to growth. Including such projects in a TSDC based on motor vehicle trips reduces the nexus between charge basis and project list.

Data exists allowing for the derivation of average daily person trips using average daily vehicle trips. It may also be possible to derive an estimate of peak-hour person trips. Peak-hour person trips may prove to be an appropriate basis for City of Newberg TSDCs.

ADJUSTMENTS

There are several valid adjustments that can be made to the total number of trips, when calculating trips to and from a site. For example, some trips are linked with several other trips and some trips are longer than others.

Pass-By Trips

These trips are interim stops between the trip origin and the final destination. While pass-by trips count as trip ends for each interim destination, the impact on the system is effectively only one trip. A pass-by trip deduction ensures trip counts reflect only net new trips generated for each land use type. This is particularly relevant for retail developments, which produce large amounts of pass-by trips.

Diverted/Linked Trips

These trips are interim stops similar to pass-by trips, but require a diversion from the original route to access the site being measured.

Trip Length

Trip length factors adjust the estimated trip generation rate applied to a development by the average length of those trips as compared to the average length of all trips system wide. Other things equal, if the average trip length associated with one development is twice as long as the average trip length for the second development, the land use with the longer trip length uses more of the transportation system and should therefore pay a higher transportation charge.

DATA SOURCE

An important aspect of any charge basis is the availability of data. Ideally, every land use would conduct a traffic study which would define the actual number of trips on the system. This approach is infeasible because of its expense.

The Institute of Transportation Engineers (ITE) publishes the *Trip Generation Manual*, currently in its 9th edition. The manual is a detailed compilation of trip generation data by land use. The data in the manual can be used to calculate peak-hour and average daily vehicle trip generation rates and adjustments using available inputs such as land use and building square footage. The ITE manual also includes pass-by and diverted/linked trips.

No comparable data source exists for person trips or trip length. Instead, we derive person trips using ITE data and a person trip conversion factor. Sources for this conversion factor include the National Household Transportation Survey, Metro, and private consultants. Trip length data generally requires additional research or an adaptation of other methodologies (i.e., the Washington County Transportation Development Tax Methodology).

Recommendation

We recommend the City use peak-hour person trips, if possible, as the charge basis for its TSDC. Absent peak-hour person trip generation information, or data that could be used to derive it, we recommend the City use average daily person trips as the charge basis. In either case, person trips (as opposed to vehicle trips) best enable the City to forecast growth on all transportation infrastructure. Additionally, person trips allow the improvement fee cost basis to contain a mix of motor vehicle, bicycle, transit, and pedestrian facility improvements, and to fully allocate growth-related costs.

We also recommend the City make adjustments to the trip generation estimates for pass-by and diverted/linked trips. Estimates for such trip reductions are reported in the ITE manual for specific land use types.

Finally, we recommend the City forgo using a trip length factor unless there is sufficient data to support it. The ITE manual does not contain a trip length adjustment factor and there is little data available for trip lengths by land use. Its applicability for a city the size of Newberg is arguable.

ISSUE PAPER #2

SYSTEM DEVELOPMENT CHARGE CREDITS

Issue

A system development charge (SDC) credit is a reduction in the amount of an SDC paid for a specific development as compensation for the developer's construction of a public improvement.

Oregon Revised Statutes (ORS) 223.304 states the minimum requirements for providing credits against the improvement fee of an SDC. This statute requires that credit be allowed for the construction of a "qualified public improvement" which (1) is required as a condition of development approval, (2) is identified in the City's capital improvements program, and (3) either is "not located on or contiguous to property that is the subject of development approval", or is located on or contiguous to such property and is "required to be built larger or with greater capacity than is necessary for the particular development project." Credit must be granted for the cost of that portion of an improvement which exceeds the capacity needed to serve the particular project. For multi-phase projects, any excess credit may be applied against SDCs that accrue in subsequent phases of the original development project. The law specifies that credits must be used within ten years of issuance.

In addition to the required credits, the City may, if it so chooses, provide additional credits above the legal minimum, establish a system for the transferability of credits, or provide credits for a capital improvement not identified in the City's SDC capital improvements plan. This issue paper examines issues related to issuing SDC credits.

Current Credit Policy

The City's current policy largely aligns with the legal minimum. However, the City may wish to consider a policy and resulting code change. Newberg Municipal Code 13.05.130 provides that "the credit provided by this subsection… shall not exceed the improvement fee even if the cost of the capital improvement exceeds the applicable improvement fee."

ORS 223.304(5)(c) provides that "[w]hen the construction of a qualified public improvement gives rise to a credit amount greater than the improvement fee that would otherwise be levied… the excess credit may be applied against improvement fees that accrue in subsequent phases of the original development project."

We recommend the City consider changing its municipal code to reflect that an SDC credit in excess of an improvement fee may be applied against future improvement fees accruing in subsequent development phases.

Alternatives

Beyond the minimum requirements provided in statute, the City has a number of options for granting and redeeming SDC credits. We outline the most common of these options below.

- **How to Calculate the Credit.** There are at least three ways to calculate a credit for a developer's construction of a public improvement:
  - Credit actual costs subject to limits based on market rates.
  - Credit the estimated costs in the SDC capital improvement list.
  - Credit the lesser of either the estimated cost in the SDC capital

improvement list or actual costs.

- **Credits for Public Improvements Not on the List.** The City can provide credit for the construction of public improvements that are not on the adopted SDC project list.
- **Transferability of Credits.** The City can allow credits to be transferred to other developments or developers.
- **Credit Escalation.** The City can escalate credits paid out over time.
- **Cash Redemption for Credits.** The City can allow SDC credits to be redeemed for cash. Several options for this are outlined below.
  - Allow credits to be redeemed for cash from SDCs generated from the subsequent build out of the development in question.
  - Allow for credits granted to be redeemed for cash, if fund balances allow.
  - Provide cash redemption for the full value of the total credit issued.
  - Provide cash redemption for a portion of the total credit issued.
  - Provide cash credits at a fraction of full value, reducing the amount of the total credit issued.
  - Grant only non-cash credits, redeemable to reduce future SDC improvement fees – per current policy.

Analysis

The fundamental choice the City faces is whether (and, if so, how) to grant credits in excess of the legal minimum.

Theoretically, SDC credits for development can encourage private enterprise and assist in providing necessary infrastructure for the community. However, the practice can lead to a loss of institutional control over the construction of projects in the capital plan to the extent that the City provides credits in excess of minimum legal requirements. By constructing projects for credits, a developer is imposing a construction schedule on the City that may conflict with the City's established priorities. SDC funds may not accrue as expected and the City may have to invert or shuffle the CIP schedule.

To the extent that the City chooses to exceed the statutory requirements in any area, that choice must be clearly memorialized in the City's SDC code.

How to Calculate Credits

The City has several options for how to calculate an SDC credit. The City's existing code allows a credit "for the cost of the eligible portion of the improvement." It is unclear how the costs are determined.

The City can provide credits based on the actual costs of construction, subject to market rate limits. This approach reimburses developers for their actual costs, but can potentially reduce the expected City SDC revenues. For example, if a project costs $1 million in the project list and the developer completes it for $1.2 million, the City will issue more credits for the project than expected.

The City can provide credits based on cost estimates according to the capital plan list. If a developer builds a project under this approach, that developer

receives credit equal to the projected amount of required funding for the project. This approach ensures that credits do not exceed the revenues for a specific project and the City's expected SDC revenue stays the same. However, this approach can be administratively burdensome if a developer completes a portion of a capital project on the list since cost estimates are generally for the entire project.

An option that would prevent cost over-runs from impacting city resources is to credit the lesser of either the actual cost or the city-planned cost.

Credits for Public Improvements Not on List

ORS 223.304(5)(c) allows local governments to provide SDC credits for the construction of public improvements that are not on the capital improvement list required by ORS 223.309(1). However, the City's code currently prohibits the City from doing this by limiting credits to "qualified public improvements."

Granting credits for projects that are not on the project list used to calculate the SDC jeopardizes the ability of a city to fully recover revenue for the remaining SDC-eligible project costs. Done on a routine basis, this practice would make it almost impossible for a city to construct its planned projects with SDC revenues.

Transferability of Credits

The legal minimum for SDC credits does not require cities to transfer credits between persons or even between developments, unless the development is a subsequent phase of the original development project. The City's current practice prohibits the transfer of credits.

The City can allow credits to transfer between developers. This will make it more likely for developers to construct public improvements since the excess credits can be traded. However, the City must determine the limits of transferability and the administrative cost and effort that the City will spend maintaining a record of transferred credits. As is the case with providing credits above the legal minimum, allowing credits to transfer will likely result in less revenue to the City, limiting its ability to execute the project list as planned.

Credit Escalation

The City can decide to escalate the value of credits as it might escalate the SDC itself. Credits must be used within 10 years, but if the City escalates its SDC fees every year, the credits will lose purchasing power. Escalating the credits at the same rate as SDCs directly benefits developers with big projects. Escalating credits, however, places a large administrative burden on the City and also reduces the overall amount of SDC revenues to the City.

Cash Redemption of SDC Credits

There are many options for the City to provide cash redemption of credits. The City's current practice is not to redeem credits in cash.

There is a potential for cash flow issues in the SDC fund if the City allows for cash redemption of credits. Furthermore, in cases where developers have excess SDC credits, a cash redemption policy will immediately impact the City's cash position instead of deferring the impacts until such time that developers have incurred additional improvement fees.

Cash redemption of credits can generally result in cash flow issues for the City. However, there are cash redemption policies that help limit the availability of cash redemption of credits and minimize negative impacts.

- **Credits issued only from SDCs generated by the build out of the development in question**. This cash redemption credit policy limits the credits to one particular development and actually issues cash for the credits only after the entire development is fully built. Under this approach, the City will be able to plan for cash redemption.
- **Credits issued only when fund balances allow, after taking into account near-term project needs**. This is the most conservative cash redemption policy since it does not guarantee any cash redemption. This allows the City to safely determine the correct time for cash redemption.
- **Credits are redeemable for the full value of the total credit issued.** This approach provides the most flexibility for the developer. However, this can result in city-wide cash flow deficits since credits are redeemable regardless of the SDC fund balance.
- **Credits are redeemable for only a portion of the total credit issued**. This approach places a limit on the amount of credits a developer could redeem for cash and avoids large cash flow issues for the City. This policy could limit the cash-redeemable amount of credits either by a set amount or on a percent basis.
- **Credits are redeemable at a fraction of the full credit value**. This approach places the cash value of SDC credits at a portion of full value.

Recommendation

It is important for the City to retain as much control as possible over the prioritization and implementation of its capital improvement program. The City's plans are created to address total system needs – not just the needs of a particular developer. Without control over how and when needs are addressed, and at what cost, project reprioritization can leave important needs unmet while depleting the City's ability to fund necessary improvements.

We recommend that the City consider updating its code to allow for credits in excess of the improvement fee to be applied in subsequent development phases. Credit issuance should further abide by the following criteria:

- Credits must be for the actual cost of project capacity in excess of that needed to serve the particular development.
- Credits must only be issued for projects on the SDC project list.
- Credits cannot be transferable to other developers.
- Credits cannot be escalated.
- Credits cannot be redeemed for cash.

ISSUE PAPER #3

SDC REDUCTIONS

Issue

Oregon Revised Statutes (ORS) 223.297 to 223.314 allow local governments to calculate and impose system development charges (SDCs) for capital improvements. SDCs are one-time fees imposed on new development intended to recover an equitable share of the costs of existing and planned facilities that provide capacity to serve growth.

SDCs, as fees for service, are intended to be instruments of cost recovery – the objective being to recover the cost of capacity needed to serve the next increment of growth. It is an important feature of such charges that there is a nexus between the amount charged and the demand for or impact on the service provided.

Recent legislation, Senate Bill (SB) 1533, allows for SDC waivers for affordable housing. Aside from this bill, however, a public agency may generally only reduce an SDC if there remains a proportional relationship between the discounted SDC and a reduced demand for or impact on the system by the developing property.

The City of Newberg currently provides a number of policy-based SDC reductions, waivers, and exemptions. Although not explicitly prohibited in SDC law, policy-based reductions reduce the equity of the charge and jeopardize the ability of an agency to fully recover remaining SDC-eligible project costs.

This issue paper examines SDCs reductions for policy reasons that are unrelated to a reduction in cost to serve, demand, or impact on facilities.

Alternatives

There are three methods the City uses to lower SDCs for specific development.

- **Deductions**. The City offers reductions to the amount of the SDC prior to assessing the SDC. Although similar to SDC credits, these deductions are provided for reasons other than the construction of a qualified public improvement. See **Issue Paper # 2** for a detailed discussion of SDC credits.
- **Exemptions**. The City classifies certain types of development as not eligible to be charged SDCs.
- **Waivers**. The City does not charge SDCs for specific class(es) of development.

Analysis

Deductions

Deductions are often provided commensurate to use. There are several reasons to reduce the SDC based on demand. The City currently deducts the previous use from an SDC.

- **Deduction for Previous Use**. The City can reduce the SDC for a given development if the property is being redeveloped. Broadly, this means the current development would pay the SDC in excess of an SDC required for

the previous use on the site. Generally, this deduction is calculated based on the most intense use of the property prior to redevelopment within a given time frame. For example, if a property is redeveloped from a single family home to a restaurant, the City would deduct the equivalent of a single family house SDC to reflect that the property has already paid its fair share for the demand generated from the previous land use. The restaurant would then pay the SDC in excess of a single family home SDC. If a property were redeveloped to a less-intense use, the developer would not necessarily receive a refund for redeveloping the property. Rather, the developer would not have to pay SDCs to reflect the fact that previous SDCs collected on behalf of that property have accounted for that property's most intense use to date.

A potential issue with this SDC adjustment is determining previous use if the property was vacant for a period of time. Some cities charge the full SDC if the property was vacant for a specified period of time. The City does not currently have a defined policy in place for this.

- **Location-Based Deductions**. Cities can choose to deduct the SDC depending on the location of development. For example, some jurisdictions reduce the transportation SDC for transit-oriented development to reflect the decreased use of vehicles when approximate to alternative transportation.

Exemptions

The City may exempt specific classifications of development from the requirement to pay transportation SDCs.

- **Minor Additions.** Many cities exempt minor additions to a property from the requirement to pay transportation SDCs. Newberg currently does this for residential and non-residential properties provided that the addition "does not increase the parcel's or structure's use of the public improvement facility…." This is directly related to demand on infrastructure because, for example, an addition to an existing single family home will likely not increase its use on the transportation system.
- **Temporary Structures**. Some cities exempt structures that will only exist for a temporary period of time. Examples include construction mobile offices and Christmas tree vendors. The period of time defining temporary is often defined in City code. Newberg does not currently have a provision exempting temporary structures.

It is important to note that some agencies do not charge SDCs to public and/or tax-exempt entities because of a perception that charging such entities transfers money from one public fund to another. In contrast, SDCs are fees for service, to be charged based on demand of the infrastructure. As such, public and tax-exempt entities should be subject to the charge. Newberg currently charges public and tax-exempt development.

Waivers

The City can provide SDC waivers to certain classes of development. We

discuss the three current classes of development receiving SDC waivers.

- **Affordable Housing**. The City may waive SDCs for affordable housing per SB 1533 and subsequent ORS laws. In exchange for affordable housing, the City can waive SDCs to compensate developers for providing a good for the City. Because state law permits these waivers, a subsidy that compensates the SDC fund for lost revenue is not required for this. The City's current policy, codified in Resolution 2007-2698, provides SDC waivers for up to two houses per year.
- **Downtown Development**. The City currently waives downtown development SDCs based on the previous SDC methodology adopted in 2000. The SDC wholly excludes the downtown land, termed "C-3 land". There is no demand justification or subsidy to SDC fund.

Recommendation

An SDC reduction of any type is acceptable so long as it meets one of three criteria: the reduction is based on decreased demand on the infrastructure, the reduction complies with SB1533, or there is an external subsidy commensurate with the SDC reduction. Such a subsidy must originate from other (non-SDC) City funds.

A reduction that does not satisfy any of the requirements above reduces the equity, and legal defensibility, of the SDC. Based on the information above, we recommend the following adjustments to the City's SDC reductions.

- Continue to provide an SDC deduction based on the previous, most intensive use of the site. The City should only consider previous uses five years from the date of application for administrative ease.
- Continue to exempt minor additions to residential and non-residential property provided the addition does not increase demand on the infrastructure.
- Continue to waive SDCs for affordable housing compliant with recent legislation, SB 1533, and its eventual inclusion in ORS. If the waiver does not comply with state law, we recommend the City implement a subsidy program where SDC funds are reimbursed for the waiver.
- Include downtown development in the current SDC methodology update, thereby discontinuing the waiver – unless a cost, demand, or impact-based rationale can be developed.

Newberg City Hall
503.537.1240
www.newbergoregon.gov

City of Newberg

City Engineer's Office
503.537.1273

ENGINEERING SERVICES DEPARTMENT

P.O. Box 970 • 414 E. First Street • Newberg, Oregon 97132 • 503.537.1273 • Fax 503.537.1277

February 1, 2017

RE: Notification of Intended Adoption of a Water and Transportation System Development Charge (SDC) Methodology, Fees and Credits

Dear Interested Parties,

This letter is to inform you of the proposed adoption of a water and transportation methodology by the City of Newberg and serves to fulfill the 90 day notice to interested parties as required by **ORS 223.304(6)**. If adopted, the proposed local SDC methodology will go into effect for all applicable permits applied for on or after July 1, 2017.

Implementation of the proposed methodology consists of two separate components:

1. The proposed water and transportation SDC methodology will be available for public review on March 1, 2017 (60 days prior to public hearing).

2. The City Council will hold a public hearing on May 1, 2017, regarding the proposed resolution adopting a water and transportation SDC methodology and charges.

The proposed water and transportation SDC methodology will be available for public review on March 1, 2017, at the following location: www.newbergoregon.gov and City Hall.

If you have any questions, please contact City Engineer Kaaren Hofmann at 503-537-1273.

Sincerely,

Kaaren Hofmann, PE, City Engineer
Email: engineeringdepartment@newbergoregon.gov

Enclosure
Cc: Jay Harris, PE, Public Works Director

Paul Chiu

From: Paul Chiu
Sent: Monday, January 30, 2017 1:56 PM
To: Brittney Jeffries
Cc: Kaaren Hofmann
Subject: RE: SDC Interested Parties List ... Mail the notification please
Attachments: SDC Notification Letter_2017_0201.pdf

Brittney,

- Please keep the following list of "**interested parties**" that came from Kaaren's email dated 1/23/17.
- Please mail the **Notification of Intended Adoption of a Water and Transportation System Development Charge Methodology, Fees and Credits** to all of them tomorrow (**1/31/17**) at the latest.
- Please also post the attached notification letter on the city's website. Thank you for taking care of this mailing.

List of "Interested Parties":

Newberg Downtown Coalition
Attn: Mike Ragsdale, Executive Director
502 East Second Street
Newberg, OR 97132

Chehalem Valley Chamber of Commerce
Attn: Sheryl Kelsh, Executive Director
2119 Portland Road
Newberg, OR 97132

George Fox University
Attn: Dan Schutter, Assoc Director of Plant Services
1101 N. Villa Road
Newberg, OR 97132-1218

George Fox University
Attn: Clyde Thomas, Director of Plant Services
1101 N. Villa Road
Newberg, OR 97132-1218

Providence Newberg Medical Center
Attn: Jeff Schorzman, Facilities Manager
1001 Providence Drive
Newberg, OR 97132

Newberg School District
Attn: Larry Hampton, Operations & Safety Coordinator
703 S. Blaine Street
Newberg, OR 97132

Werth Properties
c/o MJG Development, Inc.
Attn: Mike Gougler

901 N. Brutscher Street, Suite D352
Newberg, OR 97132

JDC Homes, LLC
Attn: Curt Walker
901 N. Brutscher Street, Suite 201
Newberg, OR 97132

JT Smith Companies
Attn: John Wyland, Senior Project Planner
5285 Meadows Road, Suite 171
Lake Oswego, OR 97035

Gramor Development
Attn: Ryan Cain, Project Manager
19767 SW 72nd Avenue, #100
Tualatin, OR 97062

Del Boca Vista, LLC
Attn: Jessica Cain
P.O. Box 486
Newberg, OR 97132

Del Boca Vista, LLC
Attn: Dan Danicic
P.O. Box 486
Newberg, OR 97132

Chehalem Park and Recreation District
Attn: Don Clements, Superintendent
125 S. Elliott Road
Newberg, OR 97132

Chehalem Park and Recreation District
Attn: Jim McMaster, Parks & Facilities Supervisor
125 S. Elliott Road
Newberg, OR 97132

Friendsview Retirement Community
Attn: Todd Engle, Executive Director
1301 East Fulton Street,
Newberg, OR 97132

Austin Industries
(A-Dec, Springbrook Properties)
Attn: Brett Baker, General Manager
3113 Crestview Drive
Newberg, OR 97132

Oregon Homebuilders Association
Attn: Jon Chandler, CEO
2075 Madrona Ave SE, Ste 150
Salem, OR 97302