

City of Hermiston

SYSTEM DEVELOPMENT CHARGE UPDATE

Draft Report
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Section I. INTRODUCTION

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

I.A. PROJECT

The City of Hermiston (City) provides a variety of services to its residences, including water, sewer, parks, and transportation. The City imposes system development charges (SDCs) to recover eligible infrastructure costs and provide partial funding for the capital needs of these different systems, though it does not currently charge a transportation SDC. In general, SDCs are charged to all new developments within the City's boundaries, except for the parks SDC which the City charges only to residential developments. For a typical single-family home, the current SDCs are \$282 for water, \$225 for sewer, and \$400 for parks.

In 2020, the City engaged FCS GROUP to update the water, sewer, and parks SDCs, as well as to calculate a new transportation SDC.

I.B. POLICY

SDCs are enabled by state statute, authorized by local ordinance, and constrained by the United States Constitution.

I.B.1. State Statute

Oregon Revised Statutes (ORS) 223.297 to 223.314 enable local governments to establish SDCs, which are one-time fees on development that are paid at the time of development or redevelopment that creates additional demand for park facilities. SDCs are intended to recover a fair share of the cost of existing and planned facilities that provide capacity to serve future users (i.e., growth).

ORS 223.299 defines two types of SDC:

- A reimbursement fee that is 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 that is 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).

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 that 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).

In addition to the reimbursement and improvement fees, ORS 223.307(5) states, in part, that “system development charge revenues may be expended on the costs of complying” with state statutes concerning SDCs, including “the costs of developing system development charge methodologies and providing an annual accounting of system development charge expenditures.”

I.B.2. Local Ordinance

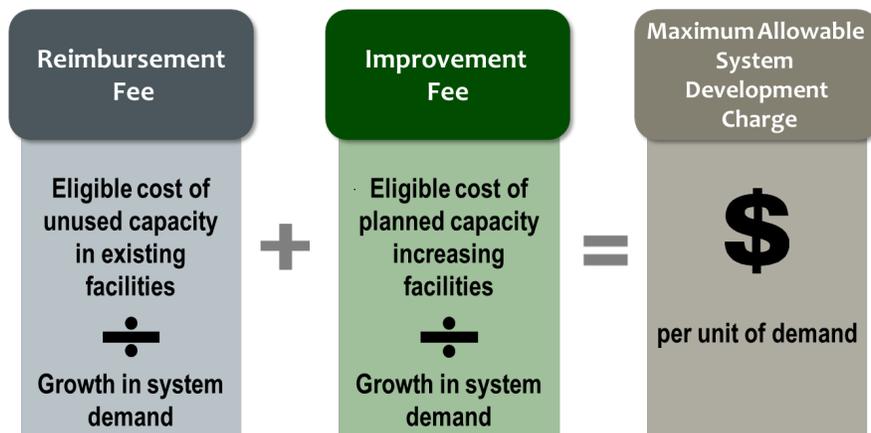
The City’s code authorizes and governs the imposition and expenditure of SDCs in the City.

I.B.3. United States Constitution

The United States Supreme Court has determined that SDCs, impact fees, or other exactions that comply with state and/or local law may still violate the United States Constitution if they are not proportionate to the impact of the development. The SDCs calculated in this report are designed to meet all constitutional and statutory requirements.

I.C. SDC BACKGROUND

In general, SDCs are calculated by adding a reimbursement fee component (if applicable) 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. Below is an illustration of this calculation:



The methods for calculating each component of an SDC differ slightly depending on the utility. The calculations for all four SDCs (water, sewer, parks, and transportation) are detailed in the following sections.

I.D. SOUTHWEST ANNEXATION AREA

The City has recently annexed over 353 acres in the southwestern region of the city. Capital projects will be needed to serve growth in that area. On occasion, cities charge a regional SDC that applies only to specific areas to maintain a nexus between the needed projects and the growth served by those projects. However, the City finds that capital projects in that area will also serve growth across the City, and so SDCs calculated in this report are to be charged to developments in all areas of the City, including the newly annexed area.

Section II. WATER SDC

This section provides the detailed calculations of the maximum allowable water SDC.

II.A. GROWTH

The calculation of projected growth begins with defining the units by which current and future demand will be measured. Then, using the best available data, we quantify the current level of demand and estimate a future level of demand. The difference between the current level and the future level is the growth in demand that will serve as the denominator in the SDC calculations.

II.A.1. Unit of Measurement

A good unit of measurement allows an agency to quantify the incremental demand of development or redevelopment that creates additional demand for park facilities. A great unit of measurement allows an agency to distinguish different levels of demand added by different kinds of development or redevelopment.

For water SDCs, the meter size necessary for a development is broadly used as a measure of its potential water demand. In order to compare meters and calculate the total demand of the system, meters are often compared by their flow rates and measured by their meter capacity equivalents (MCEs). In this system, the smallest meter employed by the City has one MCE, and every larger meter has a larger number of MCEs based on their relative flow rates.

Currently, the City charges its water SDC using the MCE method. Flow rates are based on the American Water Work Association's (AWWA) flow rates assuming a 5/8" meter base. This method is also used for this water SDC calculation.

II.A.2. Growth in Demand

The City had 7,819 MCEs as of June 30, 2020. According to the water system master plan, the population as of June 30, 2020 was 19,231 and will increase to 27,720 by 2038. If MCEs grow at the same rate as population, there will be 11,271 MCEs in 2038, which means there will be a growth of 3,452 MCEs. The growth share, or the percentage of MCEs in 2038 that will arrive between 2020 and 2038, is 30.62 percent.

These calculations are summarized in **Table 1** below. The growth of 3,452 MCEs will be the denominator for the SDC calculation, and the growth share of 30.62 percent will be useful when calculating the eligibility of selected projects on the project list.

Table 1: Growth in MCEs for the Water SDC Calculation

	2020	2038	CAGR	2020-2038 Growth	Growth Share
Population	19,231	27,720	2.05%	8,489	30.62%
MCEs	7,819	11,271	1.60%	3,452	30.62%

Source: City staff.

II.B. IMPROVEMENT FEE

An improvement fee is the eligible cost of planned projects per unit of growth that such projects will serve. Since we have already calculated growth (denominator) above, we will focus here on the improvement fee cost basis (numerator).

II.B.1. Eligibility

A project's eligible cost is the product of its total cost and its eligibility percentage. The eligibility percentage represents the portion of the project that creates capacity for future users. Where possible, specific details about a project can provide an eligibility percentage. However, when this is not possible, projects can still be sorted into three broad categories.

The first category is for projects that do not provide capacity for future users. Such projects may be purely replacement projects, or they may be solving a deficiency in the water system. Projects in this category are zero percent eligible. The second category is for projects that are purely for future users, such as when new pipe is laid to provide for a new development. These projects are 100 percent eligible. Finally, projects that provide capacity that will be roughly equally shared between current and future users are eligible at the growth share percentage discussed in **Section II.A**, or 30.62 percent.

Projects for consideration in the improvement fee cost basis were all sorted into these three categories.

II.B.2. Improvement Fee Cost Basis

Projects in the improvement fee cost basis were taken from the City's Capital Improvements Plan Update of January 2021, with additional details provide from the City's 2019 Water System Master Plan. Each project was sorted into one of the three categories discussed above based on the descriptions provided in the master plan and discussions with staff.

Table 2 below shows all the projects in the water system improvement fee cost basis. The eligibility for each project is shown in the SDC Eligibility column, and the SDC Eligible Costs column shows that full amount of the improvement fee cost basis is \$8.1 million.

Table 2: Water SDC Improvement Fee Cost Basis

Project	Timing	Cost	SDC Eligibility	SDC Eligible Costs
Leak Detection Equipment	2021	\$ 30,000	30.62%	\$ 9,187
Well No. 6 Backup Generator	2021	320,000	30.62%	98,000
Well No. 6 Chlorination System Structure	2023	410,000	30.62%	125,562
Well No. 4 Control System	2023	360,000	0.00%	-
W. Ridgeway Water Line Replacement	2021	320,000	0.00%	-
N. 1st Place Water Line Replacement	2022	800,000	0.00%	-
W. Orchard Avenue Water Line Replacement	2025	810,000	0.00%	-
E. Highland Avenue Water Line Replacement	2023	1,170,000	0.00%	-
E. Gladys Avenue and E. Main Street Water Line Replacement	2023	1,180,000	0.00%	-
View Drive Booster Pump Station Upgrades	2026	750,000	30.62%	229,687
Highland Booster Pump Station and Pressure Zone Reconfiguration	2024	750,000	100.00%	750,000
Downtown Utility Line Replacement (1st Street to 3rd Street)	2021	300,000	0.00%	-
Residential Water Meter Replacement	2025-2026	300,000	0.00%	-
Chlorination Scales	2026	10,566	0.00%	-
Well No. 6 Reservoir No 1. Exterior Surfaces Painting	2026	158,487	0.00%	-
Well No. 6 Reservoir no 2. Exterior Surfaces Painting	2026	158,487	0.00%	-
Well No. 4 Reservoir Exterior Surfaces Painting	2026	158,487	0.00%	-
Deep Basalt Well and Pump Station, Southwest Storage Reservoir	2026	6,840,000	100.00%	6,840,000
Total		\$ 14,826,026		\$ 8,052,436

Source: City staff.

II.C. CALCULATED SDC

The City finds that there is little to no capacity for future users already available in the water system. In the absence of reimbursable capacity, the improvement fee cost basis is the only basis needed for calculating the water SDC.

The remainder of this section applies some adjustments to the improvement fee cost basis, and then divides that by the expected growth. The result is a total SDC per MCE, which can then be applied to each meter size using the City’s flow factors.

II.C.1. Adjustments

No adjustments for outstanding improvement fee fund balance are necessary because the City currently charges only a reimbursement fee. However, the City estimates that \$47,980 should be added to the cost basis to collect the compliance costs allowed by statute.

II.C.2. Calculated SDC

Table 3 below summarizes the calculation of the water SDC. As shown, the maximum allowable SDC is \$2,347 per MCE.

Table 3: Calculated Water SDC

Cost Basis:	
Improvement Fee	\$ 8,052,436
Compliance Costs	47,980
Total Cost Basis	\$ 8,100,416
Growth in MCEs	3,452
Improvement Fee per MCE	\$ 2,333
Compliance Fee per MCE	14
Total SDC per MCE	\$ 2,347

Source: City staff, previous tables.

Table 4 below shows the full water SDC schedule by meter size.

Table 4: Water SDC Fee Schedule

Meter Size	MCEs by Meter	Improvement Fee	Compliance Fee	Calculated Full SDC
3/4"	1.00	\$ 2,333	\$ 14	\$ 2,347
1"	2.50	5,832	35	5,867
1 1/2"	5.00	11,665	70	11,734
2"	8.00	18,664	111	18,775
3"	16.00	37,327	222	37,550
4"	25.00	58,324	348	58,671
6"	50.00	116,647	695	117,342
8"	80.00	186,636	1,112	187,748
10"	125.00	291,618	1,738	293,356

Section III. SEWER SDC

This section provides the detailed calculations of the maximum allowable sewer SDC.

III.A. GROWTH

The calculation of projected growth begins with defining the units by which current and future demand will be measured. Then, using the best available data, we quantify the current level of demand and estimate a future level of demand. The difference between the current level and the future level is the growth in demand that will serve as the denominator in the SDC calculations.

III.A.1. Unit of Measurement

As stated previously, a good unit of measurement allows an agency to quantify the incremental demand of development or redevelopment that creates additional demand for park facilities. A great unit of measurement allows an agency to distinguish different levels of demand added by different kinds of development or redevelopment.

For sewer SDCs, the meter size necessary for a development is broadly used as a measure of its potential sewer volume and resulting service demand. In order to compare meters and calculate the total demand of the system, meters are often compared by their flow rates and measured by their meter capacity equivalents (MCEs). In this system, the smallest meter employed by the City has one MCE, and every larger meter has a larger number of MCEs based on their relative flow rates.

Currently, the City charges its sewer SDC using the MCE method. Flow rates are based on the AWWA's flow rates assuming a 5/8" meter base. This method is also used for this sewer SDC calculation.

III.A.2. Growth in Demand

The City had 7,819 MCEs as of June 30, 2020. According to the sewer system master plan, the population as of June 30, 2020 was 18,688, and will increase to 26,210 by 2043. If MCEs grow at the same rate as population, there will be 10,966 MCEs in 2043, which means there will be a growth of 3,147 MCEs. The growth share, or the percentage of MCEs in 2043 that will arrive between 2020 and 2043, is 28.70 percent.

These calculations are summarized in **Table 5** below. The growth of 3,147 MCEs will be the denominator for the SDC calculation, and the growth share of 28.70 percent will be useful when calculating the eligibility of selected projects on the project list.

Table 5: Growth in MCEs for the Sewer SDC Calculation

	2020	2043	CAGR	Growth	Growth Share
Population	18,688	26,210	1.48%	7,522	28.70%
MCEs	7,819	10,966	1.48%	3,147	28.70%

Source: City staff.

III.B. IMPROVEMENT FEE

An improvement fee is the eligible cost of planned projects per unit of growth that such projects will serve. Since we have already calculated growth (denominator) above, we will focus here on the improvement fee cost basis (numerator).

III.B.1. Eligibility

A project’s eligible cost is the product of its total cost and its eligibility percentage. The eligibility percentage represents the portion of the project that creates capacity for future users. Where possible, specific details about a project can provide an eligibility percentage. However, when this is not possible, projects can still be sorted into three broad categories.

The first category is for projects that do not provide capacity for future users. Such projects may be purely replacement projects, or they may be solving a deficiency in the sewer system. Projects in this category are zero percent eligible. The second category is for projects that are purely for future users, such as when new pipe is laid to provide for a new development. These projects are 100 percent eligible. Finally, projects that provide capacity that will be roughly equally shared between current and future users are eligible at the growth share percentage discussed in **Section III.A** or 28.70 percent.

Projects for consideration in the improvement fee cost basis were all sorted into these three categories.

III.B.2. Improvement Fee Cost Basis

Projects in the improvement fee cost basis were taken from the City’s Capital Improvements Plan Update of January 2021, with additional details provided by the City’s 2020 Sewer Collection System Study. Each project was sorted into one of the three categories discussed above based on the descriptions provided in the plan and discussions with staff.

Table 6: Sewer SDC Improvement Fee Cost Basis below shows all the projects in the sewer system improvement fee cost basis. The eligibility for each project is shown in the SDC Eligibility column, and the SDC Eligible Costs column shows that full amount of the improvement fee cost basis is \$1.6 million.

Table 6: Sewer SDC Improvement Fee Cost Basis

Project	Timing	Cost	SDC Eligibility	SDC Eligible
				Costs
Lift Stations No. 1 and * Underground Fuel Storage Tank Replacement	2021	\$ 8,855	0.00%	\$ -
7th Street Manhole Replacement	2021	20,000	0.00%	-
S.E. 7th Street Gravity Sewer Line Replacement - Phases II and III	2021	740,000	100.00%	740,000
Lift Station No. 1 Upgrades	2021	107,550	0.00%	-
Lift Station No. 5 Wetwell Upgrades	2022	100,000	0.00%	-
E. Evelyn Avenue Gravity Sewer Line Replacement	2023	380,000	100.00%	380,000
Lift Station No. 4 Reconstruction	2022	490,000	28.70%	140,628
McDonald's and U.S. Highway 395 Gravity Sewer Line Replacement	2022	330,000	0.00%	-
Lift Station NO. 6 Reconstruction	2023	620,000	28.70%	177,937
N.E. 7th Street Gravity Sewer Line Replacement	2024	300,000	0.00%	-
Decommission Lift Station No. 3	2021	550,000	0.00%	-
List Station No. 7 Reconstruction	2024	460,000	28.70%	132,018
Recycled Water Treatment Plant Biosolids Pond Dredging	2038	300,000	0.00%	-
Sanitary Sewer Collection System Study	2021	50,000	28.70%	14,350
Recycled Water Treatment Plant Membrane Filter Savings and Replacement	2022-2025	1,200,000	0.00%	-
Recycled Water Treatment Plant Plump and Motors Savings and Replacement	2022-2026	950,000	0.00%	-
Victory Square Park Gravity Sewer Line Replacement	2026	200,000	28.70%	57,399
Total		\$ 6,806,405		\$ 1,642,333

Source: City staff.

III.C. REIMBURSEMENT FEE COST BASIS

A reimbursement fee is the eligible cost of the sewer facilities available for future users per unit of growth that such facilities will serve. Since growth was calculated above, we will focus on the eligible cost of the sewer facilities available for future users. That is, we will focus on the cost of reimbursable sewer facilities.

III.C.1. Recycled Water Treatment Plant

According to City staff, the current flow at the recycled water treatment plant is 1.30 million gallons per day (MGD). The flow as of 2043 will be 1.82 MGD. This means that 0.52 MGD will be needed for growth during the planning period. The maximum flow at the plant is 3.17 MGD, and so the capacity of the plan allocable to growth is 16.51 percent, or 0.52 MGD divided by 3.17 MGD.

The original cost of the plant was \$28.2 million, which would make the allocated cost of the plant \$4.6 million. However, the City has \$19.6 million in outstanding debt related to the plant. Because future users will be paying for that debt service through their sewer rates and local taxes, they cannot be expected to also pay for that debt service in a reimbursement fee. Thus, their eligible portion of the outstanding debt must be deducted, which is 16.51 percent multiplied by \$19.6 million, or \$3.2 million. Subtracting the allocated outstanding debt from the allocated cost of the plant leaves \$1.4 million for inclusion in the reimbursement fee cost basis.

III.C.2. Trunklines

The City has two primary trunklines through which all the City's sewage flows, which can broadly be considered the "Eastern" and "Western" trunklines. Based on detailed utilization estimates provided in the sewer collection system study, 19.00 percent of the capacity of the Eastern Trunkline and

37.00 percent of the capacity of the Western Trunkline can be considered eligible for growth to arrive between 2020 and 2043.

The combined replacement cost of these two trunklines is about \$3.6 million. However, the City can only be reimbursed for costs actually incurred, and so the replacement cost must be deflated to the cost at the time of construction. The trunklines are estimated to have been finished in 1981. Using the *Engineering News-Record* (ENR) Construction Cost Index (CCI) 20-City Average, this means that the deflated cost should be about 30.09 percent of the current-day replacement cost, or \$1.1 million. Finally, multiplying by the capacities remaining for growth gives a total reimbursable cost of \$329,113. No adjustments for outstanding debt are necessary in this case.

These calculations are summarized in **Table 7: Trunkline Capacity for the Sewer SDC** below.

Table 7: Trunkline Capacity for the Sewer SDC

	Eastern	Western	Total
Capacity Remaining for Growth	19.00%	37.00%	
Construction Cost	\$ 1,490,000	\$ 1,073,000	\$ 2,563,000
Mobilization/Demobilization Cost	75,575	54,425	130,000
Other Costs	548,213	394,787	943,000
Total Replacement Cost	\$ 2,113,789	\$ 1,522,211	\$ 3,636,000
Original Cost Adjustment Factor	30.09%	30.09%	30.09%
Original Cost Estimate	\$ 635,949	\$ 457,969	\$ 1,093,918
Total Reimbursable Cost	\$ 120,830	\$ 169,448	\$ 329,113

Source: City staff, Engineer News-Record (original cost adjustment factor).

III.D. CALCULATED SDC

This section combines the eligible costs from the improvement fee cost basis and the reimbursement fee cost basis and applies some adjustments. The result is a total SDC per MCE, which can then be applied to each meter size using the City’s flow factors.

III.D.1. Adjustments

No adjustments for outstanding improvement fee fund balance are necessary because the City currently charges only a reimbursement fee. The reimbursement fee must be reduced by \$62,864 to account for outstanding reimbursement fee fund balance. These adjustments are shown in **Table 8** below.

Table 8: Adjustments for Outstanding Fund Balance to the Sewer SDC Cost Bases

Unadjusted Improvement Fee Cost Basis	\$ 1,642,333
Improvement Fee Fund Balance	-
Improvement Fee Cost Basis	\$ 1,642,333
Unadjusted Reimbursement Fee Cost Basis	\$ 1,750,869
Reimbursement Fee Fund Balance	(62,864)
Reimbursement Fee Cost Basis	\$ 1,688,005

Source: City staff, previous tables.

The City estimates that \$47,980 should be added to the cost basis to collect the compliance costs allowed by statute.

III.D.2. Calculated SDC

Table 9 below summarizes the calculation of the sewer SDC. As shown, the full SDC is \$1,073 per MCE.

Table 9: Calculated Sewer SDC

Cost Basis:	
Improvement Fee	\$ 1,642,333
Reimbursement Fee	1,688,005
Compliance Costs	47,980
Total Cost Basis	\$ 3,378,318
Growth in MCEs	3,147
Improvement Fee per MCE	\$ 522
Reimbursement Fee per MCE	536
Compliance Fee per MCE	15
Total SDC per MCE	\$ 1,073

Table 10 below shows the full sewer SDC schedule by meter size.

Table 10: Sewer SDC Fee Schedule

Meter Size	MCEs by Meter	Improvement Fee	Reimbursement Fee	Compliance Fee	Calculated Full SDC
3/4"	1.00	\$ 522	\$ 536	\$ 15	\$ 1,073
1"	2.50	1,305	1,341	38	2,684
1 1/2"	5.00	2,609	2,682	76	5,367
2"	8.00	4,175	4,291	122	8,587
3"	16.00	8,349	8,581	244	17,175
4"	25.00	13,046	13,408	381	26,835
6"	50.00	26,091	26,817	762	53,670
8"	80.00	41,746	42,907	1,220	85,873
10"	125.00	65,228	67,042	1,906	134,176

Section IV. TRANSPORTATION SDC

This section provides the detailed calculations of the maximum allowable transportation SDC.

IV.A. GROWTH

The calculation of projected growth begins with defining the units by which current and future demand will be measured. Then, using the best available data, we quantify the current level of demand and estimate a future level of demand. The difference between the current level and the future level is the growth in demand that will serve as the denominator in the SDC calculations.

IV.A.1. Unit of Measurement

Once again, a good unit of measurement allows an agency to quantify the incremental demand of development or redevelopment that creates additional demand for park facilities. A great unit of measurement allows an agency to distinguish different levels of demand added by different kinds of development or redevelopment.

For transportation SDCs, a common unit of growth is the PM peak hour vehicle trip end. A PM peak hour vehicle trip end represents one vehicle departing or arriving at a particular property during the peak travel time of the afternoon.

IV.A.2. Growth in Demand

In 2013, the City updated its 1997 transportation system plan. The update estimated the City would add 24,070 PM peak hour vehicle trip ends between 2013 and 2030, based on the expected development patterns in the city. However, because the project list is based on the City's 2021 Capital Improvements Plan, growth must be measured from 2020 rather than 2013.

In order to measure growth between 2020 and 2030, we must first estimate the total number of PM peak hour vehicle trip ends (trip-ends) in 2020. If we assume that trip-ends in the City grew at 0.99 percent between 2013 and 2020, then working backwards, we can estimate that the total number of trip-ends in 2013 was 132,287. The assumption of a 0.99 percent growth rate is based on the growth rate outlined in the parks master plan.

If the total number of trip-ends in 2013 was 132,287, then using the same growth rate of 0.99 percent, that implies that there were 141,713 trip-ends in 2020. Finally, using the total growth expected between 2013 and 2030, that implies that trip-ends will grow by 14,643 between 2020 and 2030.

These numbers are summarized in **Table 11** below. The growth of 14,643 PM peak hour vehicle trip ends will be the denominator for the SDC calculation, and the growth share of 9.37 percent will be useful when calculating the eligibility of selected projects on the project list.

Table 11: Growth in PM Peak Hour Vehicle Trip Ends for the Transportation SDC Calculation

Land Use	2013-2030 Growth in		Assumed Annual Growth Rate	Estimated PM Peak Hour Vehicle Trip Ends in 2013	Estimated PM Peak Hour Vehicle Trip Ends in 2020	2020-2030 Growth in	
	Growth	PM Peak Hour Trip Rate				PM Peak Hour Vehicle Trip Ends	Growth Share
Industrial	210 acres	7.96	0.99%	12,531	13,424	1,387	9.37%
Commercial/Industrial	900 acres	8.84	0.99%	43,693	46,806	4,837	9.37%
Commercial	245 acres	33	0.99%	50,920	54,548	5,637	9.37%
Single-family	2,175 homes	1.01	0.99%	12,091	12,953	1,338	9.37%
Multi-family	3,830 homes	0.62	0.99%	13,053	13,983	1,445	9.37%
Total				132,287	141,713	14,643	9.37%

Source: City staff.

IV.B. IMPROVEMENT FEE

An improvement fee is the eligible cost of planned projects per unit of growth that such projects will serve. Since we have already calculated growth (denominator) above, we will focus here on the improvement fee cost basis (numerator).

IV.B.1. Eligibility

A project’s eligible cost is the product of its total cost and its eligibility percentage. The eligibility percentage represents the portion of the project that creates capacity for future users. Where possible, specific details about a project can provide an eligibility percentage. However, when this is not possible, projects can still be sorted into three broad categories.

The first category is for projects that do not provide capacity for future users. Such projects may be purely replacement projects, or they may be solving a deficiency in the transportation system. Projects in this category are zero percent eligible. The second category is for projects that are purely for future users, such as when new pipe is laid to provide for a new development. These projects are 100 percent eligible. Finally, projects that provide capacity that will be roughly equally shared between current and future users are eligible at the growth share percentage discussed in **Section IV.A**, or 9.37 percent.

Projects for consideration in the improvement fee cost basis were all sorted into these three categories, except for two projects for which more specific allocations were possible. The S.E. 10th Street Bridge Replacement project expands the bridge from one lane to two, and so 50.00 percent of the project is related to adding capacity for growth. Further, the City provided specific details regarding the added pavement and sidewalks for the N.E. 10th Street Reconstruction project that justified an eligibility percentage of 58.49 percent.

IV.B.2. Improvement Fee Cost Basis

Projects in the improvement fee cost basis were taken from the City’s Capital Improvements Plan Update of January 2021.

Table 12: Transportation SDC Improvement Fee Cost Basis below shows all the projects in the transportation system improvement fee cost basis. The eligibility for each project is shown in the SDC Eligibility column, and the SDC Eligible Costs column shows that full amount of the improvement fee cost basis is \$8.6 million.

Table 12: Transportation SDC Improvement Fee Cost Basis

Project	Timing	Cost	SDC Eligibility	SDC Eligible	
				Costs	
ST 4.0 N.W. Geer Road, W. Harper Road, and N. 1st Place Realignment	2021-2025	\$ 1,225,000	9.37%	\$	114,726
ST 6.0 N. 1st Place Roadway Improvement	2023	4,500,000	0.00%		-
ST 21.0 Arterial/Collector Sidewalk Infill	2021-2026	180,000	0.00%		-
ST 5.0 W. Theater Lane Resurfacing	2026-2030	583,714	0.00%		-
ST 7.0 Right-of-Way Acquisition	2026-2030	249,793	100.00%		249,793
ST 8.0 N.W. June Avenue Improvements	2026-2030	184,630	0.00%		-
ST 9.0 E. Highland Avenue and S. 1st Street Intersection Improvements	2026-2030	2,063,508	9.37%		193,256
ST 10.0 W. Orchard Avenue and S. 1st Street Intersection Improvements	2026-2030	2,606,537	9.37%		244,113
ST 11.0 W. Gettman Road Construction	2026-2030	2,958,420	100.00%		2,958,420
ST 11.1 E. Gettman Road Construction	2026-2030	2,683,709	100.00%		2,683,709
ST 12.0 S.E. 10th Street Bridge Replacement	2026-2030	282,375	50.00%		141,187
ST 13.0 N.W. 2nd Street Paving	2026-2030	228,072	0.00%		-
ST 14.0 S.W. 17th Street Reconstruction	2026-2030	456,144	0.00%		-
ST 15.0 N.E. 10th Street Reconstruction	2026-2030	3,019,238	58.49%		1,765,970
ST 16.0 N.W. 3rd Street Paving	2026-2030	304,096	0.00%		-
ST 17.0 S.E. 7th and Main Street Roundabout	2026-2030	2,172,114	9.37%		203,427
ST 18.0 Stormwater Lift Station No. 2 Reconstruction - Pumps	2026-2030	54,303	0.00%		-
ST 19.0 Stormwater Lift Station No. 2 Reconstruction - Alarms	2026-2030	86,885	0.00%		-
ST 20.0 Pedestrian Flashers	2026-2030	162,909	0.00%		-
Total		\$ 24,001,446		\$	8,554,601

Source: City staff, previous tables.

IV.C. CALCULATED SDC

The City finds that there is little to no capacity for future users already available in the transportation system. In the absence of reimbursable capacity, the improvement fee cost basis is the only basis needed for finishing the transportation SDC calculation.

The remainder of this section applies some adjustments to the improvement fee cost basis, and then divides that by the expected growth. The result is a total SDC per PM peak hour vehicle trip end, which can then be applied to each land use using *Trip Generation*, 10th edition, published by the Institute of Transportation Engineers.

IV.C.1. Adjustments

No adjustments for outstanding improvement fee fund balance are necessary because the City does not currently charge a transportation SDC. However, the City estimates that \$23,990 should be added to the cost basis to collect the compliance costs allowed by statute.

IV.C.2. Calculated SDC

Table 13 below summarizes the calculation of the transportation SDC. As shown, the full SDC is \$587 per PM peak hour vehicle trip end.

Table 13: Calculated Transportation SDC

Calculated SDC	
Cost Basis:	
Improvement Fee	\$ 8,554,601
Compliance Costs	23,990
Total Cost Basis	\$ 8,578,591
Growth in PM Peak Hour Vehicle Trip Ends	14,643
Improvement Fee per PM Peak Hour Vehicle	\$ 586
Compliance Fee per PM Peak Hour Vehicle Trip	2
Total SDC per PM Peak Hour Vehicle Trip End	\$ 587

Source: City staff, previous tables.

Table 14 below shows the full transportation SDC schedule by land use.

Table 14: Transportation SDC Fee Schedule

Land Use	ITE Code	Unit of Measure	PM Peak Hour Vehicle Trip Ends	New Trip Conversion Factor	New PM Peak Hour Vehicle Trip Ends	Calculated Transportation System Development Charge per Unit
General Light Industrial	110	1,000 SFGFA	0.63	1.00	0.63	\$370.11
Industrial Park	130	1,000 SFGFA	0.40	1.00	0.40	\$234.99
Manufacturing	140	1,000 SFGFA	0.67	1.00	0.67	\$393.60
Warehousing	150	1,000 SFGFA	0.19	1.00	0.19	\$111.62
Mini-Warehouse	151	1,000 SFGFA	0.17	1.00	0.17	\$99.87
Utility	170	1,000 SFGFA	2.27	1.00	2.27	\$1,333.56
Specialty Trade Contractor	180	1,000 SFGFA	1.97	1.00	1.97	\$1,157.31
Single-Family Detached Housing	210	Dwelling Units	0.99	1.00	0.99	\$581.59
Multifamily Housing (Low-Rise)	220	Dwelling Units	0.56	1.00	0.56	\$328.98
Mid-Rise Residential with 1st-Floor Commercial	231	Occupied Dwelling Units	0.37	1.00	0.37	\$217.36
Mobile Home Park	240	Dwelling Units	0.46	1.00	0.46	\$270.24
Senior Adult Housing - Detached	251	Dwelling Units	0.30	1.00	0.30	\$176.24
Senior Adult Housing - Attached	252	Dwelling Units	0.26	1.00	0.26	\$152.74
Congregate Care Facility	253	Dwelling Units	0.18	1.00	0.18	\$105.74
Assisted Living	254	1,000 SFGFA	0.48	1.00	0.48	\$281.99
Recreational Homes	260	Dwelling Units	0.28	1.00	0.28	\$164.49
Timeshare	265	Dwelling Units	0.63	1.00	0.63	\$370.11
Residential Planned Unit Development	270	Dwelling Units	0.69	1.00	0.69	\$405.35
Hotel	310	Rooms	0.60	1.00	0.60	\$352.48
Motel	320	Rooms	0.38	1.00	0.38	\$223.24
Campground/Recreational Vehicle Park	416	Acres	0.98	1.00	0.98	\$575.72
Multipurpose Recreational Facility	435	1,000 SFGFA	3.58	1.00	3.58	\$2,103.14
Multiplex Movie Theater	445	Movie Screens	13.73	1.00	13.73	\$8,065.95
Ice Skating Rink	465	1,000 SFGFA	1.33	1.00	1.33	\$781.33
Soccer Complex	488	Fields	16.43	1.00	16.43	\$9,652.12
Health/Fitness Club	492	1,000 SFGFA	3.45	1.00	3.45	\$2,026.77
Recreational Community Center	495	1,000 SFGFA	2.31	1.00	2.31	\$1,357.05
Elementary School	520	1,000 SFGFA	1.37	1.00	1.37	\$804.83
Middle School/Junior High School	522	1,000 SFGFA	1.19	1.00	1.19	\$699.09
High School	530	1,000 SFGFA	0.97	1.00	0.97	\$569.85
Junior/Community College	540	1,000 SFGFA	1.86	1.00	1.86	\$1,092.69
Church	560	1,000 SFGFA	0.49	1.00	0.49	\$287.86
Day Care Center	565	1,000 SFGFA	11.12	1.00	11.12	\$6,532.66
Prison	571	Beds	0.05	1.00	0.05	\$29.37
Fire and Rescue Station	575	1,000 SFGFA	0.48	1.00	0.48	\$281.99
Library	590	1,000 SFGFA	8.16	1.00	8.16	\$4,793.75
Hospital	610	1,000 SFGFA	0.97	1.00	0.97	\$569.85
Nursing Home	620	1,000 SFGFA	0.59	1.00	0.59	\$346.61
Clinic	630	1,000 SFGFA	3.28	1.00	3.28	\$1,926.90
Animal Hospital/Veterinary Clinic	640	1,000 SFGFA	3.53	1.00	3.53	\$2,073.77
General Office Building	710	1,000 SFGFA	1.15	1.00	1.15	\$675.59

Land Use	ITE Code	Unit of Measure	PM Peak Hour Vehicle Trip Ends	New Trip Conversion Factor	New PM Peak Hour Vehicle Trip Ends	Calculated Transportation System Development Charge per Unit
Small Office Building	712	1,000 SFGFA	2.45	1.00	2.45	\$1,439.30
Single Tenant Office Building	715	1,000 SFGFA	1.71	1.00	1.71	\$1,004.57
Medical-Dental Office Building	720	1,000 SFGFA	3.46	1.00	3.46	\$2,032.64
Government Office Building	730	1,000 SFGFA	1.71	1.00	1.71	\$1,004.57
United States Post Office	732	1,000 SFGFA	11.21	1.00	11.21	\$6,585.53
Office Park	750	1,000 SFGFA	1.07	1.00	1.07	\$628.59
Research and Development Center	760	1,000 SFGFA	0.49	1.00	0.49	\$287.86
Business Park	770	1,000 SFGFA	0.42	1.00	0.42	\$246.74
Tractor Supply Store	810	1,000 SFGFA	1.40	1.00	1.40	\$822.46
Construction Equipment Rental Store	811	1,000 SFGFA	0.99	1.00	0.99	\$581.59
Building Materials and Lumber Store	812	1,000 SFGFA	2.06	1.00	2.06	\$1,210.19
Free-Standing Discount Superstore	813	1,000 SFGFA	4.33	0.71	3.07	\$1,806.06
Variety Store	814	1,000 SFGFA	6.84	0.66	4.51	\$2,652.07
Free-Standing Discount Store	815	1,000 SFGFA	4.83	0.83	4.01	\$2,355.11
Hardware/Paint Store	816	1,000 SFGFA	2.68	0.74	1.98	\$1,165.07
Nursery (Garden Center)	817	1,000 SFGFA	6.94	1.00	6.94	\$4,077.04
Nursery (Wholesale)	818	1,000 SFGFA	5.18	1.00	5.18	\$3,043.09
Shopping Center	820	1,000 SFGFA	3.81	0.66	2.51	\$1,477.25
Factory Outlet Center	823	1,000 SFGFA	2.29	1.00	2.29	\$1,345.30
Automobile Sales (New)	840	1,000 SFGFA	2.43	1.00	2.43	\$1,427.55
Automobile Sales (Used)	841	1,000 SFGFA	3.75	1.00	3.75	\$2,203.01
Recreational Vehicle Sales	842	1,000 SFGFA	0.77	1.00	0.77	\$452.35
Automobile Parts Sales	843	1,000 SFGFA	4.91	0.57	2.80	\$1,644.15
Tire Store	848	1,000 SFGFA	3.98	0.72	2.87	\$1,683.45
Tire Superstore	849	1,000 SFGFA	2.11	1.00	2.11	\$1,239.56
Supermarket	850	1,000 SFGFA	9.24	0.64	5.91	\$3,474.06
Convenience Market	851	1,000 SFGFA	49.11	0.49	24.06	\$14,136.80
Convenience Market with Gasoline Pumps	853	1,000 SFGFA	49.29	0.34	16.76	\$9,845.16
Discount Supermarket	854	1,000 SFGFA	8.38	0.79	6.62	\$3,889.16
Discount Club	857	1,000 SFGFA	4.18	0.63	2.63	\$1,547.04
Farmers Market	858	Acres	179.84	1.00	179.84	\$105,650.46
Wholesale Market	860	1,000 SFGFA	1.76	1.00	1.76	\$1,033.95
Sporting Goods Superstore	861	1,000 SFGFA	2.02	1.00	2.02	\$1,186.69
Home Improvement Superstore	862	1,000 SFGFA	2.33	0.58	1.35	\$793.91
Electronics Superstore	863	1,000 SFGFA	4.26	0.60	2.56	\$1,501.57
Toy/Children's Superstore	864	1,000 SFGFA	5.00	1.00	5.00	\$2,937.35
Baby Superstore	865	1,000 SFGFA	1.82	1.00	1.82	\$1,069.19
Pet Supply Superstore	866	1,000 SFGFA	3.55	1.00	3.55	\$2,085.52
Office Supply Superstore	867	1,000 SFGFA	2.77	1.00	2.77	\$1,627.29
Book Superstore	868	1,000 SFGFA	15.83	1.00	15.83	\$9,299.64
Discount Home Furnishing Superstore	869	1,000 SFGFA	1.57	1.00	1.57	\$922.33
Bed and Linen Superstore	872	1,000 SFGFA	2.22	1.00	2.22	\$1,304.18
Department Store	875	1,000 SFGFA	1.95	1.00	1.95	\$1,145.56
Apparel Store	876	1,000 SFGFA	4.12	1.00	4.12	\$2,420.37
Arts and Crafts Store	879	1,000 SFGFA	6.21	1.00	6.21	\$3,648.18
Pharmacy/Drugstore without Drive-Through Window	880	1,000 SFGFA	8.51	0.47	4.00	\$2,349.70
Pharmacy/Drugstore with Drive-Through Window	881	1,000 SFGFA	10.29	0.51	5.25	\$3,082.98
Marijuana Dispensary	882	1,000 SFGFA	21.83	1.00	21.83	\$12,824.45
Furniture Store	890	1,000 SFGFA	0.52	0.47	0.24	\$143.58
Beverage Container Recycling Depot	895	1,000 SFGFA	10.10	1.00	10.10	\$5,933.44
Medical Equipment Store	897	1,000 SFGFA	1.24	1.00	1.24	\$728.46
Liquor Store	899	1,000 SFGFA	16.37	1.00	16.37	\$9,616.87
Walk-in Bank	911	1,000 SFGFA	12.13	1.00	12.13	\$7,126.00
Drive-in Bank	912	1,000 SFGFA	20.45	0.65	13.29	\$7,808.93
Hair Salon	918	1,000 SFGFA	1.45	1.00	1.45	\$851.83
Copy, Print, and Express Ship Store	920	1,000 SFGFA	7.42	1.00	7.42	\$4,359.02
Drinking Place	925	1,000 SFGFA	11.36	1.00	11.36	\$6,673.65
Food Cart Pod	926	Food Carts	3.08	1.00	3.08	\$1,809.41
Fast Casual Restaurant	930	1,000 SFGFA	14.13	1.00	14.13	\$8,300.94
Quality Restaurant	931	1,000 SFGFA	7.80	0.56	4.37	\$2,566.07
High-Turnover (Sit-Down) Restaurant	932	1,000 SFGFA	9.77	0.57	5.57	\$3,271.56

Land Use	ITE Code	Unit of Measure	PM Peak Hour Vehicle Trip Ends	New Trip Conversion Factor	New PM Peak Hour Vehicle Trip Ends	Calculated Transportation System Development Charge per Unit
Fast-Food Restaurant without Drive-Through Window	933	1,000 SFGFA	28.34	1.00	28.34	\$16,648.88
Fast-Food Restaurant with Drive-Through Window	934	1,000 SFGFA	32.67	0.50	16.34	\$9,596.31
Fast-Food Restaurant with Drive-Through Window and No Indoor Seating	935	1,000 SFGFA	42.65	1.00	42.65	\$25,055.56
Coffee/Donut Shop without Drive-Through Window	936	1,000 SFGFA	36.31	1.00	36.31	\$21,331.01
Coffee/Donut Shop with Drive-Through Window	937	1,000 SFGFA	43.38	1.00	43.38	\$25,484.41
Coffee/Donut Shop with Drive-Through Window and No Indoor Seating	938	1,000 SFGFA	83.33	0.11	9.17	\$5,384.92
Bread/Donut/Bagel Shop without Drive-Through Window	939	1,000 SFGFA	28.00	1.00	28.00	\$16,449.14
Bread/Donut/Bagel Shop with Drive-Through Window	940	1,000 SFGFA	19.02	1.00	19.02	\$11,173.66
Quick Lubrication Vehicle Shop	941	1,000 SFGFA	8.70	1.00	8.70	\$5,110.98
Automobile Care Center	942	1,000 SFGFA	3.11	1.00	3.11	\$1,827.03
Automobile Parts and Service Center	943	1,000 SFGFA	2.26	1.00	2.26	\$1,327.68
Gasoline/Service Station	944	Vehicle Fueling Positions	14.03	0.58	8.14	\$4,780.47
Gasoline/Service Station with Convenience Market	945	Vehicle Fueling Positions	13.99	0.44	6.16	\$3,616.23
Self-Service Car Wash	947	Wash Stalls	5.54	1.00	5.54	\$3,254.58
Automated Car Wash	948	Car Wash Tunnels	77.50	1.00	77.50	\$45,528.86
Car Wash and Detail Center	949	Wash Stalls	13.60	1.00	13.60	\$7,989.58
Truck Stop	950	Vehicle Fueling Positions	8.41	1.00	8.41	\$4,940.62
Super Convenience Market/Gas Station	960	Vehicle Fueling Positions	22.96	1.00	22.96	\$13,488.29
Winery	970	1,000 SFGFA	7.31	1.00	7.31	\$4,294.40
Accessory Dwelling Units		Dwelling Units			0.30	\$176.24

Source: ITE, Trip Generation Manual, 10th edition; Metro (default person trip conversion factor of 1.52); previous tables (SDC per trip end). Abbreviations: ITE = Institute of Transportation Engineers.

Section V. PARKS SDC

This section provides the detailed calculations of the maximum allowable parks SDC.

V.A. GROWTH

The calculation of projected growth begins with defining the units by which current and future demand will be measured. Then, using the best available data, we quantify the current level of demand and estimate a future level of demand. The difference between the current level and the future level is the growth in demand that will serve as the denominator in the SDC calculations.

V.A.1. Unit of Measurement

Once again, a good unit of measurement allows an agency to quantify the incremental demand of development or redevelopment that creates additional demand for park facilities. A great unit of measurement allows an agency to distinguish different levels of demand added by different kinds of development or redevelopment.

Currently, the City charges its parks SDC based on meter size. We find that meter size does not provide a reliable measure of parks usage, as a larger water meter size may or may not correspond with a greater level of parks demand. Because parks are used by people, the incremental parks users added by a new development will provide a better a basis for charging a parks SDC.

The City finds that demand for its parks systems comes from residents and not from commercial developments. Therefore, growth in the number of residents living within the City's boundaries will be the unit of measurement for parks demand. To distinguish the levels of demand imposed by different development types, we will use data from the U. S. Census Bureau to estimate the number of residents for different kinds of dwelling units.

V.A.2. Growth in Demand

The Hermiston Parks Master Plan outlines its population estimates in Table 2.5. There were an estimated 21,395 residents in 2020, and the plan forecasts that there will be 26,045 residents in 2040. This implies a growth of 4,650 residents during the planning period, which will serve as the denominator in the SDC calculations.

V.B. IMPROVEMENT FEE

An improvement fee is the eligible cost of planned projects per unit of growth that such projects will serve. Since we have already calculated growth (denominator) above, we will focus here on the improvement fee cost basis (numerator).

V.B.1. Eligibility

A project's eligible cost is the product of its total cost and its eligibility percentage. The eligibility percentage represents the portion of the project that creates capacity for future users.

For parks SDCs, eligibility is determined by a level-of-service analysis that quantifies the park facilities that are needed for growth (and are therefore eligible to be included in an improvement fee cost basis). Park facilities can be measured by sorting them into categories such as neighborhood, community, or natural areas, or by considering their respective units of measurement. Further, in either approach, the current or future level of service may be targeted. These two separate choices create four distinct and equally defensible ways of calculating the eligibility percentage of each project.

Each method will be examined in the sections below.

V.B.1.a Current Level of Service (By Category and Unit of Measurement)

Determining SDC eligibility for parks projects using the current level of service requires determining the quantity of parks facilities needed to maintain the current level of service. Any projects that add facilities in excess of that quantity are ineligible.

The City has eleven relevant parks categories for determining its level of service by category. These are shown in the upper panel of the first column in **Table 15**. Each category receives its own level of service. Using neighborhood parks as an example, the City currently has 21.38 acres of neighborhood parks. Using the 2020 population discussed in **Section V.A**, this implies that there is 1.00 acre of neighborhood parks per 1,000 residents. The parks project list, when completed, will add 48.15 acres of neighborhood parks. However, based on the 2040 population and the current level of service, only 4.65 acres of neighborhood parks are needed. So, only 4.65 acres out of 48.15 are eligible for inclusion in the improvement fee cost basis, or 9.65 percent.

The same line of reasoning is used to develop the eligibility percentages for other parks categories. Further, calculating eligibility using level of service by unit of measurement follows the same approach. The eligibility percentage for each parks category or unit of measurement is shown in the last column of **Table 15**.

Table 15: Parks SDC Eligibility under the Current Level of Service

	Units	2020 Quantity	2020 Units per 1,000 Residents	Change in Quantity	Additional Needed to Maintain LoS	Eligibility
By category:						
Mini Park	Acres	0.11	0.01	0.00	0.02	0.00%
Neighborhood Park	Acres	21.38	1.00	48.15	4.65	9.65%
Community Park	Acres	74.87	3.50	1.00	16.27	100.00%
Linear Park	Acres	0.93	0.04	7.32	0.20	2.76%
Undeveloped	Acres	12.08	0.56	-7.82	2.63	0.00%
Natural Area	Acres	0.00	0.00	47.45	0.00	0.00%
Regional Park	Acres	0.00	0.00	0.00	0.00	0.00%
Developed School Facilities	Acres	232.39	10.86	-13.00	50.51	0.00%
Undeveloped School Facilities	Acres	31.36	1.47	-11.06	6.82	0.00%
Special Use Site	Number	3.00	0.14	2.00	0.65	32.60%
Trail	Miles	10.62	0.50	14.10	2.31	16.37%
By Unit of Measurement:						
Acres of Parks and Natural Areas	Acres	373.12	17.44	72.04	81.09	100.00%
Number of Special Use Sites	Number	3.00	0.14	2.00	0.65	32.60%
Miles of Trails	Miles	10.62	0.50	14.10	2.31	16.37%

Source: City staff

V.B.1.b Future Level of Service (By Category and Unit of Measurement)

To determine SDC eligibility using the future level of service, the proposed additional quantity of parks facilities is added to the current quantity of parks facilities. Using the future population, a future level of service is then calculated. Then, that level of service is compared to the current parks system to determine if any deficiencies exist. Only the portions of parks projects that do not cure existing deficiencies are considered eligible for the improvement fee cost basis under this method.

As in the previous section, calculating SDC eligibility based on future level of service can be done both when measuring parks facilities by category and when measuring by unit of measurement.

Table 16 below outlines both methods using the future level of service. Using neighborhood parks as an example, the City currently has 21.38 acres of neighborhood parks. The parks project list, when completed, will add 48.15 acres of neighborhood parks. This results in a future level of service of 2.67 acres of neighborhood parks per 1,000 residents in 2040. If that level of service was applied to the 2020 population, a minimum of 57.12 acres would be needed. However, there are currently only 21.38 acres. Thus, the difference between 21.38 and 57.12 acres, or 35.74 acres, must be added to the parks system to cure the deficiency in the parks system. So, only the remaining 12.41 acres added by the project list, or 25.78 percent of neighborhood parks projects, are eligible for inclusion in the improvement fee cost basis under this method.

The same approach is used to develop the eligibility percentages for other parks categories. Further, calculating eligibility using level of service by unit of measurement follows the same logic. The eligibility percentage for each parks category or unit of measurement is shown in the “Eligibility” column of **Table 16** below.

When calculating an SDC based on the future level of service, it is possible that there may be park facilities eligible for inclusion in a reimbursement fee. This occurs when the future level of service for a parks category or unit of measurement is lower than the current level of service. If this is this

case, and if the future level of service is targeted, then it follows that the parks system has an excess of parks facilities. The final column of **Table 16**, “Reimbursable Quantity,” shows the reimbursable quantity of parks facilities by category and unit of measurement. However, a reimbursement fee was not developed for this SDC calculation.

Table 16: Parks SDC Eligibility under the Future Level of Service

	Units	2020 Quantity	Change in Quantity	2040 Units per 1,000 Residents	2020 Minimum Quantity	Eligibility	Reimbursable Quantity
By category:							
Mini Park	Acres	0.11	0.00	0.00	0.09	0.00%	0.02
Neighborhood Park	Acres	21.38	48.15	2.67	57.12	25.78%	-
Community Park	Acres	74.87	1.00	2.91	62.32	100.00%	12.55
Linear Park	Acres	0.93	7.32	0.32	6.78	20.12%	-
Undeveloped	Acres	12.08	-7.82	0.16	3.50	0.00%	8.58
Natural Area	Acres	0.00	47.45	1.82	38.98	17.85%	-
Regional Park	Acres	0.00	0.00	0.00	0.00	0.00%	-
Developed School Facilities	Acres	232.39	-13.00	8.42	180.22	0.00%	52.17
Undeveloped School Facilities	Acres	31.36	-11.06	0.78	16.68	0.00%	14.68
Special Use Site	Number	3.00	2.00	0.19	4.11	44.63%	-
Trail	Miles	10.62	14.10	0.95	20.31	31.30%	-
By Unit of Measurement:							
Acres of Parks and Natural Areas	Acres	373.12	72.04	17.09	365.68	100.00%	7.44
Number of Special Use Sites	Number	3.00	2.00	0.19	4.11	44.63%	-
Miles of Trails	Miles	10.62	14.10	0.95	20.31	31.30%	-

Source: City staff

V.B.2. Expansion Projects

The first of the City’s two project lists includes projects that will expand the inventory of the parks system and are therefore subject to the eligibility calculations described in **Section V.B.1** above.

Table 17 below shows the expansion project list using the four different level-of-service calculations. The eligibility of the project list varies depending on the method used. At minimum, under the current level of service by category method, the eligible cost of the expansion list is \$2.9 million. At maximum, under the future level of service by unit of measurement method, \$12.7 million in project costs is eligible.

Table 17: Parks Expansion Projects

				Current LoS		Future LoS	
			Cost	Eligibility	Eligible Cost	Eligibility	Eligible Cost
By Category							
Teen Adventure Park	Special Use Site	2021-2027	\$ 1,088,000	33%	\$ 354,700	45%	\$ 485,621
Field of Dreams Park	Special Use Site	2035-2040	2,443,500	33%	796,607	45%	1,090,639
Gettman Park	Neighborhood Park	2035-2040	1,129,600	10%	109,013	26%	291,225
Steelhead Park	Linear Park	2028-2034	739,700	3%	20,425	20%	148,843
Baker's Pond Park	Natural Area	2028-2034	1,154,600	0%	-	18%	206,139
Future NE Park	Neighborhood Park	2021-2040	1,750,000	10%	168,885	26%	451,172
Future E Park	Neighborhood Park	2021-2040	1,750,000	10%	168,885	26%	451,172
Future SW Park	Neighborhood Park	2021-2040	1,750,000	10%	168,885	26%	451,172
Future Cimarron Park	Neighborhood Park	2034-2040	1,250,000	10%	120,632	26%	322,266
Fuure Monte Vista Park	Community Park	2021-2027	300,000	100%	300,000	100%	300,000
Belt Trail	Trail	2028-2034	739,200	16%	121,006	31%	231,377
Loop Trail	Trail	2035-2040	930,000	16%	152,240	31%	291,099
Maxwell Canal Trail	Trail	2028-2034	1,201,200	16%	196,635	31%	375,987
Baker's Pond Trail	Trail	2035-2040	1,386,000	16%	226,887	31%	433,832
	Total		\$ 17,611,800		\$ 2,904,799		\$ 5,530,545
By Unit of Measurement							
Acres of Parks and Natural Areas		2021-2040	9,823,900	100%	\$ 9,823,900	100%	\$ 9,823,900
Number of Special Use Sites		2021-2040	3,531,500	33%	1,151,307	45%	1,576,260
Miles of Trails		2028-2040	4,256,400	16%	696,768	31%	1,332,295
	Total		\$ 17,611,800		\$ 11,671,975		\$ 12,732,455

Source: City staff, previous tables.

V.B.3. Infill Projects

The second of the City's two project lists includes projects that will not expand the inventory of the parks system by adding acres but that will nevertheless add capacity for future users by adding amenities. To develop this list, the cost for new amenities was isolated for each project in the master plan occurring on existing parks facilities.

For infill projects, use of added amenities is assumed to be shared equally between current and future users. Thus, the eligibility percentage is the proportion of total future demand (26,045 residents) that will arrive between 2020 and 2040 (4,650 residents), or 17.85 percent.

The total cost for projects on existing park facilities is \$16.5 million. The cost for new amenities on existing park facilities is \$13.9 million. Applying the eligibility percentage to all costs associated with new amenities gives an eligible cost of \$2.5 million. These calculations are shown in **Table 18** below.

Table 18: Parks Infill Projects

Project Title	Phase	Timing	Additional Amenities?	SDC Eligible		
				Cost	SDC Eligibility	
Hermiston Family Aquatic Center	Facility Assessment	2021-2027	No	\$ 40,000	0.0%	\$ -
Arc Building Renovation	Building Renovation	2021-2027	No	800,000	0.0%	-
Arc Building Renovation	Community/art center	2028-2034	No	-	0.0%	-
Butte Park	Funland Playground	2021-2027	No	1,500,000	0.0%	-
Butte Park	Trailhead access and parking (10)	2021-2027	Yes	356,000	17.9%	63,559
Butte Park	Trail system	2021-2027	No	208,400	0.0%	-
Butte Park	Kiosk and site furnishings	2021-2027	Yes	22,500	17.9%	4,017
Butte Park	Dog park	2021-2027	Yes	62,000	17.9%	11,069
Butte Park	Expanded parking (18)	2021-2027	Yes	110,900	17.9%	19,800
Butte Park	NW 7th Street Crossing	2021-2027	Yes	31,000	17.9%	5,535
Butte Park	Field Improvements	2021-2027	Yes	191,400	17.9%	34,172
Butte Park	Ampitheater	2028-2034	Yes	116,300	17.9%	20,764
Butte Park	Renovate and relocate restrooms	2028-2034	No	62,000	0.0%	-
Butte Park	Expanded parking (75)	2028-2034	Yes	277,200	17.9%	49,490
Riverfront Park	Parking improvements (30)	2021-2027	Yes	197,700	17.9%	35,297
Riverfront Park	Children's playground	2021-2027	Yes	278,900	17.9%	49,794
Riverfront Park	Riverfront trail extension	2021-2027	Yes	232,500	17.9%	41,510
Riverfront Park	Picnic shelter	2021-2027	Yes	33,900	17.9%	6,052
Riverfront Park	Restrooms	2021-2027	Yes	37,200	17.9%	6,642
Riverfront Park	Site furnishings and signage	2021-2027	Yes	115,900	17.9%	20,692
Riverfront Park	Landscape improvements	2021-2027	Yes	180,600	17.9%	32,244
Highland Park	Large picnic shelter	2035-2040	Yes	285,000	17.9%	50,883
Victory Square Park	Basketball court	2021-2027	Yes	89,000	17.9%	15,890
Sports Complex	New Regional Park	2021-2040	Yes	11,131,100	17.9%	1,987,315
Dorran Park	Trailhead and parking (10)	2028-2034	Yes	68,000	17.9%	12,141
Dorran Park	Site furnishings and signage	2028-2034	Yes	22,500	17.9%	4,017
Dorran Park	Landscape improvements	2028-2034	Yes	45,300	17.9%	8,088
				\$ 16,495,300		\$ 2,478,970

Source: City staff.

V.B.4. Calculated Improvement Fee Cost Basis

After determining the eligible cost of each list (expansion and infill), a full improvement fee cost basis can be calculated. As discussed above, the eligible cost for projects on the expansion list varies depending on the method used to calculate level of service. However, the eligible cost for projects on the infill list does not differ by level-of-service calculation.

As shown in **Table 19** below, the improvement fee cost basis ranges from \$5.4 million to \$15.2 million depending on the method used.

Table 19: Parks Improvement Fee Cost Basis

Improvement Fee Cost Basis	Level of Service	
	Current	Future
Eligible Projects by Category		
Infill Projects	\$ 2,478,970	\$ 2,478,970
Expansion Projects	2,904,799	5,530,545
Total	\$ 5,383,770	\$ 8,009,516
Eligible Costs by Unit of Measurement		
Infill Projects	\$ 2,478,970	\$ 2,478,970
Expansion Projects	11,671,975	12,732,455
Total	\$ 14,150,946	\$ 15,211,425

Source: Previous tables.

V.C. CALCULATED SDC

This section combines the eligible costs from the two project lists and applies adjustments for fund balance and compliance costs. The result is a total SDC per resident. We then use census data to estimate the number of residents per dwelling unit and calculate SDCs for residential dwelling units.

V.C.1. Adjustments

Because the City has charged only an improvement fee in its past SDCs, unspent SDC revenue represents projects that remain unbuilt. Because these projects remain on the project list and are part of the improvement fee cost basis, it is reasonable to reduce this cost basis by the amount of revenue already received for those projects that remain on the list. As of June 30, 2020, the City had \$18,529 in parks SDC fund balance which must be deducted from the improvement fee 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.” 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 cost basis.

The City has estimated that it will spend \$47,980 over the planning period on the compliance costs allowed by statute.

These adjustments are made for each method of calculating the SDC and are shown in **Table 20** below.

Table 20: Adjustments to the Parks Improvement Fee Cost Basis

	Current by Category	Future by Category	Current by Unit	Future by Unit
Unadjusted Improvement Fee Cost Basis	\$ 5,383,770	\$ 8,009,516	\$ 14,150,946	\$ 15,211,425
Estimated Improvement Fee Fund Balance	(18,529)	(18,529)	(18,529)	(18,529)
Estimated Compliance Costs	47,980	47,980	47,980	47,980
Improvement Fee Cost Basis	\$ 5,413,221	\$ 8,038,967	\$ 14,180,397	\$ 15,240,877

Source: Previous tables, City staff.

V.C.2. Calculated SDC

Table 21 below summarizes the calculation of the full SDC for all four methods of calculating level of service and provides the fee schedule for each development type. As shown, the full SDC ranges from \$1,164 per resident under the current level of service by category method up to \$3,278 per resident in the future level of service by unit of measurement method. Because all four approaches are equally defensible, \$3,278 per resident is the maximum legally defensible SDC. Average occupancy rates specific to Hermiston are used to calculate applicable fees by dwelling unit type.

Table 21: Calculated Parks SDC

Calculated SDC	Current by Category	Future by Category	Current by Unit	Future by Unit
Total Cost Basis	\$ 5,413,221	\$ 8,038,967	\$ 14,180,397	\$ 15,240,877
Growth in Residents	4,650	4,650	4,650	4,650
Total SDC per Resident	\$ 1,164	\$ 1,729	\$ 3,050	\$ 3,278
Fee Schedule:	Residents per Dwelling Unit			
Single-family dwelling unit	2.52	\$ 2,931	\$ 4,352	\$ 7,677
Multi-family dwelling unit	2.63	3,065	4,551	8,029
Mobile home dwelling unit	2.90	3,370	5,005	8,829

Source: Previous tables; 2015-2019 American Community Survey 5-Year Estimates, Tables B25024 and B25033 (residents per dwelling unit)

As shown above, the maximum allowable SDC is \$8,251 for a single-family dwelling unit, \$8,629 for a multi-family dwelling unit, and \$9,489 for a mobile home dwelling unit.

Section VI. IMPLEMENTATION

This section addresses practical aspects of implementing SDCs and provides a comparison with relevant jurisdictions.

VI.A. INDEXING

ORS 223.304 allows for the periodic indexing of SDCs 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.

In accordance with Oregon statutes, we recommend that the City use the *Engineering News-Record* (ENR) Construction Cost Index (CCI) 20-City Average as the basis for adjusting SDCs annually. All costs in this report have been indexed to the April 2021 ENR CCI 20-City Average, 11,749.75.

VI.B. COMPARISONS

This section provides comparisons for the city's current and proposed SDCs against those of comparable jurisdictions. As shown in **Table 22**, if all SDCs are implemented as proposed, Hermiston will still have a lower total SDC burden than many cities of comparable population.

An important note is that not all SDCs shown are set by the relevant city; some are set by overlapping jurisdictions.

Table 22: SDC Comparisons with Comparable Cities

	Population	Parks	Water	Sewer	Transportation	Total
Sherwood	19,885	8,615	6,292	826	11,074	26,807
Milwaukie	20,600	3,985	2,041	9,238	2,194	17,458
Ashland*	21,105	1,041	6,517	5,197	4,603	17,358
Canby	17,210	5,812	4,101	2,849	3,444	16,206
Klamath Falls**	21,940	1,640	3,098	6,274	3,366	14,378
Lebanon	17,335	3,598	2,581	4,314	1,984	12,477
Hermiston (Proposed)	18,775	8,251	2,347	1,073	587	12,258
Central Point	18,755	2,445	3,267	2,825	2,326	10,864
Stanfield	2,280	540	648	1,782	2,430	5,400
Umatilla	7,605	-	1,544	1,858	-	3,402
Kennewick, WA***	84,960	977	-	-	1,392	2,369
Pasco, WA	77,100	1,466	-	-	709	2,175
Pendleton	17,025	138	-	-	1,775	1,913
Richland, WA	58,550	1,415	-	-	-	1,415
Hermiston (Current)	18,775	400	282	225	-	907

Source: Survey by FCS Group, 15 April, 2021.

*Assumes a 2,500 square foot residence.

**The Klamath Falls transportation SDC is charged only in a certain zone of the city.

***Kennewick has two zones for Parks. The higher of the two is shown.