

# CLACKAMAS COUNTY BOARD OF COUNTY COMMISSIONERS

## Policy Session Worksheet

**Presentation Date:** 03/14/2017    **Approx Start Time:** 11:30 am    **Approx Length:** 30 minutes

**Presentation Title:** Transportation System Development Charge (TSDC) Methodology Update Process

**Department:** Transportation & Development

**Presenters:** Dan Johnson, Assistant Director for Development (DTD); Diedre Landon, Administrative Services Manager (DTD)

**Other Invitees:** Jimmy Thompson, Senior Policy Analyst (DTD); Ellen Rogalin, Community Relations Specialist (PGA)

### **WHAT ACTION ARE YOU REQUESTING FROM THE BOARD?**

No action at this time; the purpose of this policy session is to provide information and answer any questions you may have.

### **EXECUTIVE SUMMARY:**

These days, local governments rely on System Development Charges (SDCs) to collect money for capital improvements on a variety of systems, such as roads, water, sewer, storm drain and schools. Transportation SDCs, also commonly referred to as Traffic Impact Fees, provide dedicated funding focused on increasing the capacity of the road system to help accommodate new development.

Transportation System Development Charges (TSDCs) are one-time fees assessed to new or expanded developments to help cover the cost of adding to the capacity of transportation facilities (for motorists, bicyclists and pedestrians) to accommodate new trips added by the development.

Clackamas County currently has two Transportation SDC districts:

- One countywide district for unincorporated areas of the county, and
- One joint district with the City of Happy Valley for areas in and around Happy Valley.

The TSDC fees are based on the number of vehicle trips a particular land use generates, and are paid by the developer when a building permit is issued. The revenue from TSDC fees are used to fund specific capital transportation projects that increase the capacity of the transportation system.

In early 2016, the County and Happy Valley began updating the 10-year-old TSDC methodology to review how we estimate and collect TSDCs to both provide appropriate matching funds, and ensure consistency with goals and objectives in recently adopted county and city transportation system plans.

This methodology update process is designed to:

- Update the list of capital projects eligible to receive TSDC revenue;
- Update the TSDC rates charged to different kinds of development, and
- Streamline and simplify the TSDC program for our customers.

Over the past year, we have been working with representatives from the commercial and residential development community, the Home Builders Association and engineering firms that represent the site development community to help us develop recommendations for the new methodology.

While working through the process mentioned above, this work group has been considering the following:

- Balancing the need for funds for infrastructure while being aware and considerate of the constant increase in total development costs. (We have not raised our TSDC rates since 2008.)
- Criteria for selecting projects from the Transportation System Plan (TSP) and other locally adopted plans that will remain on the list and become eligible for TSDC funding. Since the county's current TSP focuses more on efficient travel than on building a large capacity network, we have to identify the projects that are eligible for TSDC funding.
- The City of Happy Valley would like to pursue a plan that covers the City boundaries. The workgroup will consider opportunities to maintain consistency between City and County processes for developers who historically have worked in the Happy Valley / Clackamas County Joint district.
- How to improve the process of providing TSDC credit to developers who build a portion of a capital project along the frontage of their development.

The work group refined the list of TSDC-eligible capital projects and identified specific options on the following topics to present to the development community and public for feedback.

- Project selection criteria and project locations (Attachment 1);
- Whether to focus on the impact development has on total number of vehicle trips in a day (as we do now) or on traffic during the most congested times (e.g., during afternoon commute times) (Attachment 2), and
- How to simplify our rate structure to make it easier for builders to estimate fees (Attachment 3).

Our next step is to provide education about these issues and seek input through an online virtual open house during the month of April 2017. We believe public outreach, education and input is a key component of this project. Once we have gathered and analyzed that input, we will meet again with the work group and then bring recommendations to the Board for your consideration in May.

**FINANCIAL IMPLICATIONS (current year and ongoing):**

Is this item in your current budget?      YES      NO

What is the cost? Total Project Cost = \$270,000; \$240,000 FY 2016/17.

What is the funding source?

Transportation System Dev. Charges (SDCs); Funds 223 & 227

**STRATEGIC PLAN ALIGNMENT:**

- How does this item align with your Department’s Strategic Business Plan goals?

This supports the department’s mission to *provide transportation maintenance and construction, land use planning, permitting ... to residents, property owners, businesses and the traveling public so they and future generations can experience and invest in a safe, well-designed and livable community.*

- How does this item align with the County’s Performance Clackamas goals?

This supports the following County goals:

- Grow a vibrant economy
- Build a strong infrastructure
- Build public trust through good government

**LEGAL/POLICY REQUIREMENTS:**

TSDCs have been used in Oregon since the mid-1970s; state legislation on SDCs was adopted in 1989. Additions and modifications to the Oregon Systems Development Act (ORS 237.297 - 314) were made in 1993, 1999, 2001 and 2003.

**PUBLIC/GOVERNMENTAL PARTICIPATION:**

Stakeholder involvement is critical to the success of the TSDC update process. We have a TSDC work group with participants from Clackamas County and Happy Valley staff, developers and commercial interests to help shape the TSDC process. The project team will meet with the Clackamas County Board of County Commissioners and Happy Valley City Council throughout the process. Public & Government Affairs staff are involved in our education and outreach efforts, including in creation of the online open house and questionnaire.

**OPTIONS:** N/A

**RECOMMENDATION:** N/A

**ATTACHMENTS:**

1. Clackamas County Project List
2. Daily Impact or Impact on Commute
3. Simplify the Rate Table

**SUBMITTED BY:**

Division Director/Head Approval \_\_\_\_\_

Department Director/Head Approval \_\_\_\_\_

County Administrator Approval \_\_\_\_\_

## Attachment 1: Clackamas County Project List

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### Clackamas County Project List

The workgroup started with the Transportation System Plan (TSP). This is a 20-year plan with more than 400 projects and a total cost of \$2.8 billion.

A project can be funded using TSDC funds only if it is on the TSDC project list, so the workgroup identified specific criteria that would identify projects that will particularly benefit or influence the ability to develop in Clackamas County.

- Projects that connect the community with daily needs and services, while improving vehicle movement and reducing congestion at intersections.
- Projects that create a direct connection from a highway or other major facility or are located in or near an existing or future employment area.
- Projects that improve safety on county roads.

The rates are determined by the number of projects on the TSDC list, so we needed to reduce the number of projects further by eliminating:

- Projects that are not likely to be built within 10-years.
- Funded projects, studies and multi-use pathways.
- Projects on local roads and roads with limited connectivity. The group kept projects on major roads that provide the largest benefit to the entire community.

Using this criteria, the work group was able to narrow the list down to 72 TSDC projects with a total cost of \$443 million.

In contrast, the 2006 plan included more than 163 combined projects; yet, on average, we need to find more than 65% match funding to fund a project on the current list.

## Attachment 2: Daily Impact or Impact on Commute

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### Should we focus on total vehicle trips or the impact on commutes?

Does the community prefer that we capture fees to reflect the impact new development has on the total number of vehicle trips in a day or the impact development has on traffic during the most congested time of the day (the afternoon commute)? What is the difference?

- Many communities base their TSDCs on average weekday trips, which recognizes the overall impact of different land uses throughout the day, as opposed to the impact on the evening commute hour(s). The current TSDC rates are based on weekday average trip rates.
- Transportation System Plans assume the future design will meet the needs during peak hours, or weekday afternoons (congestion during evening commutes). These peak-hour trips have a major impact on road capacity. Because of this impact, many communities use P.M. peak hour trip rates in place of average weekday trips to assess TSDCs.

Two options are being considered:

- **Option 1:**

- **Continue to focus on total system use - Average Daily Trip Rates**

- Using Average Daily Trip rates will maintain consistency with the current plan and can balance the rates for land uses that generate more trips during the PM peak hour.

- **Option 2:**

- **Focus on the impact on commutes and congestion - PM Peak Hour Trip Rates**

- Using PM Peak Hour will result in higher SDCs for land uses that generate proportionately higher trips during the PM peak hour.

#### **EXAMPLE:**

Land uses with higher peak hour rates include single-family residential, general offices, financial institutions and industrial uses. The use of peak hour capacity tends to lower SDCs for recreational uses, senior housing, schools and some institutional land uses (e.g., churches and hospitals).

## Attachment 3: Simplify the Rate Table

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### Simplify the Rate Table

A supermarket generates more traffic than a single family home, so the TSDC rate varies depending on the type of use being permitted. Currently, the Clackamas County TSDC rate schedule has separate rates for 94 different land use categories. The County is considering simplifying this list of categories to make it easier for builders and members of the community to estimate fees.

Two options are being considered:

#### **Option 1:**

##### **Eliminate some categories**

Eliminate rates for categories with limited traffic studies because the lack of data and focus on limited areas do not support the use of the data nationwide.

##### **EXAMPLE:**

Approximately 50 land uses, including some gas station, restaurant, retail and other categories, include trip estimates that are not statistically valid.

#### **Option 2:**

##### **Consolidate some categories**

Group similar land use categories to develop a group rate by averaging the individual rates.

##### **EXAMPLE:**

The current SDC schedule includes 5 separate rates for industrial uses (e.g., light industrial, heavy industrial, industrial parks, manufacturing and utilities). A single category of industrial/manufacturing could be established using an average of the statistically valid rates.

In this example, we would combine light industrial (6.97), industrial park (6.83) and manufacturing (3.82), resulting in a trip rate of 5.87 for any of the categories in the group.